

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2014



Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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ALSEA SCHOOL STR CT 7J
Benton County, Oregon

DISTRICT FFICIALS

June 30, 2014

BOAR MEMBERS

Aaron Schneider, Chair
P. . Box 113
Alsea, region 97324

Douglas Westlind, Vice Chair
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Alsea, region 97324

Nicole DiStefano
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Tim Isen
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Alsea, region 97324

George Foster
P. . Box 272
Alsea, region 97324

A M N STRAT ON

Marc Thielman
Superintendent

Jackie Isen
Business Manager

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

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FINANCIAL S C ION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alsea School District 7J
Alsea, Oregon 97324

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 Alsea School District 7J, Benton County, Oregon as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

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 Alsea School District 7J, Benton County, Oregon as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 35 through 37, respectively, 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 management's discussion and analysis 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. The budgetary comparison 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alsea School District 7J's basic financial statements as a whole. The individual fund schedules, other financial schedules, schedule of expenditures of federal awards, and supplemental information required by the Oregon Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements. The aforementioned information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 12, 2014 on our tests of the District's compliance with certain provisions of laws and regulations 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.

Accuity, LLC

By: 
Glenn O. Korns, CPA

Albany, Oregon
December 12, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Alsea School District 7J, Benton County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2014, total net position of Alsea School District 7J amounted to \$1,229,404. Of this amount, \$487,606 was invested in capital assets. The remaining balance included \$24,714 restricted for special projects, and \$717,084 of unrestricted net position.
- At June 30, 2014, the District's governmental funds reported combined ending fund balances of \$717,720.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Alsea School District 7J's basic financial statements. The District's basic financial statements are comprised 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 themselves.

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.

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. 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).

The government-wide financial statements can be found on pages 11 through 12 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

All the funds of Alsea School District 7J can be divided into two categories: governmental funds and fiduciary funds.

□ **Governmental Funds**

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 available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District'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 four individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Funds, Federal Lunch Program Fund, and Capital Projects Fund, all of which are considered to be major governmental funds.

Alsea School District 7J adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

□ **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 17 of this report.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18 through 34 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, which includes budgetary comparison information for the General Fund, Special Funds, and Federal Lunch Program Fund. This required supplementary information can be found on pages 35 through 37 of this report.

Individual fund schedules can be found immediately following the required supplementary information on pages 38 through 39 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2014, the District's assets exceeded liabilities by \$1,229,404.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending.

District's Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The net position of the District increased by \$177,862 during the current fiscal year. This increase is primarily due to an increase in state school fund revenues.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2014	2013
Assets		
Current assets	\$ 814,313	\$ 678,083
Restricted assets	24,744	24,847
Net capital assets	<u>487,606</u>	<u>5,0673</u>
Total assets	<u>,326,633</u>	<u>,2,3603</u>
Liabilities		
Current liabilities	<u>97,229</u>	<u>62,06</u>
Net position		
Net investment in capital assets	487,606	5,0673
Restricted for special projects	24,744	24,847
Unrestricted	<u>77,084</u>	<u>5,6022</u>
Total net position	<u><u>\$,229,404</u></u>	<u><u>\$,05,542</u></u>

District's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

	Governmental Activities	
	2014	2013
Program revenues		
Regular programs	\$ 576	\$ 3
Special programs	77,175	8,06
Food services	59,758	53,815
Facilities acquisition and construction	13, 8	118,8 0
Total program revenues	17,957	61,0 1
General revenues		
Property taxes	3,165	3 6, 16
State school fund – general support	1,835,116	1, 38,1 7
Continuation school fund	0,830	,138
Unrestricted state and local revenue	-	,0 5
Unrestricted grants and contributions	96,98	55,056
Investment earnings	5,87	5,3 7
Miscellaneous	6, 80	6,661
Total general revenues	, 87, 7	1,897,590
Total revenues	, 60, 0	,158,631
Program expenses		
Regular programs	939,869	909,396
Special programs	33,008	08,185
Student support services	39, 86	38, 61
Instructional staff support	5,336	5,853
General administrative support	8,770	86,586
School administrative support	137,06	130,95
Business support services	658,39	615,585
Central activities support	67,939	33,9 7
Food services	68, 59	63,301
Facilities acquisition and construction	-	1
Unallocated depreciation expense	8, 1	30,90
Total program expenses	, 8, 5	,1 3,009
Change in net position	177,86	15,6
Net position - beginning of year	1,051,5	1,035,9 0
Net position - end of year	\$ 1, 9, 0	\$ 1,051,5

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 93% of the funding required for governmental programs. Property taxes and state school funding combined for 95% of general revenues and 89% of total revenues.

Charges for services make up less than 1% of total revenues and are composed of the following, for which it is appropriate that the District charge tuition or fees:

• Regular programs	\$ 21,925
• Food services	<u>7,356</u>
Total charges for services	<u>\$ 29,281</u>

Operating grants and contributions represent 5% of total revenues. Included in this category are \$77,175 of federal and state reimbursements for special education programs and \$52,402 for grants and contributions to support various educational activities.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instructional activities account for 51% of the total expenses of \$2,282,542. In addition, approximately 47% of the costs in supporting services relate to students, instructional staff, and school administration.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$717,720. Of this amount, \$24,714 was restricted for special projects, \$1,455 was restricted for food service, \$40,810 was assigned to bus replacement, and \$61,007 was assigned to capital projects.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

The remaining balance of \$589,734 constitutes unassigned fund balance, which is available for spending at the District's discretion. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$630,544. Of this amount, \$589,734 constitutes unassigned fund balance.

BUDGETARY HISTORY

Budget amounts shown in the financial statements reflect the original budget amounts and one approved appropriation transfer.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2014 amounted to \$487,606, net of accumulated depreciation. This investment in capital assets includes buildings and improvements, equipment, and vehicles. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$28,421.

Additional information on the District's capital assets can be found in Note III-B on page 28 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- Required employer contributions to PERS continues to be a burden to school budgets; however effective July 1, 2015 rates are expected to remain flat or decrease slightly. There is still current PERS litigation pending that may change the projected rates for the next biennium. Employer rates are expected to remain high for the next eight years.
- Student enrollment has continued to increase over the past couple of years, due largely to the benefits of open enrollment. This trend is expected to continue.

All of these factors were considered in preparing the District's budget for the 2014-2015 fiscal year.

The ending unassigned General Fund balance of \$589,734 will be available for program resources in the 2014-2015 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Manager at the following address: P.O. Box B, Alsea, Oregon 97324.

BASIC FINANCIAL STATEMENTS

ALSEA SCHOOL DISTRICT 7
Benton County, Oregon

STATEMENT OF NET POSITION

June 30, 201

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 697,26
Accounts receivable	9,519
Property taxes receivable	<u>26,96</u>
Total current assets	1,313
Restricted assets	
Accounts receivable	2,1
Capital assets, net of accumulated depreciation	<u>,606</u>
Total assets	<u>1,326,633</u>
LIABILITIES	
Current liabilities	
Accounts payable	31,33
Accrued liabilities	<u>65,56</u>
Total current liabilities	<u>9,229</u>
NET POSITION	
Net investment in capital assets	,606
Restricted for special projects	2,1
Unrestricted	<u>1,0</u>
Total net position	<u>1,229,0</u>

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

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

STATEMENT OF ACTIVITIES

For the Year ended June 30, 201

Functions/Programs	Expenses	Program Revenues			Net expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Govern mental
					Activities
Govern mental activities					
Regular programs	\$ 939,869	\$ 21,925	\$ 651	\$ -	\$ 917,293)
Special programs	233,008	-	77,175	-	155,833)
Student support services	39,486	-	-	-	39,486)
Instructional staff support	25,336	-	-	-	25,336)
General administrative support	84,770	-	-	-	84,770)
School administrative support	137,062	-	-	-	137,062)
Business support services	658,392	-	-	-	658,392)
Central activities support	67,939	-	-	-	67,939)
Food services	68,259	7,356	52,402	-	8,501)
Facilities acquisition					
and construction	-	-	-	13, 8	13, 8
Unallocated depreciation expense	28, 21	-	-	-	28, 21)
Total govern mental activities	<u>\$ 2,282,5 2</u>	<u>\$ 29,281</u>	<u>\$ 130,228</u>	<u>\$ 13, 8</u>	<u>2,109,585)</u>
General revenues					
Property taxes					322,165
State school fund - general support					1,835,116
County on school fund					20,830
Unrestricted grants and contributions					96,98
Invest ment earnings					5,872
Miscellaneous					<u>6, 80</u>
Total general revenues					<u>2,287, 7</u>
Change in net position					177,862
Net position - beginning					<u>1,051,5 2</u>
Net position - ending					<u>\$ 1,229, 0</u>

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

AL E A CHOO L DI TRICT 7J
Benton County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

	Gene l Fund	Speci l Funds	Fede l Lunch P og m Fund	C pit l P ojects Fund	Tot l Gove nment l Funds
ASSETS					
C sh nd c sh equiv lents	\$ 644,899	\$ -	\$ 2,188	\$ 61,007	\$ 708,094
G nts eceiv ble	71,544	34,983	7,706	-	114,233
P ope ty t xes eceiv ble	<u>26,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,968</u>
Tot l ssets	<u>\$ 743,411</u>	<u>\$ 34,983</u>	<u>\$ 9,894</u>	<u>\$ 61,007</u>	<u>\$ 849,295</u>
LIABILITIES					
Book ove d ft	\$ -	\$ 10,268	\$ -	\$ -	\$ 10,268
Accounts p y ble	22,933	1	8,439	-	31,373
Acc ued li bilities	<u>65,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,856</u>
Tot l li bilities	<u>88,789</u>	<u>10,269</u>	<u>8,439</u>	<u>-</u>	<u>107,497</u>
DEFERRED INFLOW OF RESOURCES					
Un v il ble evenue - p ope ty t xes	<u>24,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,078</u>
FUND BALANCE					
Rest icted	-	24,714	1,455	-	26,169
Assigned	40,810	-	-	61,007	101,817
Un ssigned	<u>589,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>589,734</u>
Tot l fund b l nces	<u>630,544</u>	<u>24,714</u>	<u>1,455</u>	<u>61,007</u>	<u>717,720</u>
Tot l li bilities, defe ed inflows of esou ces, nd fund b l nces	<u>\$ 743,411</u>	<u>\$ 34,983</u>	<u>\$ 9,894</u>	<u>\$ 61,007</u>	<u>\$ 849,295</u>

The ccomp nyng notes e n integ l p t of these fin nci l st tements.

ALSEA SCHOOL DISTRICT 7J
Benton County Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2014

Total fund balances		\$ 717,720
Capital assets are not financial resources and are therefore not reported in the governmental fund:		
Cost	1,416,12	
Accumulated depreciation	<u>(928,906)</u>	487,606
Property tax revenue is recognized in the net position of governmental activities when the tax is levied; however, in the governmental fund statement, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore reported as revenue in the governmental fund.		<u>24,078</u>
Net position of government activities		<u><u>\$ 1,229,404</u></u>

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

ALS A SCH L DISTRICT 7J
Benton County,regon

STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND ALANCES

GOVERNMENTAL FUNDS

For the Ye r Ended une 3 2 14

	Gener Fund	Speci Funds	Feder Lunch Progr m Fund	C pit Projects Fund	Tot Government Funds
R V NU S					
Loc revenue	\$ 413,571	\$ -	\$ 7,356	\$ -	\$ 420,927
Intermedi te revenue	1,538	8,900	-	-	10,438
St te re enue	1 893 996		569		1 894 565
Feder re enue	<u>13 87</u>	<u>59 245</u>	<u>51 833</u>		<u>124 948</u>
Tot re enues	<u>2 322 975</u>	<u>68 145</u>	<u>59 758</u>		<u>2 45 878</u>
XP DITUR S					
Current					
Instruction	1 113 5	59 377			1 172 877
Support ser ices	1 9 439	8 9			1 18 339
Food ser ices			68 259		68 259
F ci ities cquisition nd construction					
Tot expenditures	<u>2 122 939</u>	<u>68 277</u>	<u>68 259</u>		<u>2 259 475</u>
Excess (deficiency) of re enues o er (under) expenditures	<u>2 36</u>	<u>(132)</u>	<u>(8 5 1)</u>		<u>191 4 3</u>
TH R FI A CI G S URC S (US S)					
Tr nsfers in			19 94	1	19 194
Tr nsfers out	<u>(19 194)</u>				<u>(19 194)</u>
Tot other fin ncing sources (uses)	<u>(19 194)</u>		<u>19 94</u>	<u>1</u>	
Net ch nge in fund b nces	18 842	(132)	1 593	1	191 4 3
Fund b nces (deficit) beginning	<u>449 7 2</u>	<u>24 846</u>	<u>(9 138)</u>	<u>6 9 7</u>	<u>526 317</u>
Fund b nces ending	<u>\$ 63 544</u>	<u>\$ 24 714</u>	<u>\$ 1 455</u>	<u>\$ 61 7</u>	<u>\$ 717 72</u>

The ccomp nyng notes re n integr p rt of these fin nci st tements.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

Net change in fund balances		\$ 191,403
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported net of depreciation expense.		
Expenditures for capital assets	5,354	
Current year depreciation	<u>(28,421)</u>	<u>(23,067)</u>
Property taxes that do not meet the measurable and verifiable criteria to be recognized revenue in the current year in the governmental fund. In the subsequent period, property taxes are recognized revenue when levied.		<u>9,526</u>
Change in net position		<u><u>\$ 177,862</u></u>

The accompanying schedule is a supplemental statement.

ALSEA SCHOOL DISTRICT 7J
Be to County, Oregon

STATEMENT OF FIDUCIARY POSITION

June 30, 2014

	Agency Fund Student Activities
ASSETS	
Cash and cash equivalents	
Student activities	\$ 28,033
Historical Memorial	1,526
Historical Memorial	,740
Sports Memorial	51
Yoschrib Memorial	7,105
	<hr/>
Total assets	\$ 40, 5
LIABILITIES	
Due to students	\$ 28,0
Due to historical trusts	12, 02
	<hr/>
Total liabilities	\$ 40, 5

This account is a part of the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Alsea School District 7J have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Alsea School District 7J functions as a local education agency consisting of one school that serves students in grades kindergarten through 12. The District is governed by a five-member board of directors.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and fiduciary fund 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 when incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Property taxes, investment earnings, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

Special Revenue Funds

Special Funds – The Special Funds account for program revenues and expenditures related to grant programs. The primary source of revenue is federal grant monies.

Federal Lunch Program Fund – The Federal Lunch Program Fund accounts for program revenues and expenditures related to the District’s lunch program. The primary source of revenue is federal grant monies and charges for services.

Capital Projects Fund – The Capital Projects Fund accounts for the acquisition of temporary or permanent structures to be used to educate students. The primary source of revenue is transfers from the General Fund.

The District reports the following fiduciary fund:

Agency Fund

Student Activities Fund – The Student Activities Fund accounts for student extracurricular activity revenues and expenditures. The primary sources of revenue are fees and donations. Expenditures are primarily for purchased materials and scholarships.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the District reports the Bus Replacement Fund, as described below, which is presented in the General Fund for financial statement reporting purposes in accordance with GASB Statement No. 54. A budget and actual statement is presented for this fund in accordance with Oregon Budget Law.

Bus Replacement Fund – The Bus Replacement Fund accounts for resources to be used to purchase school buses. The primary source of revenue is transfers from the General Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The District reports deferred inflows on the balance sheet of the governmental funds. Deferred inflows arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred inflows also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met or when the District has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

1. Deposits and Investments (Continued)

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows because they are not deemed available to finance operations of the current period.

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

3. Capital Assets (Continued)

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	5
Equipment and vehicles	10
Buildings and building improvements	50

4. Retirement Plan

Most of the District's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions are made on a current basis as required by the plan and are recorded as expenditures.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

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

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

6. Fund Balance Classifications

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Commitment of fund balance is accomplished through adoption of a resolution or ordinance by the board of directors. Further, commitments of fund balance may be modified or rescinded only through approval of the board of directors via resolution or ordinance. Authority to assign fund balances has been granted to the Business Manager. The District has not formally adopted a minimum fund balance policy.

SEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, and capital projects funds. All funds are budgeted on the modified accrual basis of accounting, with certain exceptions. Property taxes are budgeted on the cash basis of accounting.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

SEWARD SCHOOL DISTRICT, COMPLIANCE, AND ACCOUNT ABILITY (Continued)

A. Budgetary Information (Continued)

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, debt service, capital outlay, operating contingency, and interfund transfers are the levels of control for the funds established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board 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 of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and one approved appropriation transfer.

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Alsea School District 7J maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, the Student Activities Fund holds separate cash accounts.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

The Oregon State Treasury administers the LGP. The LGP 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 LGP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGP is the same as the value of the pool shares.

Because the pool operates as a demand deposit account, each fund's portion of this pool is classified on the combined balance sheet as cash and cash equivalents; however, Oregon Short-Term Fund investments are disclosed below and classified by custodial credit risk for investments.

The Treasurer makes short-term and long-term investments, which are held separately by several of the State's funds. Other investments are made directly by state agencies rather than by the Treasurer, although only a few agencies are authorized to make such investments and then only for specific programs. The State Treasury's direct investments in short-term securities are limited by portfolio rules established by the Oregon Short-Term Fund Board and the Oregon Investment Council.

A separate financial report for the Oregon Short-Term Fund Board is prepared by the Treasurer in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from the Oregon State Treasury, Finance Division, 350 Winter Street NE, Suite 100, Salem, Oregon 97301-3896.

Participants' account balances in the Oregon Short-Term Fund are determined by the amount of participants' deposits, adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable interest rate determined periodically by the Oregon State Treasury. The interest rate approximates the actual yield of the Oregon Short-Term Fund, exclusive of unrealized gains and losses.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Investments

As of June 30, 2014, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 42,63

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one issuer. Percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Arriving at an exception, a bank depository is required to pledge collateral valued at a minimum of 100% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 0% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 100% 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.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

. DE A LED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

The District holds accounts at Citizens Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2014, the District had deposits of \$250,000 insured by the FDIC and \$108,251 collateralized by the PFCP.

Deposits

The District's deposits and investments at June 30, 2014 are as follows:

Checking accounts	\$ 276,763
Total investments	<u>42,63</u>
Total deposits and investments	<u><u>\$ 67,826</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General fund	\$ 644,8
Special funds (book overdraft)	(2,268)
Federal Lunch Program fund	2,88
Capital Projects fund	<u>6,7</u>
Total cash and investments	<u><u>\$ 67,826</u></u>

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets being depreciated				
Buildings and improvements	\$ 1,918,466	\$ -	\$ -	\$ 1,918,466
Equipment	5,766	5,354	-	11,120
Vehicles	24,366	-	-	24,366
Total capital assets being depreciated	<u>1,948,592</u>	<u>5,354</u>	<u>-</u>	<u>1,953,946</u>
Less accumulated depreciation for				
Buildings and improvements	(65,866)	(7,636)	-	(73,502)
Equipment	(67,276)	(2,919)	-	(70,195)
Vehicles	<u>(8,348)</u>	<u>(7,876)</u>	<u>-</u>	<u>(16,224)</u>
Total accumulated depreciation	<u>(91,490)</u>	<u>(28,421)</u>	<u>-</u>	<u>(119,911)</u>
Governmental activities capital assets, net	<u><u>\$ 1,857,102</u></u>	<u><u>\$ (23,067)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,834,035</u></u>

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Buildings and improvements	\$ 1,918,466	\$ (669,492)	\$ 1,248,974
Equipment	11,120	(7,195)	3,925
Vehicles	<u>24,366</u>	<u>(8,224)</u>	<u>16,142</u>
Total governmental capital assets	<u><u>\$ 1,953,946</u></u>	<u><u>\$ (1,154,911)</u></u>	<u><u>\$ 799,035</u></u>

Depreciation was not charged to specific functions or programs of the District. Capital assets of the District are for the use of the entire District and are therefore unallocated. Depreciation expense is recorded on the statement of activities as follows:

Unallocated depreciation expense \$ 28,421

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Interfund transfers

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year consisted of:

	Transfers in:		
	Federal Lunch Fund	Capital Projects Fund	Total
Transfers out:			
General Fund	\$ 9,944	\$ -	\$ 9,944

The primary purpose of the interfund transfers in was to provide funds for food services and future capital outlay purchases.

D. Operating Lease

The District signed a general services agreement to provide bus services to Kings Valley Charter School. As part of the general services agreement, the District also signed a annual lease agreement with Kings Valley Charter School to lease three school buses to the District. The current annual lease amount is \$49,500 and expires on July 3, 2015.

E. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Special Funds	Federal Lunch Program Fund	Capital Projects Fund	Total Governmental Funds
Fund balances:					
Restricted for:					
Special projects	\$ -	\$ 24,744	\$ -	\$ -	\$ 24,744
Food service	-	-	455	-	455
Assigned to:					
Bus replacement	4,800	-	-	-	4,800
Capital projects	-	-	-	6,700	6,700
Unassigned	589,734	-	-	-	589,734
Total fund balances	\$ 63,544	\$ 24,744	\$ 455	\$ 6,700	\$ 77,743

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

V. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plans

1. Oregon Public Employees Retirement System

Plan Description

The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing, multiple-employer, defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: the pension program and the defined benefit portion of the plan. OPSRP applies to qualifying District employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Plan Description (Continued)

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

V. OTHER INFORMATION (Continued)

B. Retirement Plans (Continued)

1. Oregon Public Employees Retirement System (Continued)

Funding Policy

The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and OPSRP rates in effect for the year ended June 30, 2014 were 21.70% and 19.80%, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contributions in addition to the required employer's contribution. The District has elected to pay the required employee contribution of 6% of covered payroll.

Annual Pension Cost

The District's contributions to PERS for the three years ended June 30, 2012, 2013, and 2014 were equal to the required contribution for each year.

Annual pension expenditures are summarized as follows:

<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
2012	\$ 2,355,700	%
2013	\$ 2,577,000	%
2014	\$ 2,356,600	%

2. Deferred Compensation Plan

The District has authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them not to be paid until a future date when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under RC Section 457 and has been approved by the Internal Revenue Service.

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

V. OTHER INFORMATION (Continued)

B. Retirement Plans (Continued)

2. Deferred Compensation Plan (Continued)

Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of RC Section 457. The District has no liability for any losses that may be incurred under the plan.

C. Other Post-Employment Benefits

1. Retirement Health Insurance Account (RH A)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RH A) for each of its eligible employees. RH A is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan administered by OPERS.

RH A pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RH A reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

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

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

V. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (Continued)

1. Retirement Health Insurance Account (RH A) (Continued)

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Funding Policy

Participating entities are contractually required to contribute to RH A at a rate assessed each year by OPERS; currently 0.59% of OPERF covered payroll and 0.49% of OPSRP covered payroll. The OPERS board of trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance within 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 30 years. The District's contributions to RH A for the years ended June 30, 2012, 2013, and 2014 were \$5,681, \$6,198, and \$5,331, respectively, which equaled the required contributions each year.

D. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will be effective for the District beginning with its fiscal year ending June 30, 2015. Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

V. OTHER INFORMATION (Continued)

E. Subsequent Events

Management has evaluated subsequent events through December 12, 2014, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2014

	Original Budget	Fiscal Budget	Variance with Fiscal Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
REVENUES						
Local revenue	\$ 396,750	\$ 396,750	\$ 16,821	\$ 413,571	\$ -	\$ 413,571
Intermediate revenue	2,500	2,500	(962)	1,538	-	1,538
State revenue	1,837,650	1,837,650	56,346	1,893,996	-	1,893,996
Federal revenue	50	50	13,820	13,870	-	13,870
Total revenues	<u>2,236,950</u>	<u>2,236,950</u>	<u>86,025</u>	<u>2,322,975</u>	<u>-</u>	<u>2,322,975</u>
EXPENDITURES						
Current						
Instruction	1,225,845	1,175,845	(62,345)	1,113,500	-	1,113,500
Support services	1,198,105	1,198,105	(188,666)	1,009,439	-	1,009,439
Community	100,000	100,000	(100,000)	-	-	-
Total expenditures	<u>2,523,950</u>	<u>2,473,950</u>	<u>(351,011)</u>	<u>2,122,939</u>	<u>-</u>	<u>2,122,939</u>
Excess (deficiency) of revenues over (under) expenditures	(287,000)	(237,000)	437,036	200,036	-	200,036
OTHER FINANCING SOURCES (USES)						
Transfers out	<u>(13,000)</u>	<u>(63,000)</u>	<u>(43,706)</u>	<u>(19,294)</u>	<u>100</u>	<u>(19,194)</u>
Net change in fund balance	(300,000)	(300,000)	393,330	180,742	100	180,842
Fund balance - beginning	<u>300,000</u>	<u>300,000</u>	<u>106,179</u>	<u>406,179</u>	<u>43,523</u>	<u>449,702</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,509</u>	<u>\$ 586,921</u>	<u>\$ 43,623</u>	<u>\$ 630,544</u>

ALS A SCHOOL DISTRICT 7J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

SPECIAL FUNDS

For the Year Ended June 30, 2014

	Original Fiscal Budget	Variance with Fiscal Budget Over (Under)	Actual		
			Budget Balance	Adjustments	GAAP Balance
REVENUES					
Interest revenue	\$ 8,900	\$ -	\$ 8,900	\$ -	\$ 8,900
Federal revenue	<u>66,703</u>	<u>(7,458)</u>	<u>59,245</u>	<u>-</u>	<u>59,245</u>
Total revenue	<u>75,603</u>	<u>(7,458)</u>	<u>68,145</u>	<u>-</u>	<u>68,145</u>
EXPENDITURES					
Current					
Instruction	67,335	(7,58)	5,377		5,377
Support services	<u>54,678</u>	<u>(45,778)</u>	<u>8,00</u>	<u>-</u>	<u>8,00</u>
Total expenditure	<u>122,013</u>	<u>(53,736)</u>	<u>68,277</u>	<u>-</u>	<u>68,277</u>
Excess (deficiency) of revenue over (under) expenditure	(46,410)	46,278	(132)		(132)
OTHER FINANCING SOURCES (USES)					
Transfer in	<u>100</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(46,310)	46,178	(132)		(132)
Fund balance beginning	<u>46,310</u>	<u>(21,464)</u>	<u>24,846</u>	<u>-</u>	<u>24,846</u>
Fund balance ending	<u>\$ -</u>	<u>\$ 24,714</u>	<u>\$ 24,714</u>	<u>\$ -</u>	<u>\$ 24,714</u>

ALSO A SCHOOL DISTRICT 7J
Benton County, Oregon

SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FEDERAL UNIFORM PROGRAM FUND

For the Year Ended June 30, 2014

	Original Fiscal Budget	Variance with Fiscal Budget Over (Under)	Actual		
			Budget Balance	Adjustments	GAAP Balance
REVENUES					
Local revenue	\$ 6,100	\$ 1,256	\$ 7,356	\$ -	\$ 7,356
State revenue	200	369	569	-	569
Federal revenue	<u>48,200</u>	<u>526</u>	<u>48,726</u>	<u>3,107</u>	<u>51,833</u>
Total revenue	54,500	2,151	56,651	3,107	59,758
EXPENDITURES					
Current					
Food service	<u>67,300</u>	<u>(2,148)</u>	<u>65,152</u>	<u>3,107</u>	<u>68,259</u>
Excess (deficiency) of revenue over (under) expenditure	(12,800)	4,299	(8,501)	-	(8,501)
OTHER FINANCING SOURCES (USES)					
Transfer in	<u>12,800</u>	<u>6,294</u>	<u>19,094</u>	<u>-</u>	<u>19,094</u>
Net change in fund balance	-	10,593	10,593	-	10,593
Fund balance (deficit) - beginning	<u>-</u>	<u>(9,138)</u>	<u>(9,138)</u>	<u>-</u>	<u>(9,138)</u>
Fund balance (deficit) - ending	<u>-</u>	<u>1,455</u>	<u>1,455</u>	<u>-</u>	<u>1,455</u>

OTHER SUPPLEMENTARY INFORMATION
INDIVIDUAL FUND SCHEDULES

LS SCHOOL DISTRICT 7J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

BUS REPLACEMENT FUND

For the Year Ended June 30, 2014

	Original Fiscal Budget	Variance with Fiscal Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Facilities acquisition and construction	<u>44,810</u>	<u>(44,810)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditure	(44,810)	44,810			
OTHER FINANCING SOURCES (USES)					
Transfer in	<u>100</u>	<u></u>	<u>100</u>	<u>(100)</u>	<u></u>
Net change in fund balance	(44,710)	44,810	100	(100)	
Fund balance beginning	<u>44,710</u>	<u>(4,000)</u>	<u>\$ 40,710</u>	<u>(40,710)</u>	<u></u>
Fund balance ending	<u>\$</u>	<u>\$ 40,810</u>	<u>\$ 40,810</u>	<u>\$ (40,810)</u>	<u>\$</u>

LS SCHOOL DISTRICT 7J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

For the year Ended June 30, 2014

	Original Budget	Variance with Original Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Facilities acquisition and construction	65,600	(65,600)	-	-	
Excess (deficiency) of revenue over (under) expenditure	(65,600)	65,600			
OTHER FINANCING SOURCES (USES)					
Transfer in	100		100		100
Net change in fund balance	(65,500)	65,600	100		100
Fund balance beginning	65,500	(4,593)	60,907		60,907
Fund balance ending	\$ 65,500	\$ 61,007	\$ 61,007	\$ 61,007	\$ 61,007

OTHER FI CI L SCHEDULES

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

REVENUE SUMMARY - ALL FUNDS

June 30, 2014

Revenue from Local Sources

	F nd 100	F nd 200	F nd 400
1110 Ad Valorem Taxes Levied by District	\$ 312,562.14	\$ -	\$ -
1311 Regular District Tuition - From Individuals	-	-	-
1500 Earnings on Investments	5,871.81	-	-
1600 Fund Service	-	7,355.61	-
1700 Extracurricular Activities	3,097.00	-	-
1920 Contributions and Donations From Private Sources	7,330.00	-	-
1940 Services Provided to Other Local Educational Agencies	18,827.98	-	-
1960 Recurring Primary Expenses' Expenditure	229.37	-	-
1990 Miscellaneous	65,561.41	-	-
Total Revenue from Local Sources	\$ 413,479.71	\$ 7,355.61	\$ -

Revenue from Intermediate Sources

	F nd 100	F nd 200	F nd 400
2101 County Special Funds	\$ 1,537.84	\$ -	\$ -
2102 General ESD Revenue	-	8,900.00	-
Total Revenue from Intermediate Sources	\$ 1,537.84	\$ 8,900.00	\$ -

Revenue from State Sources

	F nd 100	F nd 200	F nd 400
3101 State Special Fund - General Support	\$ 1,835,115.82	\$ -	\$ -
3103 Comm'n Special Fund	19,291.60	-	-
3199 Unrestricted Grants-in-aid	307.39	-	-
3203 Special Education	39,281.12	-	-
3299 Other Restricted Grants-in-aid	-	568.59	-
Total Revenue from State Sources	\$ 1,893,995.93	\$ 568.59	\$ -

Revenue from Federal Sources

	F nd 100	F nd 200	F nd 400
4100 Unrestricted Revenue From the Federal Government	\$ -	\$ 9,614.62	\$ -
4300 Restricted Revenue Direct From the Federal Government	13,447.97	-	-
4500 Restricted Revenue From the Federal Government Through the State	-	98,357.50	-
4801 Federal Forest Fees	421.79	-	-
Total Revenue from Federal Sources	\$ 13,869.76	\$ 107,972.12	\$ -

Revenue from Other Sources

	F nd 100	F nd 200	F nd 400
5200 Interfund Transfers	\$ -	\$ 19,193.84	\$ 100.00
5400 Resources - Beginning Fund Balance	406,179.06	56,417.74	60,907.30
Total Revenue from Other Sources	\$ 406,179.06	\$ 75,611.58	\$ 61,007.30

Grand Totals

\$ 2,729,062.30 \$ 200,407.90 \$ 61,007.30

ALSEA SCHOOL DISTRICT 7J

Benton County, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

June 30, 2014

Instruction Expenditures

1111 Primary, K-3
1112 Intermediate Program
1121 Middle/Junior High Program
1122 Middle/Junior High School Extracurricular
1131 High School Program
1132 High School Extracurricular
114 Pre-K/Kindergarten Program
121 Program for the Talented and Gifted
125 Leisure/Recreational Program for Students with Disabilities
128 Alternative Education

Totals	October 100	October 200
323,746.62	196,882.5	113,646.74
12,873.58	64,914.57	37,959.1
95,369.14	57,891.56	35,597.59
19,459.9	12,275	3,136.59
312,625.8	186,283.3	15,721.2
8,985.92	49,535.28	1,914.9
4,849.61	4,477.5	372.11
-	-	-
162,516.14	1,786.67	49,465.9
11,115.25	-	-

Total Instruction Expenditures \$ 1,113,489.43 \$ 672,171.13 \$ 356,794.96

Support Services Expenditures

212 Guidance Service
213 Health Service
215 Speech Pathology and Audiology Service
219 Service Director, Student Support Service
222 Educational Media Service
224 Instructional Staff Development
231 Board of Education Service
232 Executive Administrative Service
241 Office of the Principal Service
252 Fiscal Service
254 Operational Maintenance of Plant Service
255 Student Transportation Service
262 Planning, Research, Development, Evaluation Service
266 Technology Service

Totals	October 100	October 200
198.25	-	-
62	-	-
21,846.94	2,195	1,651.94
7,921.21	5.85	2,712.1
23,622.8	12,572	8,399.27
1,732.61	-	397.8
16,969.58	-	1,253.37
67,888	42.5	2,468.5
137,635.2	85,438.86	46,845.6
57,878	16,934.94	9,735.65
224,267.27	71,374.47	24,862.8
382,386.95	115,223.86	44,857
-	-	-
67,938.15	-	-

Total Support Services Expenditures \$ 1,009,434.52 \$ 369,522.85 \$ 159,688.95

Other Uses Expenditures

52 Transfer of Funds

Totals	October 100	October 200
19,293.84	-	-

Total Other Uses Expenditures \$ 19,293.84 \$ \$

Grand Total

\$ 2,142,217.79 \$ 1,041,693.98 \$ 516,483.91

Objeto 300	Objeto 400	Objeto 500	Objeto 600	Objeto 700
\$ 1,423.99	\$ 12,545.64	\$ -	\$ -	\$ -
-	-	-	-	-
-	1,879.99	-	-	-
2,823.00	1,215.50	-	-	-
773.29	19,941.37	-	-	-
11,612.24	6,536.50	-	2,387.00	-
-	-	-	-	-
-	-	-	-	-
8,124.19	4,145.38	-	-	-
11,115.25	-	-	-	-
\$ 35,87.96	\$ 46,264.38	\$ -	\$ 2,387.00	\$ -

Objeto 300	Objeto 400	Objeto 500	Objeto 600	Objeto 700
\$ 198.25	\$ -	\$ -	\$ -	\$ -
620.00	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	3,197.09	-	-	-
1,334.81	-	-	-	-
9,974.51	736.58	-	5,005.12	-
2,152.04	499.34	-	2,181.00	-
1,695.85	1,288.25	-	1,800.00	-
28,678.38	875.41	-	862.70	-
74,477.00	26,759.60	-	26,794.12	-
206,187.03	2,973.39	5,354.10	8,640.00	-
-	-	-	-	-
46,710.80	14,673.54	-	6,553.81	-
\$ 372,028.67	\$ 5,003.20	\$ 5,354.00	\$ 5,836.75	\$ -

Objeto 300	Objeto 400	Objeto 500	Objeto 600	Objeto 700
\$ -	\$ -	\$ -	\$ -	\$ 19,293.84
\$ -	\$ -	\$ -	\$ -	\$ 9,293.84
\$ 407,900.63	\$ 97,267.58	\$ 5,354.00	\$ 54,223.75	\$ 9,293.84

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

June 30, 2014

Instruction Expenditure	Total	Object 100	Object 200	Object 300	Object 400
1220 Restrictive Programs for Students with Disabilities	\$ -	\$ -	\$ -	\$ -	\$ -
1250 Less Restrictive Programs for Students with Disabilities	233.04	170.72	62.32	-	-
1272 Title I	59,143.29	37,463.71	21,679.58	-	-
Total Instruction Expenditure	\$ 59,376.33	\$ 37,634.43	\$ 21,741.90	\$ -	\$ -
Support Service Expenditure	Total	Object 100	Object 200	Object 300	Object 400
2130 Health Services	\$ 8,900.00	\$ -	\$ -	\$ 8,900.00	\$ -
Total Support Service Expenditure	\$ 8,900.00	\$ -	\$ -	\$ 8,900.00	\$ -
Enterprise and Community Service	Total	Object 100	Object 200	Object 300	Object 400
3100 Food Services	\$ 65,152.72	\$ 11,209.79	\$ 1,170.59	\$ 540.00	\$ 52,232.34
Total Enterprise and Community Service Expenditure	\$ 65,152.72	\$ 11,209.79	\$ 1,170.59	\$ 540.00	\$ 52,232.34
Grand Total	\$ 133,429.05	\$ 48,844.22	\$ 22,912.49	\$ 9,440.00	\$ 52,232.34

ALSEA SCHOOL DISTRICT 7J
Benton County, Oregon

SCHEDULE OF PROPERTY TAX TRANSFERS

For the Year Ended June 30, 2014

Tax Year	Tax receivable July 1, 2013	2013-2014 Levy	Adjustment	Collection	Tax receivable June 30, 2014
Benton County					
2013-2014	\$ -	\$ 330,688	\$ -	\$ 319,797	\$ 10,891
2012-2013	7,370	-	3, 4	3, 2	7,633
2011-2012	2, 1	-	1,4 6	1,192	3,11
2009-2010	4,6 9	-	(3,1 9)	943	7
2009-2010	69	-	3,114	44	3,23
200 -2009	190	-	(1)	2	(17)
2007-200	139	-	(6)	23	1
rior	922	-	(2)	27	13
Subtotal - rior	16,700	-	4,9 4	6,267	1 ,3 7
Total Benton County	16,700	330,6	4,9 4	326,064	26,27
Lane County					
2013-2014	-	,163	(1 6)	7,734	243
2012-2013	2	-	(17)	97	141
2011-2012	14	-	(4)	47	97
2009-2010	102	-	(3)	34	6
2009-2010	64	-	(3)	20	41
200 -2009	12	-	(1)	3	
2007-200	7	-	(1)	2	4
rior	103	-	(10)	2	91
Subtotal - rior	691	-	(39)	20	447
Total Lane County	691	,163	(22)	7,939	690
Total	\$ 17,391	\$ 33 , 1	\$ 4,729	334,003	\$ 26,96
Add:					
Other taxes and interest				1,3 0	
Other adjustment				(22,791)	
Undistributed taxes with county, July 1, 2013				-	
Total available				312, 62	
Less: Turnover to District				(312, 62)	
Undistributed taxes with county, June 30, 2014				\$ -	

AL E A C H O O L D I T R I C T 7
B n t o n C o u n t y, O r e g o n

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

Federal Grantor, Pass through Grantor, Program Title	CFDA	Expenditures
<u>U. S. Department of Education</u>		
Rural Education	84.358	\$ 9,615
Passed through Oregon State Department of Education		
Title 1, Part A Cluster		
Title 1 Grants to Local Educational Agencies	84.010	36,452
IDEA Special Education Grants to States	84.027	1,135
Title IIA Improving Teaching Quality State Grants	84.367	12,044
Total passed through Oregon State Department of Education		49,631
Total U.S. Department of Education		59,246
<u>U. S. Department of Homeland Security</u>		
Disaster Assistance Projects	97.088	13,448
<u>U. S. Department of Agriculture</u>		
Passed through Benton County		
Federal Forest Fees	10.665	422
Passed through Oregon State Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	17,347
National School Lunch Program	10.555	31,379
National School Lunch Program - Commodities	10.555	3,106
Total Child Nutrition Cluster		51,832
Total U.S. Department of Agriculture		52,254
Total federal expenditures		\$ 124,948

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATUTORY REGULATIONS**



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Alsea School District 7J
Alsea, Oregon 97324

We have audited the basic financial statements of Alsea School District 7J as of and for the year ended June 30, 2014, and have issued our report thereon dated December 12, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Alsea School District 7J'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 162-010-0000 through 162-010-0320 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 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.

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)

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)

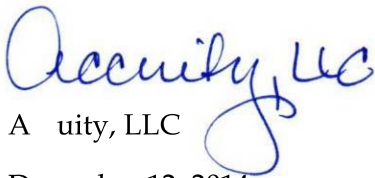
State school fund factors and calculation

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, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered Alsea High School District 7J's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alsea High School District 7J's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alsea High School District 7J's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated December 12, 2014.

This report is intended solely for the information and use of the board of directors and management of Alsea High School District 7J and the Oregon Secretary of State, and is not intended to be, and should not be used by any one other than these parties.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and cursive.

Accuity, LLC

December 12, 2014

ALSA SCHOOL DISTRICT 7J
Benton County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2014

Part A is needed for computing Oregon's full allocation for ESEA, Title I, and other Federal Funds for Education.

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

	Objects 325 and 326
Function 2540	\$ 32,869
Function 2550	\$ -

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

\$ -

Exclude these functions:

1113, 1122, and 1132	Co-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	upil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services