

**SWEET HOME SCHOOL DISTRICT
LINN COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014



**12700 SW 72nd Ave.
Tigard, OR 97223**

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2014

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SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2014

<u>NAME</u>	<u>TERM EXPIRES</u>
Mike Reynolds, Chair	June 30, 2015
Jason Redick, Vice-Chair	June 30, 2017
Leena Ellis, Secretary	June 30, 2015
Jason Van Eck, Director	June 30, 2015
Jenny Daniels, Director	June 30, 2017
Chanz Keeney, Director	June 30, 2017
Dale Keene, Director	June 30, 2017
David VanDerlip, Director	June 30, 2015
Kevin Burger, Director	June 30, 2015

All Directors receive their mail at the District office address below.

ADMINISTRATION

Don Schrader, Superintendent/Clerk
Kevin Strong, Business Manager/Deputy Clerk

1920 Long Street
Sweet Home, Oregon 97386

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LINN COUNTY, OREGON

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LINN COUNTY, OREGON

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November 25, 2014

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sweet Home School District No. 55
Linn County, Oregon

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 Sweet Home School District No. 55, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 Sweet Home School District No. 55, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, 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.

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

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 25 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink, appearing to read "Matthew Graves". The signature is fluid and cursive, with the first name "Matthew" being more prominent than the last name "Graves".

MATTHEW GRAVES, CPA
PAULY, ROGERS AND CO., P.C.

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Sweet Home School District No. 55

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Kevin Strong, Business Manager
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kevin.strong@sweethome.k12.or.us

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Sweet Home School District No. 55 (The District), we offer readers this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider this information presented here in conjunction with additional information in the annual report following this MD&A.

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short-term and also show what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, the District's assets exceeded liabilities on June 30, 2014 by \$2,326,448 (*net position*).
- The District's total net position decreased by \$123,741 during the 2013-2014 fiscal year due primarily to a write off of accrued bond issue costs following implementation of GASB 65.
- The District's cash and investments balance increased by \$1,027,629 during the 2013-2014 fiscal year from \$5,721,606 on June 30, 2013 to \$6,749,235 on June 30, 2014.
- The District's all funds balance increased by \$1,131,660 from \$6,552,182 on June 30, 2013 to \$7,683,842 on June 30, 2014.
- Included in the all funds balance, the District's General Fund balance increased by \$313,510 from \$1,160,836 on June 30, 2013 to \$1,474,346 on June 30, 2014. The June 30, 2014 General Fund balance was 7.8 percent of the General Fund's fiscal year revenues.
- The District's capital asset balance net of accumulated depreciation decreased from \$16,762,554 on June 30, 2013 to \$16,122,014 on June 30, 2014 due to asset depreciation exceeding asset purchases.
- Sweet Home School District voters renewed a \$0.32 per \$1,000 assessed valuation local option levy in May 2014 for five years. The levy passed with 1,438 yes votes and 835 no votes (63.3% yes and 36.7% no).

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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. These statements include:

The Statement of Net Position: The Statement of Net Position presents information on all 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: The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event given rise to the change occurs, regardless of the timing of related cash flows.

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

Governmental fund financial statements: 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 available resources, as well as on balances of available 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fund financial statements: The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds instead of 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. The Sweet Home School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position			
	<u>Governmental Activities</u>		Increase
	6/30/2013	6/30/2014	<Decrease>
<u>Assets</u>			
Current assets	\$6,552,182	\$7,683,842	\$1,131,660
Accrued bond issue costs	\$517,501	\$0	(\$517,501)
Prepaid pension expense	\$10,051,193	\$9,381,114	(\$670,079)
Net capital assets	\$16,762,554	\$16,122,014	(\$640,540)
Total Assets	<u>\$33,883,430</u>	<u>\$33,186,970</u>	<u>(\$696,460)</u>
<u>Liabilities</u>			
Current liabilities	\$1,883,756	\$2,101,273	\$217,517
Long-term debt	\$29,549,485	\$28,759,249	(\$790,236)
Total Liabilities	<u>\$31,433,241</u>	<u>\$30,860,522</u>	<u>(\$572,719)</u>
<u>Net Position</u>			
Invested in capital assets, net of related debt	\$114,868	<\$22,948>	(\$137,816)
Restricted	\$2,490,841	\$3,322,425	\$831,584
Unrestricted	(\$155,520)	(\$973,029)	(\$817,509)
Total Net Assets	<u>\$2,450,189</u>	<u>\$2,326,448</u>	<u>(\$123,741)</u>

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2014, the District's assets exceeded its liabilities by \$2,326,448. Of this amount, \$3,322,425 is restricted, <\$22,948> is invested in capital assets net of related debt and <\$973,029> was unrestricted.

The net investment in capital assets shows a negative balance because the remaining principal due on the District's general obligation bonds exceeds the book value of the District's assets. Many District assets are fully or almost fully depreciated but remain in use.

The unrestricted amount shows a negative balance because the outstanding debt for the District's PERS pension bonds exceeds the related prepaid pension cost asset. The prepaid pension cost asset is less than the outstanding pension debt because the pension cost asset is being amortized for accounting purposes on a straight-line basis. The District has established a PERS debt service fund with a balance that more than offsets the negative unrestricted balance. However, this amount is reported separately as being restricted.

Here is an explanation of the change in asset and liability balances during the past fiscal year:

District-wide assets decreased by \$696,460 during the 2013-2014 fiscal year. A \$1,131,660 increase in current assets was more than offset by decreases in prepaid pension expense, net capital assets and a \$517,501 write off of accrued bond issue costs following implementation of GASB 65. When the bonds were issued, accounting rules allowed for amortization of bond issue costs over the life of the bond. New accounting rules require the bond issue costs to be expensed when bonds are issued.

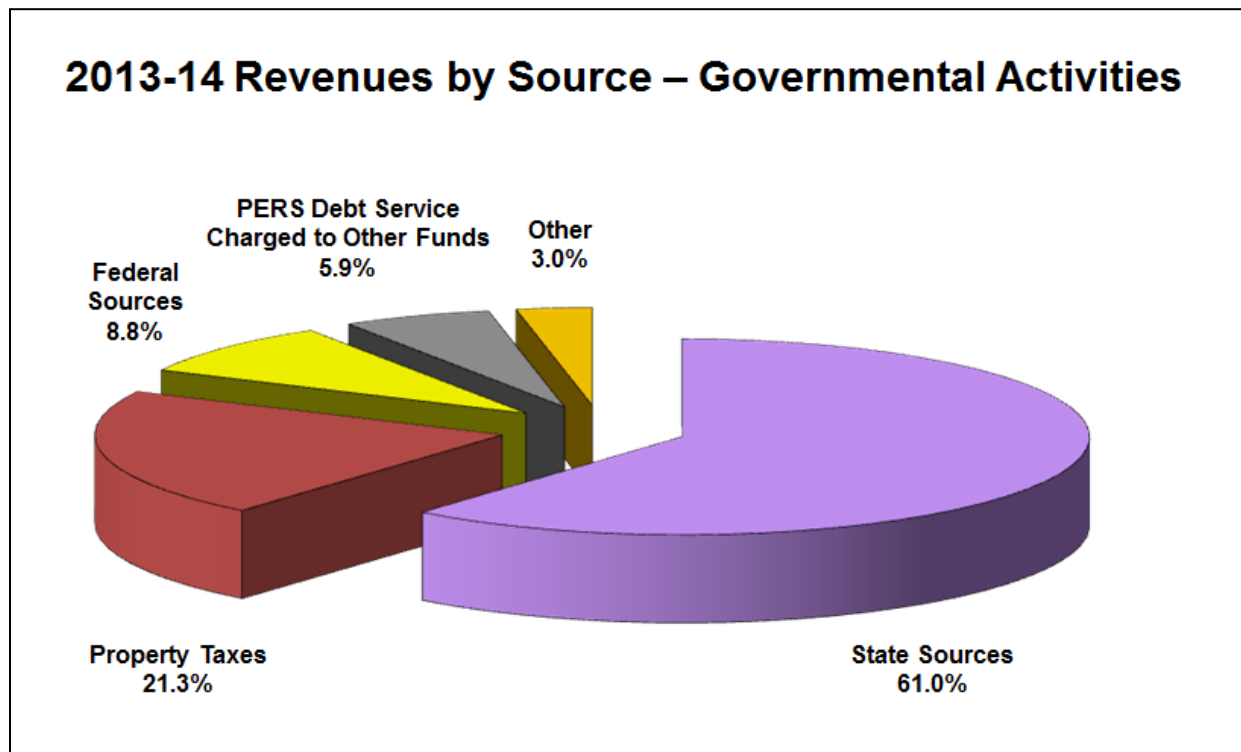
Current assets increased primarily due to the District's General Fund, Special Revenue Fund and Debt Service Fund generating more in revenue than was spent.

The decrease in prepaid pension expense was due to the amortization of the District's prepaid pension expense asset. This asset was created when the District issued pension obligation bonds in 2002 and 2003 to pay off what was estimated at that time to be the District's Public Employees Retirement System pension liability.

The decrease in net capital assets was due to depreciation expense exceeding capital asset acquisitions.

District-wide liabilities decreased by \$572,719 during the 2013-2014 fiscal year primarily due to a \$790,236 decrease in long-term debt. The District continues to repay its remaining outstanding debt as scheduled.

Revenues: Governmental Funds revenues increased by \$1,757,965 from \$22,307,610 during the 2012-2013 fiscal year to \$24,065,575 during the 2013-2014 fiscal year. A \$1,578,718 increase in state revenue and a \$333,038 increase in local revenue more than offset a decline in federal revenue.

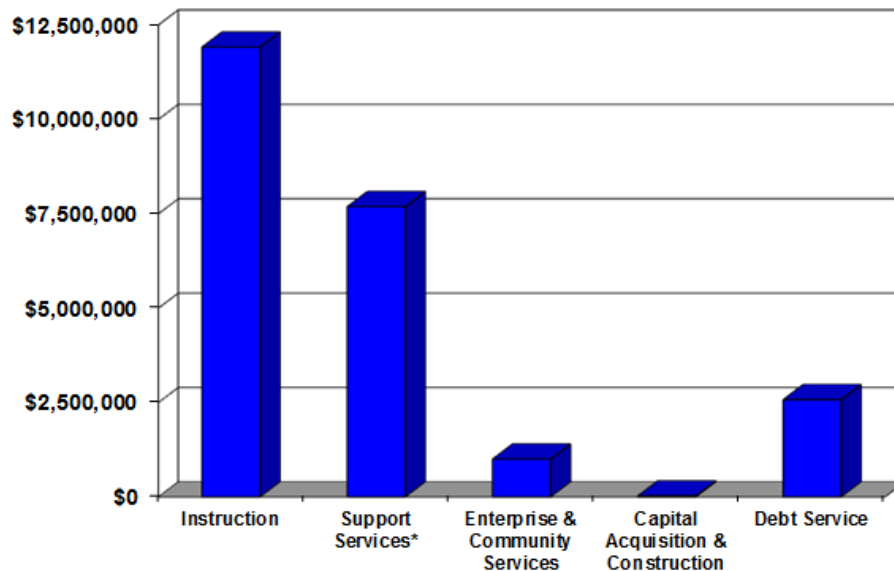


Expenditures: Governmental funds expenditures increased by \$1,131,610 from \$22,074,898 during the 2012-2013 fiscal year to \$23,206,508 during the 2013-2014 fiscal year. A \$614,619 increase in support services expenditures and a \$493,828 increase in instruction expenses more than offset a slight decline in debt service payments. Instruction and support service spending increased as the district added staff using additional state revenue.

Condensed Statement of Expenditures

	Governmental Funds		Increase
	2012-13	2013-14	<Decrease>
Instruction	\$11,419,310	\$11,913,138	\$493,828
Support Services	\$7,073,294	\$7,687,913	\$614,619
Enterprise & Community Services	\$920,056	\$1,002,507	\$82,451
Facilities Acquisition/Capital Outlay	\$27,771	\$26,465	(\$1,306)
Debt Service	\$2,634,467	\$2,576,485	(\$57,982)
Total	\$22,074,898	\$23,206,508	\$1,131,610

2013-14 Governmental Funds Expenditures



*Support Services includes Guidance and Counseling, Health, Library, Custodial, Maintenance, Utilities, Speech, Administrative, Transportation, Technology, Printing, etc.

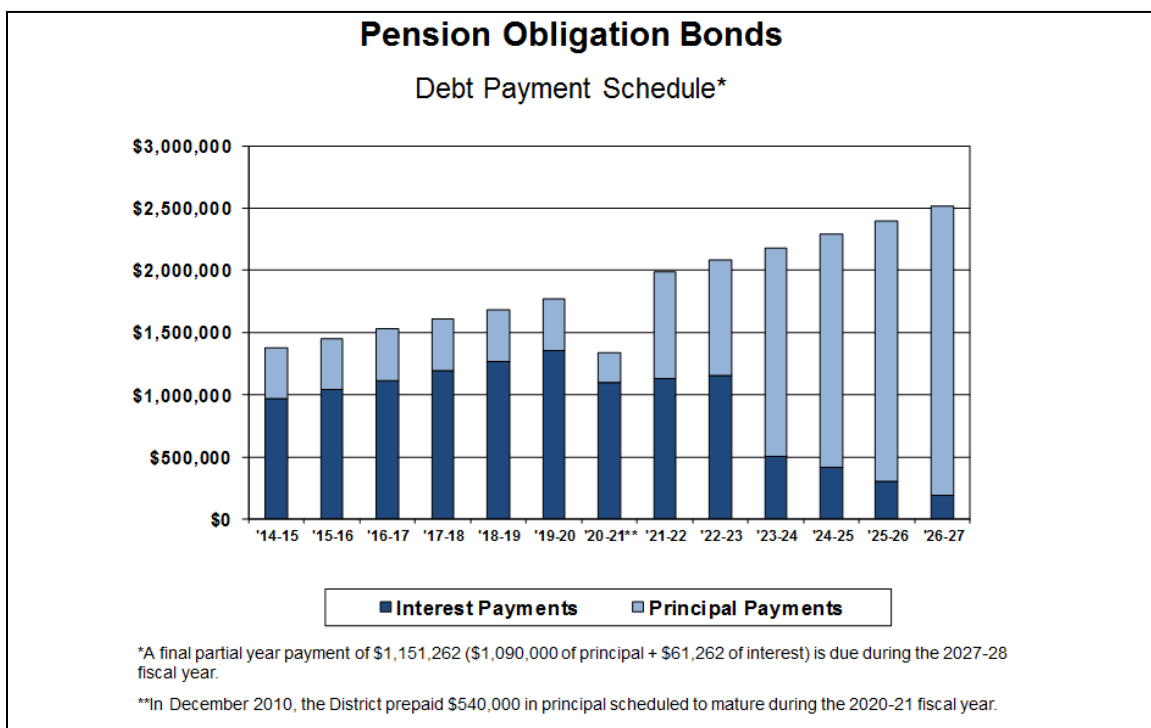
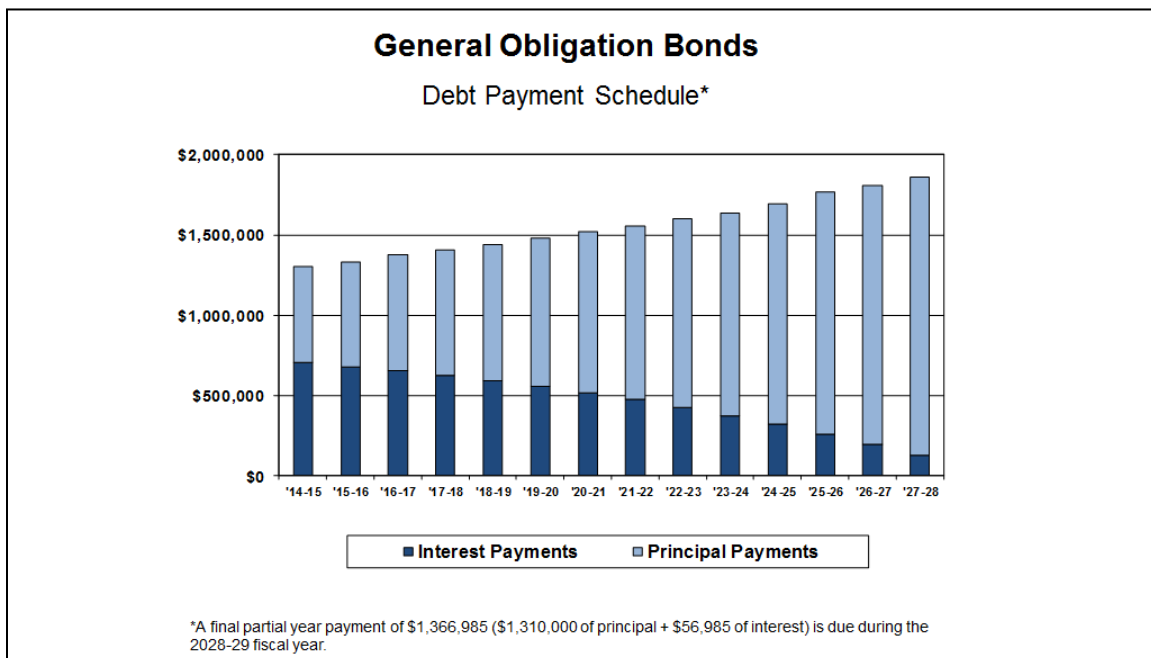
Debt Administration

As of June 30, 2014, the District has a total of \$30,131,006 in bonds outstanding. The bond balance includes:

- \$16,555,000 in general obligation bonds. The general obligation bonds were originally issued during the 2000-01 fiscal year. A portion of the bonds was refinanced at a lower

interest rate during the 2004-05 fiscal year and the remaining portion of the bonds was refinanced at a lower interest rate during the 2005-06 fiscal year. Maturities on the general obligation bonds continue through 2029.

- \$13,576,006 in pension obligation bonds issued during the 2002-03 fiscal year. Maturities continue through 2028. The pension obligation bond balance reflects the District's decision to participate in the Oregon School Boards Association's Pooled PERS Bond Program. Bond proceeds were invested with the Oregon Public Employees Retirement System to reduce the District's unfunded pension liability. Savings are achieved when investment returns exceed the debt service on the bonds.



Including interest plus principal payments, the remaining general obligation bond debt service payments total \$23,145,595 and the remaining pension obligation bond debt service payments total \$25,243,180.

PERS Pension Side Account Balance and Unfunded Actuarial Valuation

According to the most recent actuarial valuation report completed by Milliman, Inc. the market value of the District's PERS pension side account as of December 31, 2013 was \$22,168,355. The side account balance is used to offset current and future employer PERS contribution rates. The following table reconciles the side account balance during the 2013 calendar year:

Side account as of December 31, 2012	\$20,300,701
Deposits during 2013	\$0
Administrative expense	-\$2,000
Amount transferred to employer reserves during 2013	-\$1,279,879
Side account earnings during 2013	\$3,149,533
Side account as of December 31, 2013	\$22,168,355

Source: Milliman, Inc. Actuarial Valuation Report December 31, 2013 Oregon Public Employees Retirement System School District Pool Sweet Home School District #55 -- #3618 published September 2014

Market value is not used to value the PERS pension side account in the District's financial statements. This valuation in the MD&A is provided for informational purposes only. For comparison purposes, the reported book value of the District's prepaid pension expense on the Statement of Net Assets is \$9,381,114.

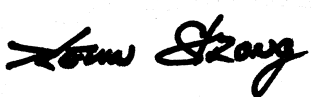
The District's share of the PERS system's unfunded actuarial liability is also not reported in the financial statements. According to the December 31, 2013 actuarial valuation report, the District's share of the PERS system's unfunded actuarial liability totaled \$12,440,532. The actuarial valuation assumes a net investment return of 7.75 percent compounded annually on system assets. A higher investment return will reduce the size of the unfunded actuarial liability while a lower investment return will increase the size of the liability.

2014-2015 Budget

The budget for the 2014-2015 fiscal year has total appropriations of \$32,685,864 as compared to the 2013-2014 budget of \$31,020,868, an increase of 5.4 percent. The increase is primarily due to additional state revenue. The Oregon Legislature allocated an additional \$100 million for K-12 education during the 2014-2015 fiscal year.

Requests for Information

The financial report is designed to provide taxpayers, parents, employees, students, investors and creditors with an overview of the District's finances. If you have questions about this report, please contact the Sweet Home School District Business Office.



Kevin Strong, Business Manager

December 11, 2014
Date

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SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2014

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS:	
Cash and investments	\$ 6,749,235
Prepaid expenses	85,280
Prepaid pension expense	9,381,114
Property taxes receivable	598,208
Other receivables	251,119
Capital assets, non-depreciable	340,086
Capital assets, depreciable (net of depreciation)	<u>15,781,928</u>
Total Assets	<u>33,186,970</u>
LIABILITIES:	
Accounts payable	70,330
Accrued payroll, taxes, and employee withholdings	968,129
Accrued vacation	112,530
Unearned Revenue	28,554
Interest payable	28,986
Noncurrent liabilities:	
Due within one year	892,744
Due in more than one year	<u>28,759,249</u>
Total Liabilities	<u>30,860,522</u>
NET POSITION:	
Net Investment in Capital Assets	(22,948)
Restricted	3,322,425
Unrestricted	<u>(973,029)</u>
Total Net Position	<u><u>\$ 2,326,448</u></u>

See accompanying notes to basic financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

<u>FUNCTIONS</u>	<u>EXPENSES</u>
Instruction	\$ 12,111,664
Support Services	8,052,433
Community Services	1,019,213
Interest on Long-Term Debt	<u>1,634,769</u>
Total Governmental Activities	<u>\$ 22,818,079</u>

See accompanying notes to basic financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

PROGRAM REVENUES		
CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
\$ 70,383	\$ 1,222,742	\$ (10,818,539)
-	654,946	(7,397,487)
109,150	85,405	(824,658)
-	-	(1,634,769)
<u>\$ 179,533</u>	<u>\$ 1,963,093</u>	<u>(20,675,453)</u>
General Revenues		
Taxes:		
Property Taxes, Levied for General Purposes		3,893,808
Property Taxes, Levied for Debt Service		1,364,613
State Revenue Sharing		14,685,439
Grants and Contributions Not Restricted to Specific Programs		
Federal		223,427
Intermediate Sources		149,376
Interest and Investment Earnings		45,577
Unrestricted local sources		189,472
Total General Revenues		<u>20,551,712</u>
Changes in Net Position		(123,741)
Net Position - Beginning		<u>2,450,189</u>
Net Position - Ending		<u>\$ 2,326,448</u>

See accompanying notes to basic financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS
ASSETS:				
Cash and cash equivalents	\$ 2,376,091	\$ 1,220,169	\$ 3,152,975	\$ 6,749,235
Property taxes receivable	443,619	-	154,589	598,208
Accounts receivable	2,046	249,064	9	251,119
Prepaid Expenses	85,280	-	-	85,280
Total Assets	<u>\$ 2,907,036</u>	<u>\$ 1,469,233</u>	<u>\$ 3,307,573</u>	<u>\$ 7,683,842</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 70,179	\$ 151	\$ -	\$ 70,330
Payroll liabilities	968,129	-	-	968,129
Unearned Revenue	-	28,554	-	28,554
Total Liabilities	<u>1,038,308</u>	<u>28,705</u>	<u>-</u>	<u>1,067,013</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	<u>394,382</u>	<u>-</u>	<u>137,920</u>	<u>532,302</u>
Total Deferred Inflows of Resources	<u>394,382</u>	<u>-</u>	<u>137,920</u>	<u>532,302</u>
Fund Balances:				
Restricted for:				
Debt Service	-	-	1,881,897	1,881,897
Grants and Other	-	1,440,528	-	1,440,528
Committed to PERS Debt Service	-	-	1,287,756	1,287,756
Unassigned	<u>1,474,346</u>	<u>-</u>	<u>-</u>	<u>1,474,346</u>
Total Fund Balances	<u>1,474,346</u>	<u>1,440,528</u>	<u>3,169,653</u>	<u>6,084,527</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,907,036</u>	<u>\$ 1,469,233</u>	<u>\$ 3,307,573</u>	<u>\$ 7,683,842</u>

See accompanying notes to basic financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2014

Total Fund Balances - Governmental Funds	\$	6,084,527
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Capital assets are not financial resources and therefore are not reported in the governmental funds.

Cost	\$	28,212,089	
Accumulated Depreciation		<u>(12,090,075)</u>	16,122,014

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.

532,302

The unamortized portion of prepaid pension costs and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.

Prepaid pension costs	\$	9,381,114	
Bond issuance costs		<u>-</u>	9,381,114

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

Long-term Liabilities			
Interest Payable	\$	(28,986)	
Accrued Vacation		(112,530)	
Termination Benefits		(1,392,308)	
Bonds payable		<u>(28,259,685)</u>	
			<u>(29,793,509)</u>

Net Position	\$	<u><u>2,326,448</u></u>
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See accompanying notes to basic financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS
REVENUES:				
From Local Sources	\$ 4,125,049	\$ 247,188	\$ 2,731,453	\$ 7,103,690
From Intermediate Sources	148,661	715	-	149,376
From State Sources	14,538,550	146,889	-	14,685,439
From Federal Sources	149,643	1,977,427	-	2,127,070
Total Revenues	18,961,903	2,372,219	2,731,453	24,065,575
EXPENDITURES:				
Current:				
Instruction	11,001,049	912,089	-	11,913,138
Support Services	7,233,562	451,151	3,200	7,687,913
Enterprise and Community Services	106,760	895,747	-	1,002,507
Facilities Acquisition	-	9,636	-	9,636
Capital Outlay	6,022	10,807	-	16,829
Debt Service	-	-	2,576,485	2,576,485
Total Expenditures	18,347,393	2,279,430	2,579,685	23,206,508
Revenues over (under) expenditures	614,510	92,789	151,768	859,067
Other Financing Sources, (Uses):				
Transfers In	-	297,500	-	297,500
Transfers Out	(301,000)	-	-	(301,000)
Total other financing sources (uses)	(301,000)	297,500	-	(3,500)
Net Change in Fund Balance	313,510	390,289	151,768	855,567
Beginning Fund Balance	1,160,836	1,050,239	3,017,885	5,228,960
Ending Fund Balance	\$ 1,474,346	\$ 1,440,528	\$ 3,169,653	\$ 6,084,527

See accompanying notes to basic financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2014

Total Net Changes in Fund Balances - Governmental Funds	\$	855,567
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Lont-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 Position. This is the amount of debt principal repaid (net)

Debt principal repaid	\$ 940,828		
Change in Termination Benefits	128,086		
Other Changes in Debt	<u>(280,823)</u>		788,091

Governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The current year amortization of issuance costs are accounted for here. (517,501)

In the governmental funds, the prior year payment to PERS to advance fund the District's UAL was charged as expenditures . In the Statement of Net Position it is reported as an asset and amortized over the life of the pension bonds issued to fund the payment.

Amortization of PERS Prepaid Expense	(670,079)
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 888

Capital Outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation.

Expenditures for capital assets (net)	\$ 75,836		
Depreciation Expense	<u>(716,376)</u>		(640,540)

Compensated absences are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities these liabilities are recognized as an expenditure when earned. (34,583)

Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued. 94,416

Change in Net Position of Governmental Activities	\$	<u>(123,741)</u>
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See accompanying notes to basic financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION - ALL TRUST AND AGENCY FUNDS
June 30, 2014

	<u>TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
ASSETS:		
Cash	<u>\$ 404,499</u>	<u>\$ 472,101</u>
Total Assets	<u> 404,499</u>	<u> 472,101</u>
LIABILITIES:		
Due to Student Activity Organizations	<u> -</u>	<u> 472,101</u>
Total Liabilities	<u> -</u>	<u> 472,101</u>
NET POSITION:		
Restricted for trust funds	400,000	-
Restricted of Josai and Youth Initiative Programs	<u> 4,499</u>	<u> -</u>
Total Net Position	<u><u>\$ 404,499</u></u>	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

STATEMENT OF CHANGES IN NET POSITION
ALL TRUST FUNDS
For the Year Ended June 30, 2014

	<u>TRUST FUNDS</u>
ADDITIONS	
Local Sources	\$ 4,997
Transfers from General Fund	3,500
Total Additions	<u>8,497</u>
DEDUCTIONS	
Total Disbursements	12,422
Change in Net Position	(3,925)
Beginning Net Position	<u>408,424</u>
Ending Net Position	<u><u>\$ 404,499</u></u>

See accompanying notes to basic financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

The Sweet Home School District No. 55 is a municipal corporation governed by an elected nine member board. The District was organized under provisions of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. As required by accounting principles generally accepted in the United States of America, these Basic Financial Statements present Sweet Home School District No. 55 (the primary government) and any component units. The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. Accounting principles generally accepted in the United States of America require that these financial statements present the District and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statements 14, 39, and 61 are separate organizations that are included in the District's reporting District because of the significance of their operational or financial relationships with the District. There are no component units for Sweet Home School District.

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

Government Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

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

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

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program revenues derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the District's general revenues and include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

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

Governmental Fund Types

Governmental funds are used to account for general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences which are recognized as expenditures because they will be liquidated with expendable financial resources.

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

There are the following major governmental funds:

General Fund

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

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds, and for the one time receipt and disbursements to escrow of the proceeds of the 2002 and 2003 limited tax pension obligation bonds.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Fund

This fund accounts for revenues and expenditures of grants restricted for specific educational projects. The principal revenue source is restricted federal, state and local grants.

Additionally, there is the following other fund type:

Fiduciary Fund

This fund type is comprised of Agency Funds which account for the transactions of the District's student body activity accounts, and a Trust fund which accounts for the Josai and Youth Initiative programs and other trust funds.

Use of Estimates

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

Cash and Cash Equivalents

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

Property Taxes

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

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

Grants

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

Supply Inventories

All supply inventories are valued at cost (first-in, first-out method). Inventories of governmental funds are recorded as expenditures when purchased. Management has determined that supply inventories are immaterial, and accordingly there are no inventories reported in the financial statements.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Buildings and Improvements	20 to 50 years
Vehicles and Equipment	5 to 15 years

Deferred Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government 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.

Long Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method. As permitted by GASB Statement No. 34 the cost of bond issuance was amortized prospectively from the date of adoption of GASB Statement No. 34.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

Substantially all employees are participants in the Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

Certificated employees hired on or before June 30, 1999 who are at least 55 years old with ten years in the District at the time of retirement are eligible for early retirement benefits which are funded and charged to expenditures as payments become due.

Vested Compensated Absences

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

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Operating interfund transactions are reported as transfers.

Net Position

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

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

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

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

Fund Balance

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official or officers to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except the property taxes received after year-end are not considered budgetary resources in the funds, capital assets are expensed when purchased, inventory is expensed when purchased, long term debt is expensed when paid, depreciation and amortization expense is not reported, and the OPEB liability is expensed when paid.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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

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

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

For the year ended June 30, 2014, expenditures of the various funds were within authorized appropriations.

3. CASH AND INVESTMENTS

Deposits

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements was \$1,977,578. Of this amount \$371,041 was covered by federal depository insurance. Oregon Revised Statutes requires deposits be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Investments

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

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2014.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2014 the fair value of the position in the LGIP is 100.65% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Cash and Investments at June 30, 2014 (recorded at fair value) consisted of \$6,749,235 in governmental activities, \$409,499 in Trust Funds, and \$472,101 in Agency Funds. \$5,900,535 of these Cash and Investments were held in the State Local Government Investment Pool, and the remaining amount was held in bank deposits.

There were the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurers Investment Pool	\$ 5,900,535	\$ 5,900,535	\$ -	\$ -
Total	\$ 5,900,535	\$ 5,900,535	\$ -	\$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. There is no deposit policy for custodial credit risk.

Credit Risk – Investments

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

Concentration of Credit Risk

At June 30, 2014, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2014, there was compliance with all percentage restrictions.

4. GRANTS RECEIVABLE

Special revenue fund grants receivable includes claims for reimbursement of costs under various federal grant programs. There is no allowance for doubtful accounts as all is considered collectable by management.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2014, were as follows:

	Capital Assets 7/1/2013	Additions	Deletions	Capital Assets 6/30/2014
Land & Land Improvements	\$ 340,086	\$ -	\$ -	\$ 340,086
Buildings & Improvements	24,745,481	34,538	-	24,780,019
Equipment and Vehicles	3,050,686	41,298	-	3,091,984
	<u>28,136,253</u>	<u>75,836</u>	<u>-</u>	<u>28,212,089</u>
Accumulated Depreciation:				
Buildings and Improvements	8,669,182	575,455	-	9,244,637
Vehicles and Equipments	2,704,517	140,921	-	2,845,438
Total Accumulated Depreciation	<u>11,373,699</u>	<u>\$ 716,376</u>	<u>\$ -</u>	<u>12,090,075</u>
Capital Assets, Net	<u>\$ 16,762,554</u>			<u>\$ 16,122,014</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 414,214
Support	267,305
Community Services	<u>34,857</u>
Total Depreciation Expense	<u>\$ 716,376</u>

6. PREPAID PENSION

As a result of the issuance of the 2002 and 2003 Limited Pension Obligation Bonds, as further described in Note 9, there is a Prepaid PERS Asset in the Statement of Net Position. The prepaid asset is equal to the initial \$17,289,072 payment made to PERS from the bond proceeds, less accumulated amortization for a total of \$9,381,114.

7. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

PERS

Contributions are made 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. It 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 plan. It consists of two programs, a Pension Program and an Individual Account Program. The Pension Program is the defined benefit portion of the OPSRP plan. It applies to qualifying employees hired after August 29, 2003 and to inactive employees who return to employment following a six-month or greater break in service. The Individual Account Program is the defined contribution portion of the OPSRP plan. It applies to all employee contributions.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

The Oregon Public Employees Retirement Fund and the Oregon Public Service Retirement Plan both provide retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR 97281-3700.

Members of PERS are required to contribute six percent of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required by ORS 238.225 to contribute an actuarially determined rate for the qualifying employees under the OPERF plan and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2014 were 6.17 percent and 4.17 percent respectively.

During the 2002-03 fiscal year, a total of \$17,289,072 of limited tax pension obligation bonds were issued to finance the unfunded actuarially accrued liability with PERS. The transaction proceeds were invested with the state pension fund. The transaction will reduce the District's pension plan contributions if investment earnings exceed interest costs. The contribution to PERS for the years ending June 30, 2014, 2013, and 2012 were \$1,078,400, \$1,021,124, and \$1,047,406, respectively. Meanwhile, the contribution to the Debt Service Fund for the pension obligation bonds for the years ending June 30, 2014, 2013, and 2012 were \$1,418,272, \$1,223,662, and \$1,225,230 respectively.

8. DEFERRED COMPENSATION PLAN

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

9. LONG-TERM DEBT

BONDS PAYABLE:

General Obligation Bonds

General obligation bonds have been issued to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years is \$18,670,000. On April 7, 2005, \$9,995,000 of Series 2005 G.O. Refunding Bonds were issued. The proceeds from this issuance were deposited into an irrevocable escrow account to provide for the advance refunding of \$9,110,000 of the June 15, 2001 G.O. Bond issue. On January 5, 2005, the District issued \$8,640,000 of Series 2006 G.O. Refunding Bonds. The proceeds from this issuance were deposited into an irrevocable escrow account to provide for the advance refunding of \$8,170,000 of the June 15, 2001 G.O. Bond issue. \$16,050,000 of defeased bonds were outstanding at June 30, 2014.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. LONG-TERM DEBT (CONTINUED)

Pension Obligation Bonds

On April 3, 2003 and October 9, 2002, \$9,199,658 and \$8,089,414 respectively, of limited tax pension obligation bonds were issued to finance the unfunded actuarially accrued liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the District's UAL. The actual savings realized over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the District's future required contribution rate.

Debt service payments for the pension obligation bonds will continue through the 2027-28 fiscal year. Future increases of the annual debt service payment will range from 4.6 percent to 5.3 percent annually. The bonds include deferred interest obligations where interest is payable at maturity and current interest obligations where interest is due semi-annually.

Changes in bonds outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2013	Issued	Matured And Redeemed	Outstanding June 30, 2014
October 9, 2002	2.06 - 6.10	8,089,414	\$ 6,626,939	\$ -	\$ 151,060	\$ 6,475,879
April 3, 2003	1.50 - 6.27	9,199,658	7,349,895	-	249,768	7,100,127
April 7, 2005	3.0 - 4.55	9,995,000	9,415,000	-	60,000	9,355,000
January 1, 2006	4.0 - 4.35	8,640,000	7,680,000	-	480,000	7,200,000
			<u>\$ 31,071,834</u>	<u>\$ -</u>	<u>\$ 940,828</u>	<u>\$ 30,131,006</u>

Future maturities of bonds are payable as follows:

Fiscal Year Ending June 30,	Principal	Interest
2015	1,007,345	1,707,247
2016	1,062,820	1,752,772
2017	1,135,919	1,798,337
2018	1,198,074	1,846,664
2019	1,261,159	1,891,218
2019-2024	9,560,689	7,312,883
2024-2029	14,905,000	1,948,648
Total	<u>\$ 30,131,006</u>	<u>\$ 18,257,769</u>

The District paid \$540,000 in principal on callable bonds from the October 9, 2002 issue that were to be due during the fiscal year 2020-21, saving \$326,700 in interest payments.

In accordance with GASB Statement 65, Bond Issuance Costs from prior debt issues have been written off.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. LONG-TERM DEBT (CONTINUED)

Total long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additons	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Bonds Payable	\$ 31,071,834	\$ -	\$ 940,828	\$ 30,131,006	\$ 1,007,345	\$ 29,123,661
OID Accrual	(1,704,831)	243,547	-	(1,461,284)	(243,547)	(1,217,737)
Loss on Bond Refunding	(447,314)	37,276	-	(410,038)	(37,276)	(372,762)
Early Retirement	1,520,394	-	128,085	1,392,309	166,222	1,226,087
Total Long-term Liabilities	<u>\$ 30,440,083</u>	<u>\$ 280,823</u>	<u>\$ 1,068,913</u>	<u>\$ 29,651,993</u>	<u>\$ 892,744</u>	<u>\$ 28,759,249</u>

10. TERMINATION BENEFITS

Early Retirement Stipend Plan – Termination Benefits

Plan Description – An early retirement supplement program is maintained for some employees. The plan is, in substance, a single employer defined benefit plan established under collective bargaining agreements.

Eligible certificated employees must have been hired on or before June 30, 1999, be eligible for retirement under PERS rules, and have either ten years of full-time employment with the District at the time of retirement or be at least age 55 with ten years in the District at the time of retirement. The early retirement program provides certificated employees hired on or before June 30, 1998 with a monthly stipend of \$445 per month for seven consecutive years or to age 65, whichever occurs first. For certificated employees hired from July 1, 1998 through June 30, 1999, a monthly stipend not to exceed \$445 per month is based on the following calculation: (Years of service with the District/30 years x \$445 per month) for seven years or to age 65, whichever occurs first.

Eligible administrative and confidential employees must have been hired on or before September 1, 1999, be eligible for retirement under PERS rules, and have seven years of employment with the District at the time of retirement. The early retirement program provides eligible administrative and confidential employees a monthly stipend equal to one percent of their final annual gross salary.

As of June 30, 2014, the District's potential non-discounted liability for its early retirement plan is \$1,657,711 assuming employees eligible for the early retirement retire following 30 years of employment unless retiring sooner will result in a larger early retirement benefit. If so, the higher benefit amount is used in the calculation.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. TERMINATION BENEFITS (CONTINUED)

In accordance with GASB Statement 47 – Termination Benefits, a liability has been determined. The net present value of the District's June 30, 2014 potential early retirement liability is \$1,392,308 based on a calculation using the June 30, 2014 ten year treasury yield of 2.53 percent.

Total plan expenditures for the 2013-14, 2012-13 and 2011-12 fiscal years were \$154,410, \$156,258 and \$146,308.

An Early Retirement Fund was established during the 2005-06 fiscal year. As of June 30, 2014, \$400,000 has been placed into this fund, which is included with Trust Funds for accounting purposes.

Other Post-Employment Benefits

The District's actuary has determined that no liability exists for the implicit subsidy provided to retirees who buy back into the group health insurance plan.

11. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage.

12. INTERFUND TRANSFERS

Amounts are comprised of the following:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 301,000	\$ -
Special Revenue Fund	-	297,500
Trust Fund	-	3,500
Totals	<u>\$ 301,000</u>	<u>\$ 301,000</u>

13. PROPERTY TAX LIMITATION

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

13. PROPERTY TAX LIMITATION (CONTINUED)

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10%

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. PROPERTY TAX LIMITATION (CONTINUED)

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

14. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2014 are as follows:

Fund Balances:	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>Nonspendable:</u>				
Prepaid & Inventory	\$ -	\$ -	\$ -	\$ -
<u>Restricted:</u>				
Grants and Other	-	1,440,528	-	1,440,528
Debt Service	-	-	1,881,897	1,881,897
	-	1,440,528	1,881,897	3,322,425
<u>Committed to:</u>				
PERS Debt Service	-	-	1,287,756	1,287,756
	-	-	1,287,756	1,287,756
Unassigned:	1,474,346	-	-	1,474,346
Total Fund Balances	\$ 1,474,346	\$ 1,440,528	\$ 3,169,653	\$ 6,084,527

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. COMMITMENTS AND CONTINGENCIES

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

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2014 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts are expected by management to be immaterial.

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SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

Individual Major Fund Budgetary Basis Schedules

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SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
 For the Year Ended June 30, 2014

	GENERAL FUND			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGET			
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Local Sources	\$ 4,137,000	\$ 4,137,000	\$ 4,125,049	\$ (11,951)
Intermediate Sources	125,000	125,000	148,661	23,661
State Sources	14,293,680	14,293,680	14,538,550	244,870
Federal Sources	-	-	149,643	149,643
Total Revenues	18,555,680	18,555,680	18,961,903	406,223
EXPENDITURES				
Instruction	11,226,522	11,226,522 (1)	11,007,071	219,451
Support Services	7,240,596	7,240,596 (1)	7,233,562	7,034
Enterprise and Community Services	127,576	127,576 (1)	106,760	20,816
Contingency	905,986	905,986 (1)	-	905,986
Total Expenditures	19,500,680	19,500,680	18,347,393	1,153,287
Excess of Revenue Over, (Under) Expenditures	(945,000)	(945,000)	614,510	1,559,510
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(305,000)	(305,000) (1)	(301,000)	4,000
Total Other Financing Sources, (Uses)	(305,000)	(305,000)	(301,000)	4,000
Net Change in Fund Balance	(1,250,000)	(1,250,000)	313,510	1,563,510
Beginning Fund Balance	1,250,000	1,250,000	1,160,836	(89,164)
Ending Fund Balance	\$ -	\$ -	\$ 1,474,346	\$ 1,474,346

(1) Appropriation Level

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
 For the Year Ended June 30, 2014

<u>SPECIAL REVENUE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGET		TOTAL	
	ORIGINAL	FINAL		
REVENUES:				
Local Sources	\$ 200,000	\$ 200,000	\$ 247,188	\$ 47,188
Intermediate Source	-	-	715	715
State Sources	116,764	116,764	146,889	30,125
Federal Sources	2,024,000	2,044,150	1,977,427	(66,723)
Total Revenues	2,340,764	2,360,914	2,372,219	11,305
EXPENDITURES:				
Instruction	1,364,118	1,365,483 (1)	912,089	453,394
Support Services	949,392	968,177 (1)	451,151	517,026
Enterprise & Community Services	1,048,392	1,048,392 (1)	906,554	141,838
Facilities Acquisition & Construction	100,000	100,000 (1)	9,636	90,364
Contingency	476,362	476,362 (1)	-	476,362
Total Expenditures	3,938,264	3,958,414	2,279,430	1,678,984
Excess of Revenues Over, -Under Expenditures	(1,597,500)	(1,597,500)	92,789	1,690,289
Other Financing Sources (Uses):				
Transfers - In	297,500	297,500	297,500	-
Total Other Financing Uses	297,500	297,500	297,500	-
Net Change in Fund Balance	(1,300,000)	(1,300,000)	390,289	1,690,289
Beginning Fund Balance	1,300,000	1,300,000	1,050,239	(249,761)
Ending Fund Balance	\$ -	\$ -	\$ 1,440,528	\$ 1,440,528

(1) Appropriation Level

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
 For the Year Ended June 30, 2014

DEBT SERVICE FUND				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGET			
REVENUES:	ORIGINAL	FINAL	ACTUAL	
Local Sources:				
Property Taxes and Other	\$ 2,736,000	\$ 2,736,000	\$ 2,731,453	\$ (4,547)
Total Revenues	2,736,000	2,736,000	2,731,453	(4,547)
EXPENDITURES:				
Support Services:	2,005,000	2,005,000 (1)	3,200	2,001,800
Debt Service:	2,576,492	2,576,492 (1)	2,576,485	7
Total Expenditures	4,581,492	4,581,492	2,579,685	2,001,807
Net Change in Fund Balance	(1,845,492)	(1,845,492)	151,768	1,997,260
Beginning Fund Balance	2,925,000	2,925,000	3,017,885	92,885
Ending Fund Balance	\$ 1,079,508	\$ 1,079,508	\$ 3,169,653	\$ 2,090,145

(1) Appropriation Level

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2014

	FIDUCIARY FUND			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGET		TOTAL	
	ORIGINAL	FINAL		
REVENUES:				
Local Sources:				
Extra-curricular	\$ 800,000	\$ 800,000	\$ 570,784	\$ (229,216)
Total Revenues	800,000	800,000	570,784	(229,216)
EXPENDITURES:				
Instruction	1,210,000	1,210,000	(1) 593,116	616,884
Support Services	5,924	5,924	(1) -	5,924
Operating Contingency	400,000	400,000	(1) -	400,000
Total Expenditures	1,615,924	1,615,924	593,116	622,808
Excess of Revenues Over, -Under Expenditures	(815,924)	(815,924)	(22,332)	793,592
Excess of Revenues Over, -Under Expenditures	(815,924)	(815,924)	(22,332)	793,592
Other Financing Sources (Uses):				
Transfers - In	7,500	7,500	3,500	(4,000)
Total Other Financing Uses	7,500	7,500	3,500	(4,000)
Net Change in Fund Balance	(808,424)	(808,424)	(18,832)	789,592
Beginning Fund Balance	808,424	808,424	895,932	87,508
Ending Fund Balance	\$ -	\$ -	877,100	\$ 877,100

(1) Appropriation level

Reported on the Statement of Fiduciary Net Position as:

Trust Funds	404,499
Due to Student Organizations	472,101
Total Ending Fund Balance	<u>\$ 876,600</u>

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES
For the Year Ended June 30, 2014

DATE OF ISSUE	MATURED BONDS & COUPONS OUTSTANDING 7/1/13	BONDS & COUPONS MATURING DURING THE YEAR	BONDS REDEEMED AND COUPONS PAID DURING THE YEAR	MATURED BONDS & COUPONS OUTSTANDING 6/30/14
10/9/2002	\$ -	\$ 1,152,999	\$ 1,152,999	\$ -
4/3/2003	-	726,270	726,270	-
4/7/2005	-	462,640	462,640	-
1/5/2006	-	804,283	804,283	-
	<u>\$ -</u>	<u>\$ 3,146,192</u>	<u>\$ 3,146,192</u>	<u>\$ -</u>

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS
June 30, 2014

YEAR	ISSUE OF 10/09/02		ISSUE OF 4/03/03		ISSUE OF 4/7/05		ISSUE OF 1/1/06		TOTAL PRINCIPAL	TOTAL INTEREST
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST		
	Due 6/30	Due 6/30	Due 6/30	Due 6/30	Due 6/15	Due 12/15 & 6/15	Due 6/15	Due 12/15 & 6/15		
2014-15	158,234	489,765	249,111	512,159	580,000	400,240	20,000	305,083	1,007,345	1,707,247
2015-16	163,009	519,990	249,811	551,459	630,000	377,040	20,000	304,283	1,062,820	1,752,772
2016-17	165,970	552,029	249,949	591,320	700,000	351,525	20,000	303,463	1,135,919	1,798,337
2017-18	168,126	584,873	249,948	636,323	760,000	322,825	20,000	302,643	1,198,074	1,846,664
2018-19	169,315	618,684	246,844	679,426	825,000	291,285	20,000	301,823	1,261,159	1,891,218
2019-20	171,225	656,774	247,079	729,191	900,000	257,048	25,000	301,003	1,343,304	1,944,016
2020-21 *	-	-	244,472	776,798	975,000	218,798	25,000	299,978	1,244,472	1,295,574
2021-22	610,000	303,299	243,555	827,714	1,055,000	176,873	25,000	298,953	1,933,555	1,606,839
2022-23	690,000	269,871	244,358	881,912	1,145,000	130,980	25,000	297,928	2,104,358	1,580,691
2023-24	775,000	231,990	900,000	276,270	1,235,000	80,600	25,000	296,903	2,935,000	885,763
2024-25	865,000	188,978	1,010,000	225,780	550,000	25,025	820,000	295,878	3,245,000	735,661
2025-26	965,000	140,970	1,125,000	168,412	-	-	1,505,000	262,258	3,595,000	571,640
2026-27	1,075,000	87,413	1,250,000	104,512	-	-	1,610,000	199,800	3,935,000	391,725
2027-28	500,000	27,750	590,000	33,512	-	-	1,730,000	131,375	2,820,000	192,637
2028-29	-	-	-	-	-	-	1,310,000	56,985	1,310,000	56,985
TOTALS	\$ 6,475,879	\$ 4,672,386	\$ 7,100,127	\$ 6,994,788	\$ 9,355,000	\$ 2,632,239	\$ 7,200,000	\$ 3,958,356	\$ 30,131,006	\$ 18,257,769

* 2020-21 bond was callable, and was prepaid by Sweet Home School District in the amount of the \$540,000 principal during the 2010-11 fiscal year.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2014

<u>GENERAL FUND</u>						
TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2013	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2014
<u>GENERAL FUND:</u>						
Current:						
2013-14	\$ 3,922,697	\$ 100,935	\$ (3,351)	\$ 1,968	\$ 3,654,233	\$ 166,146
Prior Years:						
2012-13	151,254	(7)	18,364	5,257	66,828	108,054
2011-12	87,146	(2)	11,975	6,144	31,667	73,600
2010-11	63,558	-	8,851	8,689	28,102	52,996
2009-10	30,815	-	5,914	5,917	15,826	26,820
2009 & prior	19,093	-	(1,319)	3,629	5,400	16,003
Total Prior	351,866	(9)	43,785	29,636	147,823	277,473
Total General Fund	<u>\$ 4,274,563</u>	<u>\$ 100,926</u>	<u>\$ 40,434</u>	<u>\$ 31,604</u>	<u>\$ 3,802,056</u>	<u>\$ 443,619</u>

<u>RECONCILIATION TO REVENUE:</u>		<u>GENERAL FUND</u>
Cash Collections by County Treasurers Above		\$ 3,802,056
Accrual of Receivables:		
Taxes in Lieu		69,650
June 30, 2013		(27,135)
June 30, 2014		<u>49,237</u>
Total Revenue		<u>\$ 3,893,808</u>

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2014

<u>DEBT SERVICE FUND</u>						
TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2013	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2014
Current:						
2013-14	\$ 1,375,238	\$ 35,386	\$ (1,175)	\$ 690	\$ 1,281,119	\$ 58,248
Prior Years:						
2012-13	52,485	(2)	6,373	1,824	23,189	37,495
2011-12	30,954	(1)	4,253	2,182	11,248	26,142
2010-11	21,245	-	2,959	2,905	9,394	17,715
2009-10	10,005	-	1,920	1,921	5,138	8,708
2009 & prior	7,494	-	(518)	1,424	2,119	6,281
Total Prior	122,183	(3)	14,987	10,256	51,088	96,341
Total Debt Service Fund	<u>\$ 1,497,421</u>	<u>\$ 35,383</u>	<u>\$ 13,812</u>	<u>\$ 10,946</u>	<u>\$ 1,332,207</u>	<u>\$ 154,589</u>

RECONCILIATION TO REVENUE:		<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurers Above		\$ 1,332,207
Accrual of Receivables:		
Taxes in Lieu		24,766.00
June 30, 2013		(9,029)
June 30, 2014		16,669
Total Revenue		<u>\$ 1,364,613</u>

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

OTHER INFORMATION

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REVENUE SUMMARY - ALL FUNDS

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300
1110 Ad Valorem Taxes Levied by District	\$3,711,133	\$0	\$1,299,351
1111 Current Year's Taxes	\$15,936	\$0	\$7,640
1120 Local Option Ad Valorem Taxes Levied by District	\$97,089	\$0	\$0
1130 Construction Excise Tax	\$0	\$0	\$0
1190 Penalties and Interest on Taxes	\$55	\$0	\$0
1200 Revenue from Local Governmental Units Other Than Districts	\$41	\$0	\$0
1311 Regular Day School Tuition - From Individuals	\$7,600	\$0	\$0
1312 Regular Day School Tuition - Other Dist Within State	\$9,006	\$0	\$0
1313 Regular Day School Tuition - Other Districts Outside	\$0	\$0	\$0
1320 Adult/Continuing Education Tuition	\$0	\$0	\$0
1330 Summer School Tuition	\$0	\$0	\$0
1411 Transportation Fees - From Individuals	\$0	\$0	\$0
1412 Transportation Fees - Other Dist Within State	\$0	\$0	\$0
1413 Transportation Fees - Other Districts Outside	\$0	\$0	\$0
1420 Summer School Transportation Fees	\$0	\$0	\$0
1500 Earnings on Investments	\$42,350	\$0	\$3,227
1600 Food Service	\$0	\$140,758	\$0
1700 Extracurricular Activities	\$0	\$0	\$0
1800 Community Services Activities	\$33,876	\$0	\$0
1910 Rentals	\$53,777	\$48	\$0
1920 Contributions and Donations From Private Sources	\$250	\$59,200	\$0
1930 Rental or Lease Payments From Private Contractors	\$0	\$0	\$0
1940 Services Provided Other Local Education Agencies	\$0	\$0	\$0
1950 Textbook Sales and Rentals	\$0	\$0	\$0
1960 Recovery of Prior Years' Expenditure	\$1,329	\$0	\$1,421,235
1970 Services Provided Other Funds	\$0	\$0	\$0
1980 Fees Charged to Grants	\$44,418	\$0	\$0
1990 Miscellaneous	\$108,189	\$47,183	\$0
Total Revenue from Local Sources	\$4,125,049	\$247,189	\$2,731,453

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300
2101 County School Funds	\$5,291	\$0	\$0
2102 General ESD Revenue	\$143,370	\$0	\$0
2103 Excess ESD Local Revenue	\$0	\$0	\$0
2105 Natural Gas, Oil, and Mineral Receipts	\$0	\$0	\$0
2110 Intermediate "I" Tax	\$0	\$0	\$0
2199 Other Intermediate Sources	\$0	\$0	\$0
2200 Restricted Revenue	\$0	\$715	\$0
2800 Revenue in Lieu of Taxes	\$0	\$0	\$0
2900 Revenue for/on Behalf of the District	\$0	\$0	\$0
Total Revenue from Intermediate Sources	\$148,661	\$715	\$0

Revenue from State Sources

	Fund 100	Fund 200	Fund 300
3101 State School Fund - General Support	\$14,079,694	\$0	\$0
3102 State School Fund - School Lunch Match	\$0	\$7,596	\$0
3103 Common School Fund	\$198,020	\$0	\$0
3104 State Managed County Timber	\$110,578	\$0	\$0
3106 State School Fund - Accrual	\$0	\$0	\$0
3199 Other Unrestricted Grants-in-Aid	\$150,258	\$0	\$0
3204 Driver Education	\$0	\$0	\$0
3222 State School Fund (SSF) Transportation Equipment	\$0	\$89,812	\$0
3299 Other Restricted Grants-in-Aid	\$0	\$49,481	\$0
3800 Revenue in Lieu of Taxes	\$0	\$0	\$0
3900 Revenue for/on Behalf of the District	\$0	\$0	\$0
Total Revenue from State Sources	\$14,538,550	\$146,889	\$0

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300
4100 Unrestricted Revenue Direct From the Federal Government	\$0	\$0	\$0
4200 Unrestricted Revenue From the Federal Government Through the State	\$0	\$0	\$0
4300 Restricted Revenue From the Federal Government	\$0	\$0	\$0
4500 Restricted Revenue From the Federal Government Through the State	\$1,251	\$1,928,796	\$0
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	\$0	\$0	\$0
4801 Federal Forest Fees	\$148,392	\$0	\$0
4802 Impact Aid to School Districts for Operation (PL 874)	\$0	\$0	\$0
4803 Coos Bay Wagon Road Funds	\$0	\$0	\$0
4899 Other Revenue in Lieu of Taxes	\$0	\$0	\$0
4900 Revenue for/on Behalf of the District	\$0	\$48,631	\$0
Total Revenue from Federal Sources	\$149,643	\$1,977,427	\$0

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300
5100 Long Term Debt Financing Sources	\$0	\$0	\$0
5200 Interfund Transfers	\$0	\$297,500	\$0
5300 Sale of or Compensation for Loss of Fixed Assets	\$0	\$0	\$0
5400 Resources - Beginning Fund Balance	\$1,160,836	\$1,050,238	\$3,017,885
Total Revenue from Other Sources	\$1,160,836	\$1,347,738	\$3,017,885

Grand Totals

\$20,122,739	\$3,719,958	\$5,749,338
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EXPENDITURE SUMMARY

Fund: 100 General Fund

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6		\$3,224,728	\$2,042,837	\$1,038,785	\$29,908	\$107,176	\$6,022	\$0	\$0
1113 Elementary Extracurricular		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs		\$1,145,139	\$732,304	\$368,239	\$9,144	\$35,452	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular		\$35,095	\$30,111	\$4,984	\$0	\$0	\$0	\$0	\$0
1131 High School Programs		\$2,562,539	\$1,607,180	\$835,829	\$13,749	\$105,359	\$0	\$422	\$0
1132 High School Extracurricular		\$256,131	\$194,413	\$56,798	\$2,468	\$2,452	\$0	\$0	\$0
1140 Pre-Kindergarten Programs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted		\$17,510	\$7,819	\$9,149	\$4	\$538	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities		\$944,578	\$546,353	\$339,491	\$56,544	\$2,190	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities		\$1,022,899	\$632,114	\$385,048	\$2,424	\$3,194	\$0	\$119	\$0
1260 Treatment and Habilitation		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education		\$588,860	\$182,828	\$86,374	\$315,401	\$2,565	\$0	\$1,692	\$0
1288 Charter School Payments		\$1,121,868	\$0	\$0	\$1,121,868	\$0	\$0	\$0	\$0
1291 English Second Language Programs		\$69,169	\$39,312	\$29,848	\$0	\$9	\$0	\$0	\$0
1292 Teen Parent Program		\$12,389	\$8,650	\$3,739	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs		\$6,164	\$4,487	\$1,572	\$0	\$105	\$0	\$0	\$0
Total Instruction Expenditures		\$11,007,069	\$6,028,408	\$3,159,856	\$1,551,510	\$259,040	\$6,022	\$2,233	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services		\$452,717	\$289,286	\$156,933	\$3,479	\$2,823	\$0	\$196	\$0
2130 Health Services		\$53,048	\$26,948	\$15,877	\$1,241	\$8,648	\$0	\$334	\$0
2140 Psychological Services		\$7,108	\$0	\$0	\$6,681	\$427	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services		\$151,053	\$97,211	\$49,041	\$1,483	\$2,739	\$0	\$579	\$0
2160 Other Student Treatment Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services		\$114,523	\$78,406	\$31,019	\$1,522	\$3,576	\$0	\$0	\$0
2210 Improvement of Instruction Services		\$100,602	\$48,713	\$50,112	\$366	\$1,042	\$0	\$369	\$0
2220 Educational Media Services		\$252,675	\$133,316	\$98,725	\$1,098	\$19,536	\$0	\$0	\$0
2230 Assessment & Testing		\$798	\$0	\$0	\$0	\$798	\$0	\$0	\$0
2240 Instructional Staff Development		\$3,397	\$2,692	\$678	\$0	\$27	\$0	\$0	\$0
2310 Board of Education Services		\$49,079	\$1,800	\$464	\$37,921	\$2,043	\$0	\$6,851	\$0
2320 Executive Administration Services		\$251,165	\$164,924	\$73,964	\$5,825	\$1,457	\$0	\$4,995	\$0
2410 Office of the Principal Services		\$1,395,594	\$902,693	\$462,174	\$7,645	\$14,127	\$0	\$8,955	\$0
2490 Other Support Services - School Administration		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services		\$160,750	\$109,555	\$49,826	\$1,060	\$63	\$0	\$246	\$0
2520 Fiscal Services		\$142,919	\$84,948	\$52,865	\$3,408	\$1,698	\$0	\$0	\$0
2540 Operation and Maintenance of Plant Services		\$2,342,915	\$735,470	\$403,703	\$765,432	\$268,937	\$0	\$169,373	\$0
2550 Student Transportation Services		\$1,217,126	\$548,763	\$359,894	\$36,611	\$239,790	\$0	\$32,068	\$0
2570 Internal Services		\$41,815	\$14,749	\$6,552	\$15,804	\$4,710	\$0	\$0	\$0
2610 Direction of Central Support Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services		\$8,353	\$6,216	\$2,137	\$0	\$0	\$0	\$0	\$0
2630 Information Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services		\$4,429	\$0	\$0	\$4,429	\$0	\$0	\$0	\$0
2660 Technology Services		\$259,708	\$118,862	\$63,811	\$2,701	\$73,584	\$0	\$750	\$0
2670 Records Management Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central		\$63,238	\$0	\$0	\$62,797	\$441	\$0	\$0	\$0
2700 Supplemental Retirement Program		\$160,550	\$149,297	\$11,253	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures		\$7,233,562	\$3,513,849	\$1,889,028	\$959,503	\$646,466	\$0	\$224,716	\$0
Enterprise and Community Services Expenditures		0	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services		\$106,760	\$70,720	\$26,752	\$2,653	\$5,827	\$0	\$808	\$0
3500 Custody and Care of Children Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures		\$106,760	\$70,720	\$26,752	\$2,653	\$5,827	\$0	\$808	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Transfers of Funds		\$301,000	\$0	\$0	\$0	\$0	\$0	\$0	\$301,000
5300 Apportionment of Funds by ESD		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures		\$301,000	\$0	\$0	\$0	\$0	\$0	\$0	\$301,000
Grand Total		\$18,648,391	\$9,612,977	\$5,075,636	\$2,513,666	\$911,333	\$6,022	\$227,757	\$301,000

EXPENDITURE SUMMARY

Fund: 200 Special Revenue Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113 Elementary Extracurricular	\$2,643	\$1,485	\$518	\$0	\$640	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$3,802	\$2,226	\$775	\$53	\$748	\$0	\$0	\$0
1131 High School Programs	\$18,529	\$0	\$0	\$0	\$18,529	\$0	\$0	\$0
1132 High School Extracurricular	\$27,753	\$12,929	\$4,130	\$1,508	\$9,186	\$0	\$0	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$809	\$773	\$36	\$0	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$214,139	\$138,213	\$75,926	\$0	\$0	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$644,189	\$388,464	\$231,541	\$0	\$24,031	\$0	\$153	\$0
1280 Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$225	\$0	\$0	\$225	\$0	\$0	\$0	\$0
Total Instruction Expenditures	\$912,089	\$544,090	\$312,926	\$1,786	\$53,134	\$0	\$153	\$0

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$55,867	\$35,265	\$18,063	\$953	\$1,461	\$0	\$125	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$123,304	\$71,184	\$52,120	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$7,994	\$7,365	\$629	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240 Instructional Staff Development	\$138,568	\$43,401	\$10,472	\$48,961	\$35,681	\$0	\$53	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410 Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$79,972	\$55,984	\$18,985	\$3,739	\$1,195	\$0	\$69	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$44,356	\$0	\$0	\$0	\$0	\$0	\$44,356	\$0
2540 Operation and Maintenance of Plant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2550 Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0
2630 Information Services	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0
2640 Staff Services	\$1,089	\$0	\$0	\$1,089	0	\$0	\$0	\$0
2660 Technology Services	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0
Total Support Services Expenditures	\$451,150	\$213,199	\$100,269	\$54,742	\$38,337	\$0	\$44,603	\$0

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$875,616	\$246,674	\$172,832	\$6,983	\$434,087	\$10,807	\$4,233	\$0
3200 Other Enterprise Services	\$17,944	\$5,171	\$1,931	\$0	\$9,498	\$0	\$1,344	\$0
3300 Community Services	\$12,994	\$3,044	\$1,443	\$586	\$7,921	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$906,554	\$254,889	\$176,206	\$7,569	\$451,506	\$10,807	\$5,577	\$0

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$9,637	\$0	\$0	\$8,122	\$1,181	\$0	\$334	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$9,637	\$0	\$0	\$8,122	\$1,181	\$0	\$334	\$0

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Grand Total

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
	\$2,279,430	\$1,012,178	\$589,401	\$72,219	\$544,158	\$10,807	\$50,667	\$0

EXPENDITURE SUMMARY

Fund: 300 Debt Service Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113 Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1131 High School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1132 High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1288 Charter School Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240 Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410 Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2540 Operation and Maintenance of Plant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2550 Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$3,200	\$0	\$0	\$3,200	\$0	\$0	\$0	\$0
2660 Technology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$3,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$2,576,485	\$0	\$0	\$0	\$0	\$0	\$2,576,485	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$2,576,485	\$0	\$0	\$0	\$0	\$0	\$2,576,485	\$0
Grand Total	\$2,579,685	\$0	\$0	\$0	\$0	\$0	\$2,576,485	\$0

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education
For the Year Ended June 30, 2014

A. Energy bills for heating - all funds:

<u>Objects 325 and 326</u>	
Function 2540	\$ 459,452
Function 2550	9,151

B. Replacement of equipment - General Fund:

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

Exclude these functions:

<u>Amount</u>	
1113, 1122 & 1132 Co-curricular activities 4150 Construction	\$ 6,022
1140 Pre-kindergarten 2550 Pupil transportation	
1300 Continuing education 3100 Food service	
1400 Summer school 3300 Community services	

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SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Sweet Home School District No. 55 as of and for the year ended June 30, 2014, and have issued our report thereon dated November 25, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of 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 Sweet Home School District No. 55 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.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink, appearing to read "Matthew Graves".

MATTHEW GRAVES, CPA
PAULY, ROGERS AND CO., P.C.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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**SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

Federal Grantor/Pass Through Grantor/ Program Title	Grant Period	Federal CFDA Number	Expenditures
<u>U.S. Department of Education</u>			
Passed through Oregon State Department of Education:			
Title I-A	7/1/13 - 9/30/14	84.010	\$529,768 *
Title I-A	7/1/12 - 9/30/13	84.010	\$186,680 *
Total			\$716,448
Children w/disabilities - IDEA Part B	7/14/13 - 9/30/15	84.027	\$337,433 *
Children w/disabilities - IDEA Part B	7/1/12 - 9/30/14	84.027	\$9,010 *
SPR&I	8/1/13 - 6/30/14	84.027	\$2,736
Extended Assessment	7/1/13 - 6/30/14	84.027	\$900
IDEA Enhancement	10/1/12 - 9/30/13	84.027	\$2,222
IDEA Enhancement	10/1/13 - 9/30/14	84.027	\$2,268
IDEA Sec 619	7/1/13 - 9/30/15	84.173	\$814
IDEA Sec 619	7/1/12 - 9/30/14	84.173	\$1,730
Total			\$357,113
Kinder Readiness Assess	3/1/12 - 8/30/13	93.708	\$388
SPDG-EBISS	8/1/13 - 6/30/14	84.323	\$1,529
PLT	10/1/13 - 9/30/14	N/A	\$1,251
EE/CCSS	1/2/14 - 9/30/14	N/A	\$0
Total			\$3,168
Title IIA - Tcher Train & Recruit	7/1/13 - 9/30/14	84.367	\$86,590
Title IIA - Tcher Train & Recruit	7/1/12 - 9/30/13	84.367	\$38,082
Total			\$124,672
Title VIB - Rural & Low Income	7/1/13 - 9/30/14	84.358	\$34,929
Title VIB - Rural & Low Income	7/1/12 - 9/30/13	84.358	\$1,993
Total			\$36,922
Passed through Linn Benton Lincoln Community College:			
Carl Perkins	9/1/13 - 12/30/13	84.048	\$18,529
Total			\$18,529
Passed through ESD			
IDEA Extended Assess	4/18/13 - 6/30/14	84-027	\$1,578
Total			\$1,578
Passed through Oregon Student Assist Commission:			
Gear-Up	2012-2014	84.334	\$32,877
Total			\$32,877
<u>Total U.S. Department of Education</u>			<u>\$1,291,307</u>
<u>U.S. Department of Agriculture</u>			
Passed through Oregon State Department of Education:			
National School Food Service	2013-2014	10.553/5/8	\$625,456
Fresh Fruit & Veggies	7/1/13 - 6/30/14	10.582	\$40,824
Summer Food Service	2013	10.559	\$21,080
Total			\$687,360
Passed through Linn County			
Federal Forest Fees			\$148,392
<u>Total U.S. Department of Agriculture</u>			<u>\$835,752</u>
<u>Total Federal Funds</u>			<u>\$2,127,059</u>

* Major Program

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November 25, 2014

To the Board of Directors
Sweet Home School District No. 55
Linn County, Oregon

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*

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 Sweet Home School District No. 55 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Matthew Graves".

MATTHEW GRAVES, CPA
PAULY, ROGERS AND CO., P.C.



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November 25, 2014

To the Board of Directors
Sweet Home School District No. 55
Linn County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Sweet Home School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2014. The 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 major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Sweet Home School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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



MATTHEW GRAVES, CPA
PAULY, ROGERS AND CO., P.C.

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses?

☐ yes

☒ none reported

Noncompliance material to financial statements noted?

☐ yes

☒ no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133?

☐ yes

☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses?

☐ yes

☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)?

☐ yes

☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

84.010

Title I

84.027

IDEA

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ yes

☐ no

SWEET HOME SCHOOL DISTRICT NO. 55
LINN COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

None Reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None Reported

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.