

**LANE COUNTY SCHOOL DISTRICT NO. 32**  
**LANE COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**LANE COUNTY SCHOOL DISTRICT NO. 32**  
**LANE COUNTY, OREGON**

**FINANCIAL REPORT**  
For the Year Ended June 30, 2014

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LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2014

<u>NAME</u>	<u>TERM EXPIRES</u>
Michelle Holman, (Chair)	June 30, 2015
Dorman Harry, (Vice-Chair)	June 30, 2017
John Simington	June 30, 2015
Mizu Burrus	June 30, 2017
Carl West	June 30, 2015

All board members receive mail at the address below:

ADMINISTRATION

Jodi O'Mara, Superintendent  
Maria McEldowney, Business Manager

10868 East Mapleton Road  
Mapleton, Oregon 97453

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LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

TABLE OF CONTENTS

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	<u>PAGE NUMBER</u>
Independent Auditors' Report	1
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Management's Discussion and Analysis	3
 <b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – to the Statement of Activities	13
Notes to Basic Financial Statements	14
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	26
Other Programs Fund	27
 <b><u>SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
QZAB Fund	28
Non-Major Governmental Funds Combining Statements:	
Combining Balance Sheet	29
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	30

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE NUMBER</u>
<b><u>SUPPLEMENTARY INFORMATION (Continued)</u></b>	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Transportation Reserve Fund	31
Food Service Fund	32
Student Body Accounts	33
Scholarship Fund	34
Capital Improvement Fund	35
Schedule of Property Tax Transactions and Balances of Taxes Uncollected – General Fund	36
<b><u>OTHER INFORMATION AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION</u></b>	
Schedule of Expenditures of Federal Awards	37
Revenues by Function	38
Expenditures by Function/Object – General Fund	39
Expenditures by Function/Object – Special Revenue	40
Expenditures by Function/Object – Capital Projects	41
Supplemental Information – 3211c	42
<b><u>REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS</u></b>	
Independent Auditors’ Report Required by Oregon State Regulations	43



**PAULY, ROGERS, AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 14, 2014

To the Board of Directors  
Lane County School District No. 32  
Lane County, Oregon

## INDEPENDENT AUDITORS' REPORT

### **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 Lane County School District No. 32, 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 Lane County School District No. 32, 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.

### **Emphasis of Matter**

The District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.



## 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 supplementary 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 management's discussion and analysis 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.

### *Supplementary Information*

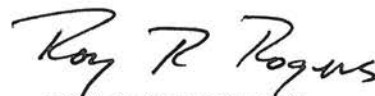
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

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 Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 14, 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.

  
ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

**MAPLETON SCHOOL DISTRICT #32**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
JUNE 30, 2014

As management of Mapleton School District No. 32 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets of the District exceeded its liabilities on June 30, 2014 by \$1,378,542. The District's governmental funds report a combined ending fund balance of \$640,045 on June 30, 2014. At the end of the fiscal year unassigned fund balance for the General Fund was \$340,057, which represents 14.33% of the total General Fund expenditures. On June 30, 2014 the General Fund liabilities totaled \$105,801.
- The total cost of all District programs, on a fund basis, was \$3,387,534 for the fiscal year, notable expenditures include a capital lease for a 2014 Blue Bird Bus (\$125,740) and the balloon payment to terminate the QZAB Loan (\$600,000).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities of the District as of the date on the statement. Net assets are those remaining after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* will present information showing how the net assets of the District change over the future years by tracking revenues, expenses and other transactions that increase or reduce net assets. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the *government-wide financial statements*, the District's activities are shown in one category as governmental activities. The governmental activities include services related to education K-12. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

**Fund Financial Statements.** 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District maintains three major funds: the General Fund, Other Programs Fund, and the QZAB Fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for all three funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-25 of this report.

**Government-Wide Financial Analysis**

**Statement of Net Position.** As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. Please note that the balloon payment to terminate the QZAB Loan significantly changed assets and liabilities from 2013 to 2014. Total Assets, Liabilities and Net Position were as follows:

	June 30, 2013	June 30, 2014	Total Change
<b>Assets</b>			
Current Assets	\$ 1,314,664	\$ 820,085	\$ (494,579)
Capital Assets	698,187	802,487	104,300
<b>Total Assets</b>	<b>2,012,851</b>	<b>1,622,572</b>	<b>(390,279)</b>
<b>Liabilities</b>			
Current Liabilities	106,825	144,364	37,539
Long Term Liabilities	600,000	99,666	(500,334)
<b>Total Liabilities</b>	<b>706,825</b>	<b>244,030</b>	<b>462,795</b>
<b>Net Position</b>			
Invested in Capital Assets	98,187	802,487	704,300
Restricted	720,905	211,142	509,763
Unrestricted	486,934	364,914	(122,020)
<b>Total Net Position</b>	<b>\$1,306,026</b>	<b>\$1,378,542</b>	<b>\$ 72,516</b>

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The District's investment in capital assets includes land, buildings and improvement, site improvements, vehicles and equipment. The remaining assets consist of cash and investments, and receivables. As of June 30, 2014 the District had invested \$802,487 in capital assets, 49.46% of total assets. Depreciation expense for the year totaled \$60,261.

The District uses the capital assets to provide services to students and other District residents; consequently these assets are not available for spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities

**Long-term debt.** At the end of the current fiscal year, the District had a total debt outstanding of \$99,666; the remaining principal on a 2014 Blue Bird capital lease. The total debt outstanding decreased from \$600,000 on June 30, 2013 due to the balloon payment to terminate the QZAB Loan.

The District's revenues and expenses for the last two years were as follows:

	June 30, 2013	June 30, 2014	Net Change
<b>Revenues</b>			
Charges for Services	\$ 5,699	\$ 11,127	\$ 5,458
Operating Grants	351,281	295,302	(55,979)
Local Sources	624,358	706,034	81,676
Intermediate Sources	3,281	65,220	61,939
State Sources	1,488,124	1,639,460	151,336
Federal Sources	11,711	9,220	(2,491)
Total Revenues	2,484,424	2,726,363	241,939
<b>Expenditures</b>			
Instruction	1,423,058	1,276,396	(146,668)
Support Services	1,127,489	1,274,716	147,233
Community Services	114,685	102,735	(11,950)
Total Expenses	2,665,232	2,653,847	(11,385)
Changes in Net Position	(180,808)	72,516	253,324
Beginning Net Position	1,486,834	1,306,026	(180,808)
Ending Net Position	\$ 1,306,026	\$ 1,378,542	\$ 72,516

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

The focus of the District's *governmental funds* is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

On June 30, 2014 the District's governmental funds reported combined ending fund balances of \$640,045.

The *General Fund* is the chief operating fund of the District. As of June 30, 2014 unreserved fund balance was \$340,057 while total assets reached \$501,972.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Oregon law and is based on accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The net change in the General Fund Balance for the year ending June 30, 2013 and 2014, respectively is a follows:

	June 30, 2013	June 30, 2014	Net Change
<b>Revenues</b>			
Local Sources	\$ 553,534	\$ 617,728	\$ 64,194
Intermediate Sources	3,281	53,291	50,010
State Sources	1,454,435	1,608,113	153,678
Federal Sources	11,711	9,219	(2,492)
Other Sources	-	-	-
Total Revenues	<u>2,022,961</u>	<u>2,288,351</u>	<u>265,390</u>
<b>Expenditures</b>			
Instruction	1,120,960	1,046,094	(74,866)
Support Services	1,028,818	1,200,767	171,949
Community Services	-	-	-
Capital Outlay	31,137	125,740	94,603
Debt Service	-	-	-
Total Expenditures	<u>2,180,915</u>	<u>2,372,601</u>	<u>191,686</u>
<b>Other Sources</b>			
Lease Receipts	-	125,740	125,740
Transfers In	-	-	-
Transfers Out	(46,153)	(96,987)	(50,834)
Total Other Sources	<u>(46,153)</u>	<u>28,753</u>	<u>74,906</u>
Net Change In Fund Balance	(204,107)	(55,497)	148,610
Beginning Fund Balance	<u>613,594</u>	<u>409,487</u>	<u>(204,107)</u>
Ending Fund Balance	<u>\$ 409,487</u>	<u>\$ 353,990</u>	<u>\$ (55,497)</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

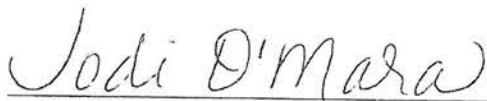
The most significant economic factor for the District is the State of Oregon's State School Fund Formula. The formula consists of a General Purpose Grant, a Transportation Grant, and certain local revenues. The state of Oregon's State School Fund formula is awarded on a per pupil basis. When the District's student count goes up, our state revenue will increase, likewise, when the student count goes down, our state revenue will decrease. Over the course of the last couple of years our student population has decreased.

Looking forward to the next biennium, the District is aware of the Full Day Kindergarten requirement (ORS 336.095) and the requirement to retrofit or replace diesel engine buses (ORS 468A.796). PERS Rates for Mapleton School District will be slightly reduced for the 2015-2017 biennium. Mapleton School District will likely replace retiring Tier I/Tier II PERS members with Tier III OPSRP members; for this reason the District should experience an additional decline in benefit costs. Salary and insurance costs will increase in 2014-2015 based on negotiated contracts. These established contracts and salary schedules, for classified and certified employees, are set to expire June 30, 2017.

The District's Budget Committee and School Board considered all of these factors when preparing the District's annual budget. For the 2015-2016 budget the District and the Board of Education will focus heavily on increasing the ending fund balance of the general fund.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager, at 10868 E. Mapleton Rd., Mapleton, OR 97453.



Jodi O'Mara, Superintendent

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**LANE COUNTY SCHOOL DISTRICT NO. 32**  
LANE COUNTY, OREGON

BASIC FINANCIAL STATEMENTS



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LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

STATEMENT OF NET POSITION  
June 30, 2014

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 651,012
Cash with Fiscal Agent	44,010
Receivables - Taxes	44,596
Receivables - Other	66,096
Supply Inventories	14,371
Capital Assets:	
Land	46,410
Buildings, Improvements and Equipment, net of depreciation	<u>756,077</u>
Total Assets	<u>1,622,572</u>
<b>LIABILITIES</b>	
Accounts Payable	39,518
Payroll Liabilities	98,341
Accrued Compensated Absences	6,505
Long-Term Liabilities:	
Capital Leases due within one year	24,108
Capital Leases due in more than one year	<u>75,558</u>
Total Liabilities	<u>244,030</u>
<b>NET POSITION</b>	
Net Investments in Capital Assets	802,487
Restricted for:	
Future Debt Payments	44,010
Student Body	60,234
Transportation	62,699
Food Service	716
Other Programs	42,822
Scholarship	661
Unrestricted	<u>364,914</u>
Total Net Position	<u>\$ 1,378,542</u>

See accompanying notes to the basic financial statements

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2014

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 1,276,396	\$ 4,173	\$ 186,312	\$ (1,085,911)
Supporting Services	1,274,716	-	29,131	(1,245,585)
Community Services	102,735	6,954	79,859	(15,922)
Total Governmental Activities	<u>\$ 2,653,847</u>	<u>\$ 11,127</u>	<u>\$ 295,302</u>	<u>(2,347,418)</u>

General Revenues	
Property Taxes Levied for General Purposes	537,392
Earnings on Investment	17,848
Other Local	150,794
State Revenue Sharing	1,639,460
Unrestricted Intermediate	65,220
Unrestricted Federal	9,220
Total General Revenues	<u>2,419,934</u>
Changes in Net Position	72,516
Net Position - Beginning	<u>1,306,026</u>
Net Position - Ending	<u>\$ 1,378,542</u>

See accompanying notes to the basic financial statements

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2014

	GENERAL	QZAB FUND	OTHER PROGRAMS	OTHER GOVERNMENTAL FUNDS	TOTALS
<b>ASSETS</b>					
Cash and Investments	\$ 377,347	\$ 44,010	\$ 74,712	\$ 198,953	\$ 695,022
Property Taxes Receivables	44,596	-	-	-	44,596
Other Receivables	12,929	-	49,620	3,547	66,096
Due From Other Funds	53,167	-	-	-	53,167
Supply Inventories	13,933	-	-	438	14,371
<b>Total Assets</b>	<b>\$ 501,972</b>	<b>\$ 44,010</b>	<b>\$ 124,332</b>	<b>\$ 202,938</b>	<b>\$ 873,252</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 7,460	\$ -	\$ 31,890	\$ 168	\$ 39,518
Payroll Liabilities	98,341	-	-	-	98,341
Due to Other Funds	-	-	49,620	3,547	53,167
<b>Total Liabilities</b>	<b>105,801</b>	<b>-</b>	<b>81,510</b>	<b>3,715</b>	<b>191,026</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	42,181	-	-	-	42,181
<b>Total Deferred Inflows of Resources</b>	<b>42,181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,181</b>
<b>Fund Balances:</b>					
Nonspendable	13,933	-	-	438	14,371
<b>Restricted for:</b>					
Future Debt Payments	-	44,010	-	-	44,010
Student Body	-	-	-	60,234	60,234
Transportation	-	-	-	62,699	62,699
Food Service	-	-	-	716	716
Other Programs	-	-	42,822	-	42,822
Scholarship	-	-	-	661	661
Assigned	-	-	-	74,475	74,475
Unassigned	340,057	-	-	-	340,057
<b>Total Fund Balances</b>	<b>353,990</b>	<b>44,010</b>	<b>42,822</b>	<b>199,223</b>	<b>640,045</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 501,972</b>	<b>\$ 44,010</b>	<b>\$ 124,332</b>	<b>\$ 202,938</b>	<b>\$ 873,252</b>

See accompanying notes to the basic financial statements

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
June 30, 2014

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Total Fund Balances - Governmental Funds		\$	640,045
The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in government accounting. The Statement of Net Position includes those capital assets among the assets of the District as a whole.			
Net Capital Assets			802,487
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			
Accrued Vacation	\$	(6,505)	
Capital Lease Payable		<u>(99,666)</u>	(106,171)
Unearned revenue related to property taxes			<u>42,181</u>
Ending Net Position		\$	<u><u>1,378,542</u></u>

See accompanying notes to the basic financial statements

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

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

	GENERAL	QZAB	OTHER PROGRAMS	OTHER GOVERNMENTAL FUNDS	TOTALS
<b>REVENUES</b>					
Local Sources	\$ 617,728	\$ 30,468	\$ 21,173	\$ 48,099	\$ 717,468
Intermediate Sources	53,291	-	11,929	-	65,220
State Sources	1,608,113	-	-	31,347	1,639,460
Federal Sources	9,219	-	215,444	79,859	304,522
<b>Total Revenues</b>	<b>2,288,351</b>	<b>30,468</b>	<b>248,546</b>	<b>159,305</b>	<b>2,726,670</b>
<b>EXPENDITURES</b>					
Current Expenditures:					
Instruction	1,046,094	-	194,680	39,598	1,280,372
Supporting Services	1,200,767	-	51,499	26,421	1,278,687
Community Services	-	-	-	102,615	102,615
Facilities Acquisition	-	-	-	120	120
Debt Service	125,740	600,000	-	-	725,740
<b>Total Expenditures</b>	<b>2,372,601</b>	<b>600,000</b>	<b>246,179</b>	<b>168,754</b>	<b>3,387,534</b>
Excess of Revenues Over (Under) Expenditures	(84,250)	(569,532)	2,368	(9,449)	(660,864)
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Purchase Receipts	125,740	-	-	-	125,740
Transfers In	-	46,987	20,000	30,000	96,987
Transfers Out	(96,987)	-	-	-	(96,987)
<b>Total Other Financing Sources (Uses)</b>	<b>28,753</b>	<b>46,987</b>	<b>20,000</b>	<b>30,000</b>	<b>125,740</b>
Net Change in Fund Balance	(55,497)	(522,545)	22,368	20,551	(535,124)
Beginning Fund Balance	409,487	566,555	20,454	178,672	1,175,168
Ending Fund Balance	<u>\$ 353,990</u>	<u>\$ 44,010</u>	<u>\$ 42,822</u>	<u>\$ 199,223</u>	<u>\$ 640,045</u>

See accompanying notes to the basic financial statements

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
 For the Year Ended June 30, 2014

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Total Net Changes in Fund Balances - Total Governmental Funds \$ (535,124)

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to capital leases are expenses for the Statement of Net Position but not the Governmental Funds.

New Debt Issuance	\$	(125,740)	
Long-Term Debt Principal Payments		<u>626,074</u>	<u>500,334</u>

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities and Changes in Net Position the net payment represents a reduction in liability. 3,312

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

Capital Asset Additions	\$	164,561	
Depreciation Expense		<u>(60,261)</u>	<u>104,300</u>

Property tax in the Statement of Activities and Changes in Net Position differs from the amount reported on the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes an unearned revenue for all property taxes levied but not available to satisfy current obligations; however, in the Statement of Activities and Changes in Net Position, there is no deferred revenue and the full property tax receivable is accrued. (307)

Change in Net Position of Governmental Activities \$ 72,516

See accompanying notes to the basic financial statements

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Basic Financial Statements of Lane County School District No. 32 (the District) 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. REPORTING ENTITY

Lane County School District No. 32 is a municipal corporation governed by an elected five-member board, organized under provisions of Oregon Statutes Chapter 332 for the purpose of providing kindergarten through high school education. Accounting principles generally accepted in the United States of America require that these financial statements present Lane County School District No. 32 (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. There are no component units.

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 District as a whole.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses of 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 segments 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 is reported separately on the Statement of Activities.

Program revenues derive directly from the program itself or from parties outside the taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from 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.



NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Fund Financial Statements

The accounts are organized and operated on the basis of funds. 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. Funds are maintained consistent with legal 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.

The following major governmental funds are reported:

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.

QZAB Fund

This fund accounts for the earnings and reserve activity for funds needed to pay the Qualified Zone Academy Bond at maturity.

Other Programs Fund

This fund primarily accounts for revenues and expenditures of federal grants.

The following non-major governmental funds are reported:

Other Governmental Funds

The Other Governmental Funds account for the aggregate of all non-major governmental funds.

Interfund Transfers

The interfund transfers reported on the combined statement of revenues, expenditures and changes in fund balances are operating transfers. Operating transfers are legally authorized transfers from a fund receiving revenue to the fund where they are to be expended.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION  
(CONTINUED)

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. Property taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes are collected from taxpayers by the Lane County Department of Assessment and Taxation and are remitted to the District.

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

Grants are recognized as revenue in the accounting period in which they become both measurable and available and in which all eligibility requirements have been met. When expenditure is the prime factor for determining eligibility, the revenue is recognized when the expenditure is made. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability on the combined balance sheet.

Inventories of Supplies

Purchased inventory is valued at the lower of cost (first-in, first-out method) or market. Commodities inventory is valued at estimated market value at the date of donation. Inventory consists of commodities and purchased food and supplies. The cost of purchased inventory is recorded as an asset at the time of purchase and expensed when it is consumed in the government-wide financial statements, and expensed when purchased in the fund statements.

Accounts Receivable

The accounts receivable are all current and are considered by management to be fully collectible. Therefore, no provision for uncollectable accounts has been made.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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. The capital assets are depreciated using the straight-line method over the following useful lives:

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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.

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

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 are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

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.

Accrued Compensated Absences

Accumulated accrued compensated absences for vacation pay are recorded as liabilities in the government-wide financial statements as the entire amount is expected to be liquidated with expendable available resources. Accumulated sick pay does not vest and therefore, no expense is recorded until leave is taken.

Net Position

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

Net Investment in Capital Assets – 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 assets used by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are restricted assets for Future Debt Payments, Student Body, Transportation, Food Service, Other Programs and Scholarships.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial 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 District does not have any items that qualify for reporting in this category.

NOTES TO BASIC FINANCIAL STATEMENTS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

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 District has only one type of item which 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 for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

C. FUND EQUITY

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. The fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.
- Restricted 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 represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned 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 to whom that authority has been given by the governing body. The authority to classify portions of ending fund balance as Assigned is granted to the Superintendent and the Business Manager. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.
- Unassigned 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.

There were no committed fund balances as of June 30, 2014.

The District has established an unassigned targeted minimum fund balance of ten percent of the annual operating revenues of the General Fund.

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. FUND EQUITY (CONTINUED)

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 in accordance with Oregon Local Budget Law. These budgets are all prepared using the modified accrual basis of accounting. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exception that capital outlay expenditures are expensed when purchased, depreciation is not recorded, inventories of supplies are budgeted as expenditures when purchased, debt, capital leases and compensated absences are expensed when paid, and property taxes received greater than 60 days after year-end are not considered budgetary resources in the funds.

The budgeting process begins 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 appropriation levels, except in QZAB Fund where Debt Service expenditures exceeded appropriations by \$46,154; in the General Fund where Debt Service exceeded appropriations by \$125,740 and Transfers Out exceeded appropriations by \$834; and in the Transportation Fund where Support Services expenditures exceeded appropriations by \$316.



NOTES TO BASIC FINANCIAL STATEMENTS

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3. CASH AND CASH EQUIVALENTS

A. DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. At June 30, 2014 all depository accounts were held at approved depositories identified by the Treasury.

At fiscal year-end, cash and equivalents were as follows:

Deposit with Financial Institutions:	
Local Government Investment Pool	\$ 432,925
Demand Deposits	<u>262,097</u>
Total Cash and Investments	<u>\$ 695,022</u>

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2014, \$250,000 of the bank balance of \$302,468 was covered by FDIC, and the remaining balance was adequately collateralized.

B. INVESTMENTS

Policy is to follow state statutes governing cash management. 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.

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 the approximate 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.

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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3. CASH AND CASH EQUIVALENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 432,925	\$ 432,925	\$ -
Total	\$ 432,925	\$ 432,925	\$ -

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. There are no investments that have a maturity date beyond three months.

Credit Risk

Oregon Revised Statutes do 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 this instrument. Oregon Revised Statutes require no more than 25 percent of the moneys of a 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. RECEIVABLES

Receivables at June 30, 2014 consist of the following:

- A. Property taxes receivable represent delinquent amounts due for property taxes levied in the current and prior years.
- B. Grants receivable represent amounts due for claims for reimbursement of costs under various Federal grant programs.

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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5. CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Land	\$ 46,410	\$ -	\$ -	\$ 46,410
Total Non-Depreciable	<u>46,410</u>	<u>-</u>	<u>-</u>	<u>46,410</u>
Buildings and Improvements	8,532,860	-	-	8,532,860
Equipment	213,957	33,056	-	247,013
Vehicles	481,903	131,505	-	613,408
Total Depreciable	<u>9,228,720</u>	<u>164,561</u>	<u>-</u>	<u>9,393,281</u>
Accumulated Depreciation:				
Buildings and Improvements	(8,053,590)	(23,679)	-	(8,077,269)
Equipment	(207,306)	(5,204)	-	(212,510)
Vehicles	(316,047)	(31,378)	-	(347,425)
Total Accumulated Depreciation	<u>(8,576,943)</u>	<u>\$ (60,261)</u>	<u>\$ -</u>	<u>(8,637,204)</u>
Government Activities:				
Capital Assets, net	<u>\$ 698,187</u>			<u>\$ 802,487</u>

Depreciation was allocated to the following functions:

Instruction	\$ 24,424
Support Services	<u>35,837</u>
 Total	 <u>\$ 60,261</u>



LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

**6. LONG-TERM DEBT**

The following changes occurred in the long-term debts during the fiscal year ending June 30, 2014:

	Outstanding July 1, 2013	Additions	Reductions	Outstanding June 30, 2014	Due Within One Year
QZAB Note Payable	\$ 600,000	\$ -	\$600,000	\$ -	\$ -
Capital Leases	\$ -	\$125,740	\$ 26,074	\$ 99,666	\$ 24,108
<b>Total</b>	<b>\$ 600,000</b>	<b>\$125,740</b>	<b>\$626,074</b>	<b>\$ 99,666</b>	<b>\$ 24,108</b>

In June 2001, an installment purchase agreement was entered into with the Siuslaw Valley Bank (the Bank). The purpose of the loan was to provide financing for equipment purchases as well as general renovation and improvement of the high school, middle school and elementary school. The agreement is structured so as to qualify as a “Qualified Zone Academy Bond” or “QZAB” pursuant to Section 1397E of the Internal Revenue Code.

The terms of the installment purchase agreement requires annual deposits of \$46,154, beginning June 20, 2002, through June 20, 2014. The payments are deposited into a certificate of deposit account in the name of the District. On June 20, 2014 the District made a \$600,000 balloon payment, which is the sum of the annual deposits.

In September 2013, an installment purchase agreement was entered into with Sovereign Bank. The purpose of the loan was for the lease of a bus for student transportation. The terms of the installment purchase agreement require annual payments of \$26,301, which includes principal and interest, beginning October 1, 2013 for five years, with an interest rate of 2.2%. The agreement will be paid off in October 2017.

Future maturities of long-term debt are as follows:

Fiscal Year Ending June 30	Capital Leases Principal	Capital Leases Interest	Total
2015	\$ 24,108	\$ 2,193	\$ 26,301
2016	24,639	1,662	26,301
2017	25,181	1,120	26,301
2018	25,739	562	26,301
2019	-	-	-
Total	\$ 99,666	\$ 5,765	\$ 105,204

**7. PROPERTY TAX LIMITATION**

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school 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.

NOTES TO BASIC FINANCIAL STATEMENTS

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7. 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.

8. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute 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, or by calling (503) 598-7377.

Funding Policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. ORS 238.225 requires contributions at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ending June 30, 2014 are 22.29% and 20.29%, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

Contributions made to PERS for the years ending June 30, 2014, 2013 and 2012 were \$352,873, \$312,992, and \$307,550, respectively, equal to the required contributions for each year.

Management has determined, based upon the District's small impact on the state-wide pool, that no material implicit rate subsidy exists and there for there is no OPEB obligation for implicit post-employment benefits.

9. 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 its exposure to these risks. Settled claims have not exceeded this commercial coverage for the last three years.

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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10. 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 increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

11. INTERFUND TRANSFERS AND DUE TO / FROM OTHER FUNDS

Amounts were comprised of the following:

	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 96,987	\$ -	\$ 53,167	\$ -
QZAB Fund	-	46,987	-	-
Other Programs Fund	-	20,000	-	49,620
Other Governmental Funds	-	30,000	-	3,547
	<u>\$ 96,987</u>	<u>\$ 96,987</u>	<u>\$ 53,167</u>	<u>\$ 53,167</u>

**LANE COUNTY SCHOOL DISTRICT NO. 32**  
**LANE COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

Major Fund Budgetary Basis Schedules

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LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2014

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
<b>REVENUES</b>				
Local Sources	\$ 610,066	\$ 610,066	\$ 617,728	\$ 7,662
Intermediate Sources	32,428	32,428	53,291	20,863
State Sources	1,597,687	1,597,687	1,608,113	10,426
Federal Sources	-	-	9,219	9,219
	<u>2,240,181</u>	<u>2,240,181</u>	<u>2,288,351</u>	<u>48,170</u>
<b>EXPENDITURES</b>				
Instruction	1,115,791	1,115,791 (1)	1,046,094	69,697
Support Services	1,301,040	1,301,040 (1)	1,200,767	100,273
Capital Outlay	-	-	125,740	(125,740)
Operating Contingency	127,197	127,197 (1)	-	127,197
	<u>2,544,028</u>	<u>2,544,028</u>	<u>2,372,601</u>	<u>171,427</u>
Excess of Revenues Over (Under) Expenditures	(303,847)	(303,847)	(84,250)	219,597
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Service	-	-	125,740	125,740
Transfers Out	(96,153)	(96,153) (1)	(96,987)	(834)
	<u>(96,153)</u>	<u>(96,153)</u>	<u>28,753</u>	<u>124,906</u>
Net Change in Fund Balance	(400,000)	(400,000)	(55,497)	344,503
Beginning Fund Balance	<u>500,000</u>	<u>500,000</u>	<u>409,487</u>	<u>(90,513)</u>
Ending Fund Balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 353,990</u>	<u>\$ 253,990</u>

(1) Appropriation level

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

OTHER PROGRAMS

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
<b>REVENUES</b>				
Local Sources	\$ -	\$ -	\$ 21,173	\$ 21,173
Intermediate Sources	-	-	11,929	11,929
Federal Sources	440,500	440,500	215,444	(225,056)
<b>Total Revenues</b>	<u>440,500</u>	<u>440,500</u>	<u>248,546</u>	<u>(191,954)</u>
<b>EXPENDITURES</b>				
Instruction	344,800	344,800 (1)	194,680	150,120
Support Services	115,300	115,300 (1)	51,499	63,801
Community Services	400	400 (1)	-	400
<b>Total Expenditures</b>	<u>460,500</u>	<u>460,500</u>	<u>246,179</u>	<u>214,321</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	20,000	20,000	20,000	-
<b>Total Other Financing Sources</b>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	22,367	22,368
<b>Beginning Fund Balance</b>	-	-	20,454	20,454
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,821</u>	<u>\$ 42,822</u>

(1) Appropriation level

**LANE COUNTY SCHOOL DISTRICT NO. 32**  
LANE COUNTY, OREGON

SUPPLEMENTARY INFORMATION



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LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2014

<u>QZAB FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 14,000	\$ 14,000	\$ 30,468	\$ 16,468
Total Revenues	<u>14,000</u>	<u>14,000</u>	<u>30,468</u>	<u>16,468</u>
EXPENDITURES				
Debt Service	<u>553,846</u>	<u>553,846</u> (1)	<u>600,000</u>	<u>(46,154)</u>
Total Expenditures	<u>553,846</u>	<u>553,846</u>	<u>600,000</u>	<u>(46,154)</u>
Excess of Revenues Over, (Under) Expenditures	(539,846)	(539,846)	(569,532)	(29,686)
Other Finances Sources, (Uses):				
Transfers In	<u>46,154</u>	<u>46,154</u>	<u>46,987</u>	<u>833</u>
Total Other Financing Sources, (Uses)	<u>46,154</u>	<u>46,154</u>	<u>46,987</u>	<u>833</u>
Net Change in Fund Balance	(493,692)	(493,692)	(522,545)	(28,853)
Beginning Fund Balance	<u>493,692</u>	<u>493,692</u>	<u>566,555</u>	<u>72,863</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,010</u>	<u>\$ 44,010</u>

(1) Appropriation level

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2014

	TRANS- PORTATION RESERVE	FOOD SERVICE	STUDENT BODY	SCHOLAR- SHIP	CAPITAL IMPROVEMENT	TOTALS
<b>ASSETS</b>						
Cash and Investments	\$ 62,699	\$ 884	\$ 60,234	\$ 661	\$ 74,475	\$ 198,953
Other Receivables	-	3,547	-	-	-	3,547
Supply Inventories	-	438	-	-	-	438
<b>Total Assets</b>	<b>\$ 62,699</b>	<b>\$ 4,869</b>	<b>\$ 60,234</b>	<b>\$ 661</b>	<b>\$ 74,475</b>	<b>\$ 202,938</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Due to Other Funds		3,547				3,547
Accounts Payable	\$ -	\$ 168	\$ -	\$ -	\$ -	\$ 168
<b>Total Liabilities</b>	<b>-</b>	<b>3,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,715</b>
<b>Fund Balances:</b>						
Nonspendable	\$ -	\$ 438	\$ -	\$ -	\$ -	\$ 438
Restricted	62,699	716	60,234	661	-	124,310
Assigned	-	-	-	-	74,475	74,475
<b>Total Fund Balances</b>	<b>62,699</b>	<b>1,154</b>	<b>60,234</b>	<b>661</b>	<b>74,475</b>	<b>199,223</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 62,699</b>	<b>\$ 4,869</b>	<b>\$ 60,234</b>	<b>\$ 661</b>	<b>\$ 74,475</b>	<b>\$ 202,938</b>

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

	TRANS- PORTATION RESERVE	FOOD SERVICE	STUDENT BODY	SCHOLAR- SHIP	CAPITAL IMPROVEMENT	TOTALS
<b>REVENUES</b>						
Local Sources	\$ 334	\$ 6,960	\$ 38,793	\$ 1,755	\$ 257	\$ 48,099
State Sources	30,000	1,347	-	-	-	31,347
Federal Sources	-	79,859	-	-	-	79,859
<b>Total Revenues</b>	<u>30,334</u>	<u>88,166</u>	<u>38,793</u>	<u>1,755</u>	<u>257</u>	<u>159,305</u>
<b>EXPENDITURES</b>						
Instruction	-	-	39,598	-	-	39,598
Support Services	26,421	-	-	-	-	26,421
Community Services	-	101,415	-	1,200	-	102,615
Facilities Acquisition	-	-	-	-	120	120
<b>Total Expenditures</b>	<u>26,421</u>	<u>101,415</u>	<u>39,598</u>	<u>1,200</u>	<u>120</u>	<u>168,754</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	-	30,000	30,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<b>Net Change in Fund Balance</b>	3,913	(13,249)	(805)	555	30,137	20,551
<b>Beginning Fund Balance</b>	<u>58,786</u>	<u>14,403</u>	<u>61,039</u>	<u>106</u>	<u>44,338</u>	<u>178,672</u>
<b>Ending Fund Balance</b>	<u>\$ 62,699</u>	<u>\$ 1,154</u>	<u>\$ 60,234</u>	<u>\$ 661</u>	<u>\$ 74,475</u>	<u>\$ 199,223</u>

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

TRANSPORTATION RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
<b>REVENUES</b>				
Local Sources	\$ 500	\$ 500	\$ 334	\$ (166)
State Sources	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total Revenues	<u>30,500</u>	<u>30,500</u>	<u>30,334</u>	<u>(166)</u>
<b>EXPENDITURES</b>				
Support Services	<u>26,105</u>	<u>26,105 (1)</u>	<u>26,421</u>	<u>(316)</u>
Total Expenditures	<u>26,105</u>	<u>26,105</u>	<u>26,421</u>	<u>(316)</u>
Net Change in Fund Balance	4,395	4,395	3,913	(482)
Beginning Fund Balance	<u>58,737</u>	<u>58,737</u>	<u>58,786</u>	<u>49</u>
Ending Fund Balance	<u>\$ 63,132</u>	<u>\$ 63,132</u>	<u>\$ 62,699</u>	<u>\$ (433)</u>

(1) Appropriation level

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

FOOD SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
<b>REVENUES</b>				
Local Sources	\$ 10,400	\$ 10,400	\$ 6,960	\$ (3,440)
State Sources	759	759	1,347 (2)	588
Federal Sources	<u>88,000</u>	<u>88,000</u>	<u>79,859</u>	<u>(8,141)</u>
Total Revenues	<u>99,159</u>	<u>99,159</u>	<u>88,166</u>	<u>(10,993)</u>
<b>EXPENDITURES</b>				
Community Services	<u>104,159</u>	<u>104,159 (1)</u>	<u>101,415</u>	<u>2,744</u>
Total Expenditures	<u>104,159</u>	<u>104,159</u>	<u>101,415</u>	<u>2,744</u>
Net Change in Fund Balance	(5,000)	(5,000)	(13,249)	(8,249)
Beginning Fund Balance	<u>5,000</u>	<u>5,000</u>	<u>14,403</u>	<u>9,403</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,154</u>	<u>\$ 1,154</u>

(1) Appropriation level

(2) State school support match of \$833 was transferred from the General Fund to the Food Service Fund in support of the District's school lunch program.

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

STUDENT BODY ACCOUNTS

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES				
Local Sources	\$ 12,634	\$ 12,634	\$ 38,793	\$ 26,159
Total Revenues	12,634	12,634	38,793	26,159
EXPENDITURES				
Instruction	55,000	55,000 (1)	39,598	15,402
Total Expenditures	55,000	55,000	39,598	15,402
Net Change in Fund Balance	(42,366)	(42,366)	(805)	41,561
Beginning Fund Balance	42,366	42,366	61,039	18,673
Ending Fund Balance	\$ -	\$ -	\$ 60,234	\$ 60,234

(1) Appropriation level

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

SCHOLARSHIP FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 5,100	\$ 5,100	\$ 1,755	\$ (3,345)
Total Revenues	<u>5,100</u>	<u>5,100</u>	<u>1,755</u>	<u>(3,345)</u>
EXPENDITURES				
Community Services	<u>6,400</u>	<u>6,400 (1)</u>	<u>1,200</u>	<u>5,200</u>
Total Expenditures	<u>6,400</u>	<u>6,400</u>	<u>1,200</u>	<u>5,200</u>
Net Change in Fund Balance	(1,300)	(1,300)	555	1,855
Beginning Fund Balance	<u>1,300</u>	<u>1,300</u>	<u>106</u>	<u>(1,194)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661</u>	<u>\$ 661</u>

(1) Appropriation level



LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

CAPITAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 30,250	\$ 30,250	\$ 257	\$ (29,993)
Total Revenues	<u>30,250</u>	<u>30,250</u>	<u>257</u>	<u>(29,993)</u>
EXPENDITURES				
Facilities Acquisition	<u>74,830</u>	<u>74,830</u> (1)	<u>120</u>	<u>74,710</u>
Total Expenditures	<u>74,830</u>	<u>74,830</u>	<u>120</u>	<u>74,710</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Net Change in Fund Balance	(44,580)	(44,580)	30,137	74,717
Beginning Fund Balance	<u>44,580</u>	<u>44,580</u>	<u>44,338</u>	<u>(242)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,475</u>	<u>\$ 74,475</u>

(1) Appropriation level

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

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

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2013	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED/ UNSEGREGATED JUNE 30, 2014
<u>GENERAL FUND</u>						
CURRENT						
2013-14	\$ 553,987	\$ 14,221	\$ (1,680)	\$ 219	\$ 521,931	\$ 16,374
PRIOR YEARS						
2012-13	17,774	(13)	(1,762)	591	6,787	9,829
2011-12	10,216	(4)	(888)	638	3,255	6,715
2010-11	6,942	-	(946)	724	2,288	4,432
2009-10	4,497	-	(678)	532	1,430	2,921
Prior Years	5,301	-	(848)	266	394	4,325
Total Prior	44,730	(17)	(5,122)	2,751	14,154	28,222
Total	\$ 598,717	\$ 14,204	\$ (6,802)	\$ 2,970	\$ 536,085	\$ 44,596

RECONCILIATION OF REVENUE:

Cash Collections by County Treasurer, Above Accrual of Receivables	\$ 536,085
Taxes in lieu	1,134
June 30, 2013	(2,242)
June 30, 2014	2,415
Total Revenue	<u>\$ 537,392</u>

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**LANE COUNTY SCHOOL DISTRICT NO. 32**  
LANE COUNTY, OREGON

OTHER INFORMATION

Other Financial Schedules

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**LANE COUNTY SCHOOL DISTRICT NO. 32**  
**LANE COUNTY, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2014**

Program Title	Federal CFDA Number	Grant Period	Award Amount	2013-14 Revenues	2013-14 Expenditures
<b>US Department of Education - Special Revenue:</b>					
Rural Education Achievement Program	84.358A	07/01/13 - 06/30/14	14,079	14,079	14,079
<b>Passed through Education Service District:</b>					
Special Education - Grants to States (IDEA, Part B)	84.027	07/01/12 - 09/30/14	7	7	7
Special Education - Grants to States (IDEA, Part B)	84.027	07/14/13 - 9/30/15	51,764	51,764	51,764
Special Education - Preschool Grants (IDEA, Preschool))	84.173	07/01/13 - 09/30/15	467	467	467
				52,238	52,238
Special Education - Grants to States (IDEA, Part B)	84.027	10/01/12 - 09/30/13	1,591	467	467
Special Education - Grants to States (IDEA, Part B)	84.027	10/01/13 - 09/30/14	1,591	1,591	1,591
				2,058	2,058
Special Education - Grants to States (IDEA, Part B)	84.027	08/01/13 - 06/30/14	1,175	1,175	1,175
Title I Grants to Local Educational Agencies	84.010	07/01/12 - 09/30/13	77,407	3,947	3,947
Title I Grants to Local Educational Agencies	84.010	07/01/13 - 09/30/14	87,409	75,380	75,380
				79,327	79,327
Improving Teacher Quality State Grants	84.367	07/01/12 - 09/30/13	10,696	486	486
Improving Teacher Quality State Grants	84.367	07/01/13 - 09/30/14	9,778	4,003	4,003
				4,489	4,489
School Improvement Grants	84.377	08/1/12 - 09/30/13	5,903	957	957
Title I Grants to Local Educational Agencies	84.010	08/1/12 - 09/30/13	5,903	2,747	2,747
Title I Grants to Local Educational Agencies	84.010	07/01/13 - 09/30/14	27,622	16,296	16,296
				20,000	20,000
Title I Grants to Local Educational Agencies	84.010	07/01/13 - 09/30/14	40,000	40,000	40,000
Fresh Fruit and Vegetable Program	10.582	07/01/13 - 09/30/14	5,262	5,262	5,262
<b>Total US Department of Education</b>			<b>340,654</b>	<b>218,629</b>	<b>218,629</b>
<b>US Department of Agriculture - Special Revenue:</b>					
<b>Passed through Oregon State Department of Education</b>					
National School Lunch Program (NSLP)	10.555	07/01/13 - 06/30/14	N/A	73,666	73,666
Child and Adult Food Care Program (CACFP)	10.558	07/01/13 - 06/30/14	N/A	932	932
Child Nutrition Discretionary Grants	10.579	02/29/12 - 11/29/13	5,765	2,077	2,077
Federal Forest Fees	10.665	07/01/13 - 06/30/14	N/A	9,219	9,219
<b>Total US Department of Agriculture</b>			<b>5,765</b>	<b>85,894</b>	<b>85,894</b>
<b>Total Federal Assistance</b>			<b>346,419</b>	<b>304,522</b>	<b>304,522</b>

**2013-14 DISTRICT AUDIT REVENUE SUMMARY  
MAPLETON SCHOOL DISTRICT**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
<b>Revenue from Local Sources</b>							
1110 Ad Valorem Taxes Levied by District	\$ 537,392						
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax							
1190 Penalties and Interest on Taxes	\$ 3,271						
1200 Rev from Local Gov't Units Other Than Districts							
1310 Regular Day School Tuition							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1400 Local & Federal Sources							
1500 Earnings on Investments	\$ 17,249	\$ 342		\$ 257			
1600 Food Service		\$ 6,953					
1700 Extracurricular Activities	\$ 4,173						
1800 Community Services Activities							
1910 Rentals	\$ 4,800						
1920 Contributions and Donations From Private Sources	\$ 262	\$ 4,319					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$ 26,054						
1970 Services Provided Other Funds							
1980 Fees Charged to Grants							
1990 Miscellaneous	\$ 24,527	\$ 57,401		\$ 30,468			
<b>Total Revenue from Local Sources</b>	\$ 617,728	\$ 69,015	\$	\$ 30,725	\$	\$	\$
<b>Revenue from Intermediate Sources</b>							
2101 County School Funds	\$ 3,291						
2102 Education Service District Apportionment	\$ 50,000						
2105 Natural Gas, Oil, and Mineral Receipts							
2199 Other Intermediate Sources							
2200 Restricted Revenue		\$ 11,929					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
<b>Total Revenue from Intermediate Sources</b>	\$ 53,291	\$ 11,929	\$	\$	\$	\$	\$
<b>Revenue from State Sources</b>							
3101 State School Fund - General Support	\$ 1,590,278						
3102 State School Fund - School Lunch Match		\$ 833					
3103 Common School Fund	\$ 17,512						
3104 State Managed County Timber							
3105 State School Transportation							
3199 Other Unrestricted Grants-in-Aid	\$ 323						
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment		\$ 30,000					
3299 Other Restricted Grants-in-Aid		\$ 514					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
<b>Total Revenue from State Sources</b>	\$ 1,608,113	\$ 31,347	\$	\$	\$	\$	\$
<b>Revenue from Federal Sources</b>							
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State		\$ 295,303					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$ 9,219						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District							
<b>Total Revenue from Federal Sources</b>	\$ 9,219	\$ 295,303	\$	\$	\$	\$	\$
<b>Revenue from Other Sources</b>							
5100 Long Term Debt Financing Sources	\$ 125,740						
5200 Interfund Transfers		\$ 20,000		\$ 76,987			
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$ 409,487	\$ 154,788		\$ 610,893			
<b>Total Revenue from Other Sources</b>	\$ 535,227	\$ 174,788	\$	\$ 687,880	\$	\$	\$
<b>Grand Totals</b>	\$ 2,823,578	\$ 582,382	\$	\$ 718,605	\$	\$	\$

**2013-14 DISTRICT AUDIT EXPENDITURE SUMMARY  
MAPLETON SCHOOL DISTRICT**

**Fund: 100 - General Fund**

<b>Instruction Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$349,758	\$214,052	\$131,105		\$4,601		
1112 Intermediate Programs	\$0						
1121 Middle/Junior High Programs	\$128,323	\$77,018	\$50,298		\$1,007		
1122 Middle/Junior High School Extracurricular	\$14,240	\$9,530	\$2,031		\$1,939	\$740	
1131 High School Programs	\$354,571	\$208,236	\$137,757	\$1,580	\$6,875	\$123	
1132 High School Extracurricular	\$65,681	\$35,262	\$9,171	\$5,898	\$9,934	\$5,416	
1210 Programs for the Talented and Gifted	\$2,390	\$1,584	\$687		\$119		
1250 Less Restrictive Programs for Students with Disabilities	\$131,131	\$96,880	\$28,247	\$3,882	\$1,764	\$358	
1280 Alternative Education	\$0						
1400 Summer School Programs	\$0						
1990 Miscellaneous	\$0						
<b>Total Instruction Expenditures</b>	<b>\$1,046,094</b>	<b>\$642,562</b>	<b>\$359,296</b>	<b>\$11,360</b>	<b>\$26,239</b>	<b>\$0</b>	<b>\$6,637</b>
<b>Support Services Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$43,635	\$28,694	\$14,496	\$445			
2120 Guidance Services	\$21,362	\$15,560	\$4,565		\$712	\$525	
2130 Health Services	\$640		\$54	\$237	\$349		
2140 Psychological Services	\$0						
2150 Speech Pathology and Audiology Services	\$42,994	\$26,022	\$16,153		\$819		
2160 Other Student Treatment Services	\$0						
2190 Service Direction, Student Support Services	\$0						
2210 Improvement of Instruction Services	\$10,419		\$10,419				
2220 Educational Media Services	\$104			\$104			
2221 Service Area/Long Distance Learning	\$912			\$912			
2230 Assessment & Testing	\$0						
2240 Instructional Staff Development	\$259			\$259			
2310 Board of Education Services	\$16,401			\$15,845	\$214	\$342	
2320 Executive Administration Services	\$93,267	\$56,753	\$27,194	\$6,696	\$311	\$2,313	
2410 Office of the Principal Services	\$243,939	\$148,609	\$79,190	\$12,946	\$2,449	\$745	
2520 Fiscal Services	\$94,223	\$44,991	\$39,596	\$5,370	\$509	\$3,757	
2540 Operation and Maintenance of Plant Services	\$318,150	\$106,582	\$45,938	\$86,597	\$15,254	\$14,677	\$49,102
2550 Student Transportation Services	\$220,164	\$117,347	\$43,489	\$18,639	\$33,734	\$6,955	
2640 Staff Services	\$581			\$500	\$81		
2660 Technology Services	\$77,489	\$2,000	\$988	\$38,615	\$1,732	\$34,154	
2700 Supplemental Retirement Program	\$16,228		\$16,228				
2990 Miscellaneous	\$0						
<b>Total Support Services Expenditures</b>	<b>\$1,200,767</b>	<b>\$546,558</b>	<b>\$298,310</b>	<b>\$187,061</b>	<b>\$56,268</b>	<b>\$48,831</b>	<b>\$63,739</b>
<b>Enterprise and Community Services Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3300 Community Services	\$0						
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0						
4120 Site Acquisition and Development Services	\$0						
4150 Building Acquisition, Construction, and Improvement	\$0						
4190 Other Facilities Construction Services	\$0						
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$125,740					\$125,740	
5200 Transfers of Funds	\$96,987						\$96,987
5300 Apportionment of Funds by ESD	\$0						
5400 PERS UAL Bond Lump Sum	\$0						
<b>Total Other Uses Expenditures</b>	<b>\$222,727</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$125,740</b>	<b>\$96,987</b>
<b>Grand Total</b>	<b>\$2,469,588</b>	<b>\$1,189,120</b>	<b>\$657,606</b>	<b>\$198,421</b>	<b>\$82,507</b>	<b>\$48,831</b>	<b>\$196,116</b>



2013-14 DISTRICT AUDIT EXPENDITURE SUMMARY  
MAPLETON SCHOOL DISTRICT

**Fund: 200 - Special Revenue**

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$							
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$							
1121 Middle/Junior High Programs	\$							
1122 Middle/Junior High School Extracurricular	\$							
1131 Local & Federal Sources	\$							
1132 High School Extracurricular	\$							
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$							
1250 Less Restrictive Programs for Students with Disabilities	\$ 52,237	\$ 31,639	\$ 20,598					
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$ 119,324	\$ 50,938	\$ 18,191	\$ 30,691	\$ 19,250		\$ 254	
1280 Alternative Education	\$							
1290 Designated Programs	\$ 18,626	\$ 4,637	\$ 1,040	\$ 9,906	\$ 2,922		\$ 121	
1291 English Second Language Programs	\$							
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$							
1299 Other Programs	\$ 4,528	\$ 1,412	\$ 210	\$ 1,397	\$ 130		\$ 1,379	
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$							
1990 Miscellaneous	\$ 39,564	\$ 39,564						
<b>Total Instruction Expenditures</b>	<b>\$ 234,279</b>	<b>\$ 128,190</b>	<b>\$ 40,039</b>	<b>\$ 41,994</b>	<b>\$ 22,302</b>	<b>\$</b>	<b>\$ 1,754</b>	<b>\$</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$							
2120 Guidance Services	\$							
2130 Health Services	\$							
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$							
2200 Support Services - Instructional Staff	\$							
2210 Improvement of Instruction Services	\$ 614				\$ 614			
2220 Educational Media Services	\$ 14,079	\$ 10,259	\$ 3,820					
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 33,104	\$ 7,785	\$ 1,872	\$ 18,932	\$ 2,523		\$ 1,992	
2310 Board of Education Services	\$							
2320 Executive Administration Services	\$							
2400 School Administration	\$							
2410 Office of the Principal Services	\$							
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$							
2540 Operation and Maintenance of Plant Services	\$							
2550 Student Transportation Services	\$ 28,063	\$ 968	\$ 110	\$ 26,865			\$ 120	
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$ 2,060	\$ 1,472	\$ 588					
2630 Information Services	\$							
2640 Staff Services	\$							
2660 Technology Services	\$							
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$							
<b>Total Support Services Expenditures</b>	<b>\$ 77,920</b>	<b>\$ 20,484</b>	<b>\$ 6,390</b>	<b>\$ 45,797</b>	<b>\$ 3,137</b>	<b>\$</b>	<b>\$ 2,112</b>	<b>\$</b>
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	\$ 101,414	\$ 31,159	\$ 10,802	\$ 682	\$ 58,304		\$ 467	
3200 Other Enterprise Services	\$							
3300 Community Services	\$ 1,200			\$ 1,200				
3500 Custody and Care of Children Services	\$							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$ 102,614</b>	<b>\$ 31,159</b>	<b>\$ 10,802</b>	<b>\$ 1,882</b>	<b>\$ 58,304</b>	<b>\$</b>	<b>\$ 467</b>	<b>\$</b>
<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$							
4190 Other Facilities Construction Services	\$							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$							
5200 Transfers of Funds	\$							
5300 Apportionment of Funds by ESD	\$							
5400 PERS UAL Bond Lump Sum	\$							
<b>Total Other Uses Expenditures</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Grand Total</b>	<b>\$ 414,813</b>	<b>\$ 179,833</b>	<b>\$ 57,231</b>	<b>\$ 89,673</b>	<b>\$ 83,743</b>	<b>\$</b>	<b>\$ 4,333</b>	<b>\$</b>

**2013-14 DISTRICT AUDIT EXPENDITURE SUMMARY  
MAPLETON SCHOOL DISTRICT**

**Fund: 400 - Capital Projects**

<b>Instruction Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0						
1112 Intermediate Programs	\$0						
1113 Elementary Extracurricular	\$0						
1121 Middle/Junior High Programs	\$0						
1122 Middle/Junior High School Extracurricular	\$0						
1131 Local & Federal Sources	\$0						
1132 High School Extracurricular	\$0						
1140 Pre-Kindergarten Programs	\$0						
1210 Programs for the Talented and Gifted	\$0						
1220 Restrictive Programs for Students with Disabilities	\$0						
1250 Less Restrictive Programs for Students with Disabilities	\$0						
1260 Early Intervention	\$0						
1271 Remediation	\$0						
1272 Title I	\$0						
1280 Alternative Education	\$0						
1291 English Second Language Programs	\$0						
1292 Teen Parent Program	\$0						
1293 Migrant Education	\$0						
1294 Youth Corrections Education	\$0						
1299 Other Programs	\$0						
1300 Adult/Continuing Education Programs	\$0						
1400 Summer School Programs	\$0						
<b>Total Instruction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Support Services Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0						
2120 Guidance Services	\$0						
2130 Health Services	\$0						
2140 Psychological Services	\$0						
2150 Speech Pathology and Audiology Services	\$0						
2160 Other Student Treatment Services	\$0						
2190 Service Direction, Student Support Services	\$0						
2210 Improvement of Instruction Services	\$0						
2220 Educational Media Services	\$0						
2230 Assessment & Testing	\$0						
2240 Instructional Staff Development	\$0						
2310 Board of Education Services	\$0						
2320 Executive Administration Services	\$0						
2410 Office of the Principal Services	\$0						
2490 Other Support Services - School Administration	\$0						
2510 Direction of Business Support Services	\$0						
2520 Fiscal Services	\$0						
2540 Operation and Maintenance of Plant Services	\$0						
2550 Student Transportation Services	\$0						
2570 Internal Services	\$0						
2610 Direction of Central Support Services	\$0						
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0						
2630 Information Services	\$0						
2640 Staff Services	\$0						
2660 Technology Services	\$0						
2670 Records Management Services	\$0						
2690 Other Support Services - Central	\$0						
2700 Supplemental Retirement Program	\$0						
<b>Total Support Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Enterprise and Community Services Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0						
3200 Other Enterprise Services	\$0						
3300 Community Services	\$0						
3500 Custody and Care of Children Services	\$0						
<b>Total Enterprise and Community Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facilities Acquisition and Construction Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0						
4120 Site Acquisition and Development Services	\$0						
4150 Building Acquisition, Construction, and Improvement Services	\$120					\$120	
4190 Other Facilities Construction Services	\$0						
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$120	\$0	\$0	\$0	\$0	\$120	\$0
<b>Other Uses Expenditures</b>							
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$600,000		\$600,000				
5200 Transfers of Funds	\$0						
5300 Apportionment of Funds by ESD	\$0						
5400 Bond Lump Sum	\$0						
<b>Total Other Uses Expenditures</b>	\$600,000	\$0	\$600,000	\$0	\$0	\$0	\$0
<b>Grand Total</b>	\$600,120	\$0	\$600,000	\$0	\$0	\$120	\$0

LANE COUNTY SCHOOL DISTRICT NO. 32  
LANE COUNTY, OREGON

SUPPLEMENTAL INFORMATION  
AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION  
For the Year Ended June 30, 2014

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A. ENERGY BILLS FOR HEATING - ALL FUNDS:

Function 2540	\$	61,492
Function 2550		-
		<hr/>

B. REPLACEMENT FOR EQUIPMENT - General Fund:

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

Exclude These Functions

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

**LANE COUNTY SCHOOL DISTRICT NO. 32**  
LANE COUNTY, OREGON

REPORTS ON LEGAL AND OTHER  
REGULATORY REQUIREMENTS

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www.paulyrogersandcocpas.com

November 14, 2014

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of Lane County School District No. 32 as of and for the year ended June 30, 2014, and have issued our report thereon dated November 14, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

As part of obtaining reasonable assurance about whether 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Programs funded by outside sources.**
- **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 Lane County School District No. 32 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. Expenditures of the various funds were within authorized appropriations except as noted on page 19.

#### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the internal control 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

This report is intended solely for the information and use of the Board, 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 cursive script that reads "Roy R. Rogers".

ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.