

VERNONIA SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017



12700 SW 72nd Ave.
Tigard, OR 97223

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

BOARD OF DIRECTORS

<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
Brett Costley	June 30, 2021
Stacey Pelster	June 30, 2021
Greg Kintz	June 30, 2019
Katie Cook	June 30, 2021
Melissa Zavales	June 30, 2021
Brittanie Roberts	June 30, 2019
Susan Wagner	June 30, 2021

All board members will receive mail at the following address:

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

Aaron Miller, Superintendent and Budget Officer
Marie Knight, Accounting Manager

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

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COLUMBIA COUNTY, OREGON

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

November 27, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vernonia School District No. 47
Columbia County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Vernonia School District No. 47 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Vernonia School District No. 47, as of June 30, 2017, and the respective changes in financial position and budgetary comparisons for the general fund and special revenue fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, 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 27, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in cursive script that reads "Matthew Graves".

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

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2017

As management of Vernonia School District 47J (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2017 was \$17,016,062. Of this amount, \$18,754,021 represents the District's net investment in capital assets, \$58,798 is restricted for debt service, \$40,995 is restricted for grants and student body activities and the deficit of \$1,837,752 is unrestricted.
- The District's total net position decreased by \$1,054,670.
- The District's governmental funds reported a combined ending fund balance of \$548,971 at June 30, 2017, a decrease of \$254,002.
- At the end of the fiscal year ended June 30, 2017, unassigned fund balance for the General Fund was \$340,873, which represents a decrease of \$301,265 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The Statement of Activities. The *statement of activities* presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2017

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

Fund financial statements. The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Vernonia School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements can be found on page 6 and 8 of this report.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund's statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital Reserve Fund, and the Debt Service Fund, which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the other supplementary information.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 12 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* consisting of schedules detailing ten years of pension (assets)/liabilities and pension contributions. Required supplementary information can be found on page 34 of this report.

Supplementary Information present on pages 35 – 38, includes the budgetary comparisons for the nonmajor funds and schedules of property tax transactions and balances. *Other Information* including the schedule of expenditures of federal awards, schedules and supplemental

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2017

information required by the Oregon Department of Education and continuing disclosure information can be found on pages 41 – 50.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$17,016,062 as of June 30, 2017, a decrease of \$1,054,670 during the year.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, net of accumulated depreciation, represent about 95.3 percent of total assets. The remaining assets consist mainly of investments, cash, and grants and property taxes receivable.

The District's largest liability, which represents 95.8 percent of total liabilities, is for the repayment of long-term obligations and its proportionate share of the net pension liability. Other liabilities consist primarily of payables on accounts, salaries and benefits, and amounts received but unearned as of June 30, 2017.

A large portion of the District's net position reflect its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2017

VERNONIA SCHOOL DISTRICT NO. 47J			
STATEMENT OF NET POSITION			
	Governmental Activities		
	June 30,	June 30,	Increase
	2017	2016	(Decrease)
ASSETS			
Current and Other Assets	\$ 1,817,829	\$ 2,434,687	\$ (616,858)
Capital Assets, net of depreciation	36,818,360	37,623,713	(805,353)
Total Assets	<u>38,636,189</u>	<u>40,058,400</u>	<u>(1,422,211)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferrals	4,013,146	800,912	3,212,234
Deferred charge on refunding	1,559,783	-	1,559,783
LIABILITIES			
Current Liabilities	1,107,902	1,505,905	(398,003)
PERS net pension liability	7,444,010	3,139,627	4,304,383
Long-Term Obligations	18,112,041	17,147,094	964,947
Total Liabilities	<u>26,663,953</u>	<u>21,792,626</u>	<u>4,871,327</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferrals	529,103	995,954	(466,851)
NET POSITION			
Net Investment in Capital Assets	18,754,021	20,466,415	(1,712,394)
Restricted	99,793	152,735	(52,942)
Unrestricted	(1,837,752)	(2,548,418)	710,666
Total Net Position	<u>\$ 17,016,062</u>	<u>\$ 18,070,732</u>	<u>\$ (1,054,670)</u>

Statement of Activities. During the current fiscal year, the District's net position decreased by \$1,054,670, as compared to a decrease of \$2,883,709 in the prior year. The key elements of the change in the District's net position for the year ended June 30, 2017 are as follows:

- Charges for services decreased by \$87 thousand as compared to the prior year, primarily the result of a reduction of \$69 thousand in student participation fees.
- Operating grants and contributions decreased by \$36 thousand, mainly due to the completion of U.S. Department of Homeland Security Grant in prior year offset by the inclusion of revenue from the E-Rate and Medicaid Administrative Claiming programs.
- Property tax revenues increased by \$86 thousand primarily due to a 1.7% increase in taxable assessed value of property in the District.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2017

- Revenue from Other Local Sources decreased by \$122 thousand, primarily due to the reclassification of E-Rate and Medicaid Administrative Claiming revenues to the Operating Grants and Contributions category.
- Expenditure decreases are primarily attributed to pension expenses in the prior year of \$2,391,176 due to GASB 68 adjustments versus \$625,298 for GASB 68 adjustments in the current year.

VERNONIA SCHOOL DISTRICT NO. 47J			
CHANGES IN NET POSITION			
Year Ended June 30,			
	Governmental Activities		Increase
	2017	2016	(Decrease)
REVENUES			
Program Revenues			
Charges for Services	\$ 253,274	\$ 340,580	\$ (87,306)
Operating Grants and Contributions	802,036	838,487	(36,451)
General Revenues			
Property Taxes Levied for:			
General Purposes	2,299,371	2,263,797	35,574
Debt Service	809,208	758,907	50,301
Earnings on Investments	31,523	22,623	8,900
Other Local Sources	63,379	185,686	(122,307)
Intermediate Sources	77,792	63,557	14,235
State Sources	3,625,507	3,663,896	(38,389)
Total revenues	<u>7,962,090</u>	<u>8,137,533</u>	<u>(175,443)</u>
EXPENSES			
Instruction	4,916,404	6,574,706	(1,658,302)
Support services	3,150,749	3,367,272	(216,523)
Enterprise and Community Services	307,823	354,694	(46,871)
Facilities services	-	84,719	
Interest on Long-Term Debt	641,784	639,851	1,933
Total expenses	<u>9,016,760</u>	<u>11,021,242</u>	<u>(1,919,763)</u>
Increase (Decrease) in Net Position	(1,054,670)	(2,883,709)	1,744,320
Net Position - Beginning	<u>18,070,732</u>	<u>20,954,441</u>	<u>(2,883,709)</u>
Net Position - Ending	<u>\$ 17,016,062</u>	<u>\$ 18,070,732</u>	<u>\$ (1,054,670)</u>

Financial Analysis of the District's Funds

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

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2017

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

At June 30, 2017, the District's governmental funds reported combined ending fund balances of \$548,971, a decrease of \$254,002 in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2017, fund balance was \$340,873. The fund balance decreased by \$301,265 during the current fiscal year.

General Fund Budgetary Highlights

The budget for the General Fund was adopted by the Board on June 9, 2016. The Board approved Resolution Number 1617-08 to adjust the original budget on June 20, 2017.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2017, the District had invested \$36,818,360 in capital assets, net of depreciation, as shown in the following table, total capital assets net of depreciation declined overall by \$805,353, due to depreciation of buildings, vehicles and equipment.

VERNONIA SCHOOL DISTRICT NO 47J			
CAPITAL ASSETS			
(net of depreciation)			
	Governmental Activities		Increase (Decrease)
	June 30, 2017	June 30, 2016	
Land	\$ 1,528,510	\$ 1,528,510	\$ -
Building and improvements	35,257,198	36,049,236	(792,038)
Vehicles and equipment	32,652	45,967	(13,315)
Total Capital Assets, net of depreciation	\$ 36,818,360	\$ 37,623,713	\$ (805,353)

Additional information regarding the District's capital assets can be found in the notes to the financial statements of this report.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2017

Long-term Debt. At the end of the current fiscal year, the District had \$18,064,339 in outstanding debt. This is an increase of \$944,176 from prior year, as the District issued \$12,804,322 in general obligation bonds to refund \$10,905,000 in outstanding obligations while continuing to pay down other outstanding obligations.

Additional information on the District's long-term debt can be found in the notes to basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A significant economic factor for the District is the State of Oregon's State School Fund (SSF). For the year ended June 30, 2017, resources provided through the State School Fund formula accounted for about 92 percent of the District's General Fund revenues. The Oregon Legislature passed a statewide education budget of \$8.20 billion for the 2017-19 biennium. State School Fund support payments will be made to districts based on that budget. However, the budget is contingent upon a forecast of Oregon's continued economic recovery and the projected tax receipts based on that forecast. Should the Oregon economy perform more poorly than was forecast, cuts will be made to the state budget that will affect programs supported by the state.

Salaries and benefits costs are projected to increase in 2017-18 based on negotiated contractual obligations.

In addition, employer rates for the Public Employees Retirement System (PERS) will increase significantly for the 2017-2019 biennium; a result of a decrease in investment earnings and the Oregon Supreme Court's Moro decision which reversed a significant portion of the reductions the 2013 Oregon Legislature made to future Cost of Living Adjustments. The rate effective July 1, 2015 for the 2015-2017 biennium is 22.33% of salary covered under the plan for Tiers 1 and 2 employees and 17.64% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). For the biennium beginning on July 1, 2017 the rates will increase to 27.2% of salary covered under the plan for Tiers 1 and 2 employees and 21.87% for employees covered under OPSRP. Current actuarial projections show similar increases in the next two biennia.

From the 2004-05 fiscal year through September 2015 the District experienced an enrollment drop of nearly 25 percent, partly due to the flood which occurred in 2007-08. These decreases in enrollment have resulted in significant decreases in funding. The District is estimating enrollment for the 2017-18 school year conservatively, projecting a continued decline.

Other areas considered during budgeting included the District's obligations to its debt service and the reduction of 1 licensed teaching position and 2 Instructional Assistant positions.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2016-17 fiscal year.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2017

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Financial Services, 1201 Texas Avenue, Vernonia, Oregon 97064.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2017

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 1,277,187
Taxes Receivables	205,106
Other Receivables	332,128
Supply Inventory	3,408
Capital Assets:	
Land	1,528,510
Buildings and Equipment, net of depreciation	<u>35,289,850</u>
Total Assets	<u>38,636,189</u>
DEFERRED OUTFLOWS OF RESOURCES	
Net Pension Related Deferred Outflows	4,013,146
Deferred charge on refunding	<u>1,559,783</u>
Total Deferred Outflows of Resources	5,572,929
LIABILITIES	
Accounts Payable	625,571
Accrued Payroll Liabilities	448,322
Accrued Interest Payable	21,383
Accrued Compensated Absences	12,626
Long-term Obligations:	
Proportionate Share of Net Pension Liability (PERS)	7,444,010
Due within one year	889,767
Due in more than one year	<u>17,222,274</u>
Total Liabilities	<u>26,663,953</u>
DEFERRED INFLOWS OF RESOURCES	
Net Pension Related Deferred Inflows	<u>529,103</u>
Total Deferred Inflows	<u>529,103</u>
NET POSITION	
Net Investment in Capital Assets	18,754,021
Restricted for Debt Service	58,798
Restricted for Grants and Student Activities	40,995
Unrestricted	<u>(1,837,752)</u>
Total Net Position	<u>\$ 17,016,062</u>

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

<u>FUNCTIONS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
Instruction	\$ 4,916,404	\$ 147,163	\$ 481,599	\$ 4,287,642
Support Services	3,150,749	96,051	56,840	2,997,858
Enterprise and Community Services	307,823	10,060	263,597	34,166
Interest on Long-Term Debt	<u>641,784</u>	<u>-</u>	<u>-</u>	<u>641,784</u>
Total Governmental Activities	<u>\$ 9,016,760</u>	<u>\$ 253,274</u>	<u>\$ 802,036</u>	<u>7,961,450</u>

General Revenues

Property Taxes Levied for:

General purposes

2,299,371

Debt service

809,208

Earnings on Investments

31,523

Other Local Sources

63,379

Intermediate Sources

77,792

State Sources

3,625,507

Total General Revenues

6,906,780

Changes in Net Position

(1,054,670)

Net Position - Beginning

18,070,732

Net Position - Ending

\$ 17,016,062

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS
ASSETS				
Deposits and Investments	\$ 1,172,447	\$ 104,740	\$ -	\$ 1,277,187
Property Taxes Receivable	151,747	-	53,359	205,106
Other Accounts Receivable	125,195	148,210	58,723	332,128
Supply Inventory	-	3,408	-	3,408
Due from Other Funds	104,351	-	-	104,351
Total Assets	\$ 1,553,740	\$ 256,358	\$ 112,082	\$ 1,922,180
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 620,271	\$ 5,300	\$ -	\$ 625,571
Payroll Liabilities	448,322	-	-	448,322
Unearned Revenue	-	-	-	-
Tax Revenue Anticipated note	-	-	-	-
Due to Other Funds	-	101,758	2,593	104,351
Total Liabilities	1,068,593	107,058	2,593	1,178,244
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	144,274	-	50,691	194,965
Fund Balances:				
Nonspendable	-	3,408	-	3,408
Restricted for:				
Debt Service	-	-	58,798	58,798
Other Purposes	-	40,995	-	40,995
Committed for:				
Student Body	-	104,740	-	104,740
Food Service	-	157	-	157
Assigned	-	-	-	-
Unassigned	340,873	-	-	340,873
Total Fund Balances	340,873	149,300	58,798	548,971
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,553,740	\$ 256,358	\$ 112,082	\$ 1,922,180

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2017

Total Fund Balances - Governmental Funds \$ 548,971

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Cost	\$ 41,051,162	
Accumulated Depreciation	<u>(4,232,802)</u>	36,818,360

A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.

Unavailable property taxes 194,965

In 2016-17 bond refunding, a larger amount paid to the escrow agent than the premiums of the bonds being refunded that was recorded as interest expense. This deferred outflow of resources is recognized based on the schedule of maturities of the refunded bonds. 1,559,783

The Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries. (7,444,010)

Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date. 3,484,044

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 Obligations		
Bonds Payable	\$ (16,185,615)	
Notes Payable	(1,878,724)	
Accrued Interest Payable	(21,383)	
Early Retirement	(47,703)	
Accrued Vacation Payable	<u>(12,626)</u>	<u>(18,146,051)</u>

Net Position \$ 17,016,062

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTALS</u>
REVENUES				
Local Sources	\$ 2,586,582	\$ 294,939	\$ 809,421	\$ 3,690,942
Intermediate Sources	77,792	-	-	77,792
State Sources	3,612,240	13,267	-	3,625,507
Federal Sources	-	559,534	-	559,534
	<u>6,276,614</u>	<u>867,740</u>	<u>809,421</u>	<u>7,953,775</u>
EXPENDITURES				
Current:				
Instruction	3,599,465	513,730	-	4,113,195
Support Services	2,623,985	60,632	-	2,684,617
Enterprise & Community Services	-	281,183	-	281,183
Debt Service	-	-	1,129,183	1,129,183
Bond issuance costs	-	-	104,007	104,007
	<u>6,223,450</u>	<u>855,545</u>	<u>1,233,190</u>	<u>8,312,185</u>
Excess of Revenues Over (Under) Expenditures	53,164	12,195	(423,769)	(358,410)
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	-	12,804,322	12,804,322
Payment to Refunded Bond Escrow Agent	-	-	(12,699,914)	(12,699,914)
Transfers In	-	37,599	316,830	354,429
Transfers Out	(354,429)	-	-	(354,429)
	<u>(354,429)</u>	<u>37,599</u>	<u>421,238</u>	<u>104,408</u>
Net Change in Fund Balance	(301,265)	49,794	(2,531)	(254,002)
Beginning Fund Balance	<u>642,138</u>	<u>99,506</u>	<u>61,329</u>	<u>802,973</u>
Ending Fund Balance	<u>\$ 340,873</u>	<u>\$ 149,300</u>	<u>\$ 58,798</u>	<u>\$ 548,971</u>

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ (254,002)

Amounts reported for government-wide statements in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures while government-wide statements report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Depreciation	(805,352)	
Asset Disposal, net	-	(805,352)
	-	

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Unavailable property taxes recognized on a full accrual basis		8,316
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Some expenses reported in the statements do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in accrued compensated absences	(3,654)	
Change in capital leases	7,135	
Change in early retirement	(27,907)	
Change in accrued interest payable	30,484	6,058
	30,484	

The Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.

(625,298)

Repayment of long term & short term obligations is an expenditure in the governmental funds, but the repayment reduces debt obligations in the government-wide statements.

Decrease in long term obligations		11,607,263
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In refunding bonds, the amount of new bonds in excess of the refunded bonds is a deferred outflow of resources for the Statement of Activities, whereas it is recorded as an interest expense in the year of refunding.

1,646,438

Governmental funds report the total costs of bond issuance as a current year expenditure in the year in which the bonds are issued while the government-wide statements amortize them over the life of the bond.

Bonds Issued	(12,804,322)	
Amortization of deferred outflows	(86,655)	
Amortization of original issue premium (net)	252,884	(12,638,093)
	252,884	

Change in net position of governmental activities		<u>\$ (1,054,670)</u>
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See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Local Sources	\$ 2,454,600	\$ 2,454,600	\$ 2,586,582	\$ 131,982
Intermediate Sources	52,000	52,000	77,792	25,792
State Sources	<u>3,458,978</u>	<u>3,458,978</u>	<u>3,612,240</u>	<u>153,262</u>
Total Revenue	<u>5,965,578</u>	<u>5,965,578</u>	<u>6,276,614</u>	<u>311,036</u>
EXPENDITURES				
Instruction	3,468,930	3,578,930 (1)	3,599,465	(20,535)
Support Services	2,780,556	2,710,556 (1)	2,623,985	86,571
Enterprise and Community Services	40,000	-	-	-
Debt Service	719,170	719,170 (1)	-	719,170
Contingency	<u>46,551</u>	<u>46,551 (1)</u>	<u>-</u>	<u>46,551</u>
Total Expenditures	<u>7,055,207</u>	<u>7,055,207</u>	<u>6,223,450</u>	<u>831,757</u>
Excess of Revenues Over (Under) Expenditures	(1,089,629)	(1,089,629)	53,164	1,142,793
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(354,429)</u>	<u>(354,429) (1)</u>	<u>(354,429)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(354,429)</u>	<u>(354,429)</u>	<u>(354,429)</u>	<u>-</u>
Net Change in Fund Balance	(1,444,058)	(1,444,058)	(301,265)	1,142,793
Beginning Fund Balance	<u>1,494,058</u>	<u>1,494,058</u>	<u>642,138</u>	<u>(851,920)</u>
Ending Fund Balance	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 340,873</u>	<u>\$ 290,873</u>

(1) Appropriation Level

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

<u>SPECIAL REVENUE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Local Sources	\$ 323,500	\$ 323,500	\$ 294,939	\$ (28,561)
State Sources	2,500	52,500	13,267	(39,233)
Federal Sources	551,649	551,649	559,534	7,885
Total Revenue	<u>877,649</u>	<u>927,649</u>	<u>867,740</u>	<u>(59,909)</u>
EXPENDITURES				
Instruction	614,637	614,637 (1)	513,730	100,907
Support Services	31,012	81,012 (1)	60,632	20,380
Enterprise and Community Services	293,899	293,899 (1)	281,183	12,716
Total Expenditures	<u>939,548</u>	<u>989,548</u>	<u>855,545</u>	<u>134,003</u>
Excess of Revenues Over (Under) Expenditures	(61,899)	(61,899)	12,195	74,094
OTHER FINANCING SOURCES (USES)				
Transfer In	36,899	36,899	37,599	700
Total Other Financing Sources (Uses)	<u>36,899</u>	<u>36,899</u>	<u>37,599</u>	<u>700</u>
Net Change in Fund Balance	(25,000)	(25,000)	49,794	74,794
Beginning Fund Balance	<u>65,000</u>	<u>65,000</u>	<u>99,506</u>	<u>34,506</u>
Ending Fund Balance	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 149,300</u>	<u>\$ 109,300</u>

(1) Appropriation Level

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Vernonia School District No. 47 (the District) is a municipal corporation governed by a separately elected seven-member board authorized to transact all business on the District's behalf. The District is a primary government exercising financial accountability for all public education within its boundaries. The Board approves administrative officials. The daily functioning is under supervision of the Superintendent. As required by generally accepted accounting principles, all activities have been included in the basic financial statements.

The financial statements include all funds and account groups. The District is not financially accountable for any other governmental entity. Financial accountability is determined in accordance with criteria set forth in GAAP and Governmental Accounting Standards Board (GASB) Statement No. 61. Financial accountability is based primarily on the authority to appoint voting majority of an organization's governing board, ability to impose its will on that organization, the potential for that organization to provide specific financial benefits or impose specific financial burdens and that organization's fiscal dependency. There are no component units.

BASIS OF PRESENTATION – FUND ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities display information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. 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.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “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 are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments 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 is the District’s primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are an apportionment from the State of Oregon and property taxes.

SPECIAL REVENUE FUND

This fund accounts for the revenues and expenditures related to federal and other grants received from various federal, state and local sources restricted for specific educational projects as well as the various food service programs provided by the District. The sale of food and Federal reimbursements administered by the State are the major revenue sources.

DEBT SERVICE FUND

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, certain programs are funded by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is reported as an expenditure rather than capitalized, depreciation and amortization are not recorded and debt and vacation pay are expensed when paid instead of when incurred.

The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through early spring with the budget committee approving the budget in late spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

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

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

GRANTS

Inventories of supplies and materials in the governmental funds are stated at cost. Inventories of food and supplies are valued at invoice cost (first-in, first-out). Inventoried items are charged to expenditures of the user department at the time of withdrawal from inventory (consumption method). Commodity inventories are not recorded as title to them is not considered to pass to the District until they are consumed.

SUPPLY INVENTORIES

School food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in inventories at USDA wholesale value. Supplies are accounted for based on the purchase method. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused donated commodities at balance sheet date is considered immaterial by management for reporting purposes.

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Building and improvements	20 to 60 years
Equipment	3 to 20 years

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 government has two items that qualify for reporting in the category. It is the deferred charge on refunding reported in the government-wide statement of net position. A

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

Deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, Net Pension Related Deferrals related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

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

COMPENSATED ABSENCES

Full-time employees are permitted to accumulate unused sick leave at the rate of twelve days per year over the working careers. The District does not compensate the employees for unused accumulations upon termination of employment. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service.

It is the policy to permit employees to accumulate earned but unused vacation. All unused vacation pay is accrued, if material, when earned in the government-wide financial statements.

RETIREMENT PLANS

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

POSTEMPLOYMENT HEALTH CARE BENEFITS

The Board of Directors, through contract negotiations, previously authorized the District to offer early retirement incentive benefits to eligible employees. The District provides payments in accordance with current employee contracts primarily on a pay-as-you-go basis. Expenditures are recorded in the governmental funds as the insurance premiums are paid.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave except as noted below.

1. 16.7% of the unused sick leave accumulated will be paid as severance pay if the employee has completed 10 or more years, but less than 15 years of service in the District, limited to 17 days of pay.
2. 25% of the unused sick leave accumulated will be paid as severance pay if the employee has completed 15 years or more of service in the District, limited to 25 days of pay.

All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Vacation pay does not accumulate beyond 200 and 280 hours for classified and confidential personnel, respectively. Accrued vacation payable as of June 30, 2017 totaled \$12,626.

USE OF ESTIMATES

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

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 effective interest 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.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position comprises 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 asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is net position restricted for debt service, grants, and student activities. .

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

FUND BALANCE

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

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

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District 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

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

Supplemental budgets of less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, there were two budget resolutions affecting appropriations. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations, except in the following funds:

General Fund Instruction expense was overexpended by \$20,535

3. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements on June 30, 2017 was \$807,228, \$250,000 of which was covered by federal depository insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The District's cash is deposited in an approved depository for public funds, and thus is collateralized under ORS295.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS

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

Cash and Investments at June 30, 2017 (recorded at fair value) consisted of:

Petty Cash	\$	100
Demand Deposits		700,323
Investments:		
LGIP		576,764
Total	\$	1,277,187

There were the following investments and maturities at June 30, 2017:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's Investment Pool	\$ 576,764	\$ 576,764	\$ -	\$ -
Total	\$ 576,764	\$ 576,764	\$ -	\$ -

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, 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's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

VERNONIA SCHOOL DISTRICT NO. 47
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NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

Credit Risk – Deposits

In the case of deposits, there is a risk that in the event of a bank failure, deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of June 30, 2017, none of the bank balance was exposed to custodial credit risk because it was fully insured.

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 – Investments

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

Concentration of Credit Risk

At June 30, 2017, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

4. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 1,528,510	\$	\$ -	\$ 1,528,510
Total capital assets not being depreciated	1,528,510	-	-	1,528,510
Capital assets being depreciated:				
Buildings and Improvements	39,361,820	-	-	39,361,820
Equipment	135,182	-	-	135,182
Vehicles	25,650	-	-	25,650
Total capital assets being depreciated	39,522,652	-	-	39,522,652
Less total accumulated depreciation for:				
Buildings and Improvements	(3,312,584)	(792,038)	-	(4,104,622)
Equipment	(89,216)	(13,314)	-	(102,530)
Vehicles	(25,650)	-	-	(25,650)
Total accumulated depreciation	(3,427,450)	(805,352)	-	(4,232,802)
Total capital assets being depreciated, net	36,095,202	(805,352)	-	35,289,850
Total Capital Assets, Net	\$ 37,623,712			\$ 36,818,360

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

Program:

Instruction	\$ 466,118
Support Services	307,370
Enterprise and Community Services	31,864
	\$ 805,352

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN

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

<http://www.oregon.gov/PERS/Pages/Financials/CAFR-Previous-Years.aspx>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2014 actuarial valuation, which became effective July 1, 2016. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were \$590,336, excluding amounts to fund employer specific liabilities.

Pension Asset or Liability - At June 30, 2017, the District reported a net pension liability of \$7,444,010 for its proportionate share of the net pension asset. The pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the District's proportion was .05 percent.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 246,280	\$ -
Changes in assumptions	1,587,628	-
Net difference between projected and actual earnings on pension plan investments	1,470,624	-
Changes in proportionate share	-	431,336
Differences between employer contributions and employer's proportionate share of system contributions	118,278	97,767
Contributions subsequent to measurement date	590,336	
Net deferred outflow (inflow) of resources	\$ 4,013,146	\$ 529,103

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

Year Ending June 30,	Amount
2018	\$ 475,271
2019	475,271
2020	1,031,449
2021	802,936
2022	108,780
Total	\$ 2,893,707

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 8, 2017. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/docs/financial_reports/2016_cafr.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016 measurement date
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.5 percent (reduced from 2.75 percent)
Investment rate of return	7.5 percent (reduced from 7.75 percent)
Projected salary increase	3.5 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service (reduced from 3.5 percent)
Cost of Living Adjustment	Blend of 2.0 percent COLA and graded COLA (1.25/0.15 percent) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
<i>Assumed Inflation</i>		<i>2.75%</i>

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 12,019,594	\$ 7,444,010	\$ 3,619,622

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

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

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan that is invested in the IAP. The District makes this contribution on behalf of its employees.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS

The following table shows changes in general obligation bonds, limited tax bonds, and other long-term debt for the fiscal year ended June 30, 2017:

Issue Date	Interest Rates	Issue Amount	Outstanding July 1, 2016	Issued/ (Refunded)	Matured and Redeemed	Outstanding June 30, 2017	Due Within One Year
7/1/04	1.80-5.15%	\$ 995,000	\$ 495,000	\$ -	\$ 50,000	\$ 445,000	\$ 55,000
8/30/05		487,660	153,555	-	25,564	127,991	25,565
5/12/10	3.00-4.25%	13,000,000	12,125,000	(10,905,000)	260,000	960,000	290,000
7/14/16	2.85%	12,804,322	-	12,804,322	166,698	12,637,624	138,283
10/12/10	5.05%	3,400,000	2,215,000	-	200,000	2,015,000	200,000
Total Bonds			14,988,555	1,899,322	702,262	16,185,615	708,848
2010 Original Issue Premium			252,884	(252,884)	-	-	-
Total Bond Obligations			15,241,439	1,646,438	702,262	16,185,615	708,848
Notes Payable							
Oregon Cool Schools - L864			802,418	-	-	802,418	23,068
Oregon Cool Schools - L881			1,076,306	-	-	1,076,306	71,961
Total Notes Payable			1,878,724	-	-	1,878,724	95,029
Total Long-term Debt			<u>\$ 17,120,163</u>	<u>\$ 1,646,438</u>	<u>\$ 702,262</u>	<u>\$ 18,064,339</u>	<u>\$ 803,877</u>
Early Retirement Incentive			\$ 19,796	\$ 47,703	\$ 19,796	\$ 47,703	\$ 47,703
Compensated Absences			\$ 35,930	\$ 16,410	\$ 35,930	\$ 16,410	\$ 16,410

Advance Refunding

The government issued \$12,804,322 in general obligation refunding bonds with an interest rate of 2.85%. The proceeds were used to advance refund \$10,905,000 of outstanding Series 2010 general obligation bonds which had interest rates ranging from 3.00% to 4.25%. The net proceeds of \$12,699,914 (including a \$252,884 premium and after payment of \$104,406 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, \$10,905,000 of the Series 2010 general obligation bonds are considered defeased.

The advance refunding reduced total debt service payments over the next 20 years by \$885,332. This results in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$691,819.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS (CONTINUED)

Certificates of participation - issued July 2004, due in annual installments of \$35,000 to \$75,000, plus interest paid semi-annually at 1.80% to 5.15% through 2024.	\$ 445,000
Qualified zone academy bonds, series 2005 - issued August 2005, due in annual installments of principle and interest of \$25,565 through 2021.	127,991
General obligation bonds, series 2010 - issued March 2010 due in annual installments of \$110,000 to \$1,165,000, plus interest paid semi-annually at 3.00% to 4.25% through 2035. In FY 2017, \$10,905,000 of the remaining balance was refunded.	960,000
The government issued \$12,804,322 in general obligation refunding bonds with an interest rate of 2.85%. The proceeds were used to advance refund \$10,905,000 of outstanding Series 2010 general obligation bonds which had interest rates ranging from 3.00% to 4.25%.	12,637,624
Qualified school construction bonds, series 2010-B - issued October 2010 due in annual installments of \$195,000 to \$205,000, plus interest paid semi-annually at 5.05% through 2027. A portion of the interest is paid through a subsidy from the federal government.	2,015,000
Oregon Cool Schools loan - Entered into June, 2012 with annual installments of principal and interest at 3.25% through October, 2027. Two year forbearance agreement was approved in May 2016.	802,418
Oregon Cool Schools loan - Entered into June, 2013 with annual installments of principal and interest at 3.5% through January, 2029. Two year forbearance agreement was approved in May 2016.	1,076,306
	<u>\$ 18,064,339</u>

VERNONIA SCHOOL DISTRICT NO. 47
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NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM OBLIGATIONS (CONTINUED)

Future maturities of unmatured bond and note principal and interest for fiscal years ending June 30 are as follows:

<u>Fiscal Year Ended</u>	<u>Total</u>	<u>Interest</u>
2018	\$ 837,652	\$ 584,851
2019	876,005	551,460
2020	919,626	517,300
2021	968,407	481,479
2022	1,004,445	447,872
2022-27	5,360,224	1,702,923
2027-32	4,828,719	875,042
2032-35	3,269,260	189,357
	<u>\$ 18,064,338</u>	<u>\$ 5,350,284</u>

8. 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 carried for other risks of loss including excess liability, workers' compensation, boiler and machinery, public official bond and employee dishonesty and contractors license bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

9. COMMITMENTS AND CONTINGENCIES

There is participation in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2017 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts are expected by management to be immaterial.

10. PROPERTY TAX LIMITATION

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

VERNONIA SCHOOL DISTRICT NO. 47
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NOTES TO BASIC FINANCIAL STATEMENTS

10. 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.

11. INTERFUND ACTIVITY

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 354,429
Special Revenue	37,599	-
Debt Service	316,830	-
	<u>\$ 354,429</u>	<u>\$ 354,429</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General Fund transferred \$37,599 to the Special Revenue Fund to cover expenditures and \$316,830 to the Debt Service Fund for principal and interest payments.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.04%	\$ 7,444,010	\$ 3,477,707	214.0 %	80.5 %
2016	0.05%	3,139,627	2,903,530	108.1	91.9
2015	0.07%	(1,507,622)	2,859,997	(52.7)	103.6
2014	0.07%	3,394,170	3,144,356	107.9	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented

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

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2017	\$ 590,336	\$ 590,336	\$ -	\$ 3,224,074	18.3 %
2016	631,607	631,607	-	3,477,707	18.2
2015	618,679	618,679	-	2,903,530	21.3
2014	564,335	564,335	-	2,859,997	19.7

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented

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

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON
SUPPLEMENTARY INFORMATION

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

<u>DEBT SERVICE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Local Sources	\$ 840,412	\$ 840,412	\$ 809,421	\$ (30,991)
Total Revenue	<u>840,412</u>	<u>840,412</u>	<u>809,421</u>	<u>(30,991)</u>
EXPENDITURES				
Debt Service	7,057,942	7,057,942 (1)	1,129,183	5,928,759
Bond issuance costs	<u>-</u>	<u>- (2)</u>	<u>104,007</u>	<u>(104,007)</u>
Total Expenditures	<u>7,057,942</u>	<u>7,057,942</u>	<u>1,233,190</u>	<u>5,824,752</u>
Excess of Revenues Over (Under) Expenditures	(6,217,530)	(6,217,530)	(423,769)	5,793,761
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	-	12,804,322	12,804,322
Payment to Refunded Bond Escrow Agent	-	- (2)	(12,699,914)	(12,699,914)
Transfer In	<u>6,217,530</u>	<u>6,217,530</u>	<u>316,830</u>	<u>(5,900,700)</u>
Total Other Financing Sources (Uses)	<u>6,217,530</u>	<u>6,217,530</u>	<u>421,238</u>	<u>(5,796,292)</u>
Net Change in Fund Balance	-	-	(2,531)	(2,531)
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>61,329</u>	<u>61,329</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,798</u>	<u>\$ 58,798</u>

(1) Appropriation Level

(2) Exempt from Oregon Budget Law per ORS 294.338

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

CONSTRUCTION PROJECT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
EXPENDITURES				
Support Services	100,000	100,000 (1)	-	100,000
Excess of Revenues Over (Under) Expenditures	(100,000)	(100,000)	-	(100,000)
OTHER FINANCING SOURCES (USES)				
Long Term Debt Proceeds	6,000,000	6,000,000	-	(6,000,000)
Transfer Out	(5,900,000)	(5,900,000) (1)	-	5,900,000
Total Other Financing Sources (Uses)	100,000	100,000	-	5,900,000
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2017

<u>GENERAL FUND</u>						
TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JUNE 30, 2016	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2017
Current:						
2016-2017	\$ 2,334,146	\$ (60,560)	\$ (12,566)	\$ (1,596)	\$ 2,186,235	\$ 76,381
Prior Years:						
2015-2016	72,673	(1)	(887)	(3,116)	38,087	36,814
2014-2015	38,842	-	(601)	(3,549)	20,136	21,654
2013-2014	18,946	-	(439)	(4,033)	15,724	6,816
2012-2013	8,779	-	(416)	(2,147)	7,480	3,030
Prior	9,548	-	(916)	(1,211)	2,791	7,052
Total Prior	148,788	(1)	(3,259)	(14,056)	84,218	75,366
Total	<u>\$ 2,482,934</u>	<u>\$ (60,561)</u>	<u>\$ (15,825)</u>	<u>\$ (15,652)</u>	<u>\$ 2,270,453</u>	<u>\$ 151,747</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 2,270,453
Taxes from Washington County	32,384
Accrual of Receivables:	
June 30, 2017	7,501
June 30, 2016	<u>(10,967)</u>
Total GAAP Revenue	<u>\$ 2,299,371</u>

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2017

DEBT SERVICE FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED JUNE 30, 2016	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS		INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2017
Current:							
2016-2017	\$ 821,447	\$ (21,312)	\$ (4,422)		\$ (561)	\$ 769,393	\$ 26,881
Prior Years:							
2015-2016	25,576	(1)	(312)		(1,096)	13,404	12,955
2014-2015	13,669	-	(212)		(1,249)	7,087	7,619
2013-2014	6,667	-	(155)		(1,419)	5,534	2,397
2012-2013	3,089	-	(147)		(755)	2,632	1,065
Prior	3,360	-	(362)		(426)	982	2,442
Total Prior	52,361	(1)	(1,188)		(4,945)	29,639	26,478
Total	<u>\$ 873,808</u>	<u>\$ (21,313)</u>	<u>\$ (5,610)</u>		<u>\$ (5,506)</u>	<u>\$ 799,032</u>	<u>\$ 53,359</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 799,032
Taxes from Washington County	11,396
Accrual of Receivables:	
June 30, 2017	2,640
June 30, 2016	<u>(3,860)</u>
Total GAAP Revenue	<u>\$ 809,208</u>

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS



PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 27, 2017

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of Vernonia School District No. 47 for the year ended June 30, 2017, and have issued our report thereon dated November 27, 2017. 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 Vernonia School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

In connection with our testing nothing came to our attention that caused us to believe the Vernonia School District No. 47 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 noted on page 20.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered 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 internal control over financial reporting.

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

A handwritten signature in black ink that reads "Matthew Graves". The signature is written in a cursive style with a large initial 'M'.

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

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

OTHER INFORMATION

**VERNONIA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS
SPECIAL PROGRAMS FUND
YEAR ENDED JUNE 30, 2017**

Program Title	Pass Through Organization	Federal CFDA Number	Pass Through Entity Number	Period Covered	Expenditures	Pass Through to Subrecipients
U.S. Department of Education						
Small Rural School Achievement Program	DIRECT	84.358A	S358A157748	07/01/16 - 09/30/17	\$ 23,534	\$ -
Total Small Rural School Achievement Program CFDA 84.358A					23,534	-
Title I Grants to Local Educational Agencies	ODE	84.010	41183	07/01/16 - 09/30/17	126,450	-
Title I Grants to Local Educational Agencies	ODE	84.010	41845	07/01/16 - 09/30/17	19,897	-
Total Title I, Part A CFDA 84.010					146,347	-
Title IIA - Improving Teacher Quality State Grants	ODE	84.367	41438	07/01/16 - 09/30/17	34,058	-
Total Title IIA - Improving Teacher Quality State Grants CFDA 84.367					34,058	-
Special Education Cluster (IDEA)						
Special Education Grants to States	ODE	84.027	41640	07/01/16 - 09/30/17	110,236	-
Special Education Grants to States	ODE	84.027	42780	10/01/16 - 09/30/17	2,122	-
Special Education Grants to States	ODE	84.027	40976	07/01/16 - 06/30/17	1,319	-
Total Special Education Grants to States CFDA 84.027					113,677	-
Total Special Education Cluster (IDEA)					113,677	-
Total U.S. Department of Education					317,616	-
U.S. Department of Agriculture						
Child Nutrition Cluster:						
School Breakfast Program	ODE	10.553	N/A	07/01/16 - 06/30/17	27,208	-
Total School Breakfast Program CFDA 10.553					27,208	-
National School Lunch Program	ODE	10.555	N/A	07/01/16 - 06/30/17	97,390	-
National School Lunch Program Commodities	ODE	10.555	N/A	07/01/16 - 06/30/17	20,858	-
Total National School Lunch Program CFDA 10.555					118,248	-
Special Milk Program for Children	ODE	10.556	N/A	07/01/16 - 06/30/17	311	-
total Special Milk Program for Children CFDA 10.556					311	-
Summer Food Service Program for Children	ODE	10.559	N/A	07/01/16 - 06/30/17	22,946	-
Total Summer Food Service Program for Children CFDA 10.559					22,946	-
Total Child Nutrition Cluster					168,713	-
State Administrative Expenses for Child Nutrition	ODE	10.560	N/A	07/01/16 - 06/30/17	310	-
Total State Administrative Expenses for Child Nutrition CFDA 10.560					310	-
Total U.S. Department of Agriculture Food and Nutrition Services					169,023	-
U.S. Department of Health & Human Services						
Rehabilitation Services/Vocational Rehabilitation Grants to States	ODHS	84.126	149090	07/01/15 - 06/30/17	57,588	-
Total Rehabilitation Services/Vocational Rehabilitation Grants to States CFDA 84.126					57,588	-
Total U.S. Department of Health & Human Services					57,588	-
U.S. Department of the Interior						
Secure Rural Schools & Community Self Determination	BLM	15.234	L12AC20572-0006	09/10/13 - 12/15/17	15,307	-
Total Secure Rural Schools & Community Self Determination CFDA 15.234					15,307	-
Total U.S. Department of the Interior					15,307	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 559,534	\$ -

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

REVENUE SUMMARY - ALL FUNDS

YEAR ENDED JUNE 30, 2017

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	TOTAL
1111 Taxes - current year's levy	\$ 2,221,427	\$ -	\$ 780,498	\$ 3,001,925
1112 Taxes - prior year's levies	77,944	-	28,710	106,654
1190 Penalties and interest on taxes	962	-	213	1,175
1510 Earnings on investments	31,523	2	-	31,525
1600 Food Service	-	60,652	-	60,652
1700 Extracurricular Activities	32,995	147,363	-	180,358
1910 Rentals	12,264	-	-	12,264
1920 Contributions and donations from private sources	23,526	32,600	-	56,126
1960 Recovery of prior year expenditures	18,840	-	-	18,840
1990 Miscellaneous	22,319	54,323	-	76,642
1994 Medicaid admin claiming	69,292	-	-	69,292
1995 Erate	75,492	-	-	75,492
Total Revenue from Local Sources	2,586,584	294,940	809,421	3,690,945
Revenue from Intermediate Sources				
2101 County school funds	23,802	-	-	23,802
2102 General education service district funds	44,301	-	-	44,301
2105 Natural gas, oil and mineral receipts	9,689	-	-	9,689
Total Revenue from Intermediate Sources	77,792	-	-	77,792
Revenue from State Sources				
3101 State School Support	2,761,548	-	-	2,761,548
3102 SSF School Lunch Match	-	2,019	-	2,019
3103 Common school fund	62,725	-	-	62,725
3104 State managed county timber	612,839	-	-	612,839
3199 Other unrestricted sources	27,558	-	-	27,558
3299 Other restricted grants-in-aid	147,570	11,248	-	158,818
Total Revenue from State Sources	3,612,240	13,267	-	3,625,507
Revenue from Federal Sources				
4300 Restricted Rev Fed Gov through State	-	38,841	-	38,841
4500 Restricted Rev Fed Gov through State	-	499,834	-	499,834
4900 USDA Donated Commodities	-	20,859	-	20,859
Total Revenue from Federal Sources	-	559,534	-	559,534
Revenue from Other Sources				
5110 Proceeds from the sale of bonds	-	-	12,804,322	12,804,322
5200 Interfund Transfers	-	37,599	316,829	354,428
5400 Resources - Beginning Fund Balance	642,137	99,506	61,330	802,973
Total Revenue from Other Sources	642,137	137,105	13,182,481	13,961,723
Total	\$ 6,918,753	\$ 1,004,846	\$ 13,991,902	\$ 21,915,501

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**GENERAL FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2017**

Fund: 100 General Fund

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>TOTAL</u>
Instruction Expenditures								
1111 Primary, K-3	\$ 549,668	\$ 306,624	\$ 27,863	\$ 5,746	\$ -	\$ -	\$ -	\$ 889,901
1121 Middle/Junior high school programs	363,237	210,661	30,170	4,547	-	-	-	608,615
1122 Middle/Junior high school extracurricular	15,106	3,379	3,054	490	-	-	-	22,029
1131 High school programs	542,900	319,759	43,438	8,068	-	-	-	914,165
1132 High school extracurricular	79,105	14,216	46,481	13,654	-	2,175	-	155,631
1210 Programs for the talented and gifted	-	-	-	512	-	-	-	512
1220 Restrictive programs for student with disabilities	-	-	40,393	-	-	-	-	40,393
1250 Less restrictive programs for student with disabilities	466,121	369,706	5,507	1,163	-	-	-	842,497
1260 Treatment and Habilitation	-	-	4,271	-	-	-	-	4,271
1271 Remediation	58,721	40,076	13,760	-	-	472	-	113,029
1400 Summer School Programs	6,137	2,286	-	-	-	-	-	8,423
Total Instruction Expenditures	2,080,995	1,266,707	214,937	34,180	-	2,647	-	3,599,466
Support Services Expenditures								
2110 Attendance and social work services	24,170	23,275	-	-	-	-	-	47,445
2120 Guidance services	108,495	65,009	181	1,399	-	-	-	175,084
2130 Health services	-	-	15,157	-	-	-	-	15,157
2140 Psychological services	24,962	7,963	1,045	693	-	60	-	34,723
2190 Service direction, student support services	17,073	5,544	-	-	-	-	-	22,617
2210 Improvement of instruction services	69,110	31,295	5,871	7,187	-	-	-	113,463
2220 Educational media services	48,085	38,433	-	680	-	-	-	87,198
2310 Board of education services	5,794	2,586	49,090	171	-	3,466	-	61,107
2320 Executive administration services	174,523	67,751	14,514	1,528	-	15,105	-	273,421
2410 Office of the principal services	194,053	106,198	34,130	3,608	-	1,805	-	339,794
2520 Fiscal services	58,956	27,964	7,561	1,189	-	4,606	-	100,276
2540 Operation and maintenance of plant services	118,632	66,105	217,264	20,554	-	75,439	-	497,994
2550 Student transportation services	-	-	752,781	-	-	-	-	752,781
2640 Staff services	-	-	472	-	-	-	-	472
2660 Technology services	9,576	7,075	66,843	10,577	-	150	-	94,221
2700 Supplemental retirement program	-	8,233	-	-	-	-	-	8,233
Total Support Services Expenditures	853,429	457,431	1,164,909	47,586	-	100,631	-	2,623,986
Other Uses Expenditures								
5200 Transfers of Funds	-	-	-	-	-	-	354,428	354,428
Total Other Uses Expenditures	-	-	-	-	-	-	354,428	354,428
Total 100 General Fund	\$ 2,934,424	\$ 1,724,138	\$ 1,379,846	\$ 81,766	\$ -	\$ 103,278	\$ 354,428	\$ 6,577,880

VERNONIA SCHOOL DISTRICT NO. 47J
Columbia County, Oregon

**SPECIAL REVENUE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2017**

Fund: 200 Special Revenue Fund								
	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
Instruction Expenditures								
1111 Primary, K-3	\$ 8,545	\$ 10,738	\$ -	\$ 3,892	\$ -	\$ -	\$ -	\$ 23,175
1122 Middle/Junior high school extracurricular	-	-	-	4,396	-	-	-	4,396
1131 High school programs	2,111	199	3,529	8,919	-	-	-	14,758
1132 High school extracurricular	-	-	-	134,921	-	-	-	134,921
1250 Less restrictive programs for student with disabilities	93,987	47,684	1,184	-	-	-	-	142,855
1272 Title I	70,282	56,039	-	130	-	-	-	126,451
1280 Alternative education	27,560	18,425	4,709	6,894	-	-	-	57,588
1299 Other programs	-	-	9,589	-	-	-	-	9,589
Total Instruction Expenditures	202,485	133,085	19,011	159,152	-	-	-	513,733
Support Services Expenditures								
2190 Service direction, student support services	-	-	825	-	-	-	-	825
2210 Improve instruction services	16,146	4,535	20,895	8,782	-	3,695	-	54,053
2240 Instructional staff development	3,700	1,180	522	-	-	-	-	5,402
2660 Technology services	-	-	-	350	-	-	-	350
Total Support Services Expenditures	19,846	5,715	22,242	9,132	-	3,695	-	60,630
Enterprise and Community Services								
3100 Food services	95,006	49,851	12,083	115,624	-	3,619	-	276,183
3300 Community services	-	-	5,000	-	-	-	-	5,000
Total Enterprise and Community Services	95,006	49,851	17,083	115,624	-	3,619	-	281,183
Total 200 Special Revenue Fund	\$ 317,337	\$ 188,651	\$ 58,336	\$ 283,908	\$ -	\$ 7,314	\$ -	\$ 855,546

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**DEBT SERVICE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2017**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
Fund: 300 Debt Service								
Support Services Expenditures								
2520 Fiscal services	\$ -	\$ -	\$ 27,727	\$ -	\$ -	\$ -	\$ -	\$ 27,727
Total Support Services Expenditures	-	-	27,727	-	-	-	-	27,727
Other Uses Expenditures								
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,905,377	\$ -	\$ 13,905,377
Total Other Uses Expenditures	-	-	-	-	-	13,905,377	-	13,905,377
Total 300 Debt Service Fund	\$ -	\$ -	\$ 27,727	\$ -	\$ -	\$ 13,905,377	\$ -	\$ 13,933,104

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY THE STATE OF OREGON
DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2017

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Parts A is needed for computing Oregon’s full allocation for ESEA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:

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

	Objects 325 & 326	
Function 2540	\$	126,452
Function 2550	\$	-

B. Replacement of Equipment – General Fund:

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

\$	-
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Exclude these functions:

Exclude these functions:

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

VERNONIA SCHOOL DISTRICT NO. 47J
COLUMBIA COUNTY, OREGON

Taxable Property Values - Outstanding GO Debt and Capacity

Fiscal Year	Total Assessed Value	Urban Renewal Excess	Net Assessed Value	M5 Real Market Value	GO Bond Capacity (7.95% of RMV)	GO Bonds Outstanding	Remaining Capacity
2017	489,303,966		\$ 489,303,966	\$ 598,463,653	\$ 47,577,860	\$ 13,430,926	\$ 34,146,934
2016	480,865,903	-	480,865,903	583,849,828	46,416,061	12,125,000	34,291,061
2015	456,757,487	-	456,757,487	542,435,560	43,123,627	12,360,000	30,763,627
2014	441,241,742	-	441,241,742	515,741,506	41,001,450	12,575,000	28,426,450
2013	452,813,178	-	452,813,178	532,262,591	42,314,876	12,750,000	29,564,876
2012	450,278,376	-	450,278,376	532,815,788	42,358,855	12,890,000	29,468,855
2011	460,525,120	-	460,525,120	597,305,473	47,485,785	13,000,000	34,485,785

Columbia County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2017	\$ 482,564,876	\$ -	\$ 482,564,876	\$ 586,983,893
2016	474,335,093	-	474,335,093	572,871,222
2015	450,539,627	-	450,539,627	532,002,985
2014	435,253,122	-	435,253,122	505,863,516
2013	447,084,358	-	447,084,358	522,898,041
2012	444,697,836	-	444,697,836	523,401,517
2011	454,928,540	-	454,928,540	587,552,109

Washington County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2017	\$ 6,739,090	\$ -	\$ 6,739,090	\$ 11,479,760
2016	6,530,810	-	6,530,810	10,978,606
2015	6,217,860	-	6,217,860	10,432,575
2014	5,988,620	-	5,988,620	9,877,990
2013	5,728,820	-	5,728,820	9,364,550
2012	5,580,540	-	5,580,540	9,414,271
2011	5,596,580	-	5,596,580	9,753,364

VERNONIA SCHOOL DISTRICT NO. 47J
COLUMBIA COUNTY, OREGON

County Tax Collection Record

Columbia County
Tax Collections⁽¹⁾

Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2016⁽³⁾
2017	96.73%	96.73%
2016	96.77%	96.77%
2015	96.59%	98.39%
2014	96.23%	99.13%
2013	95.50%	99.60%
2012	94.73%	99.86%

Washington County
Tax Collections⁽¹⁾

Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2016⁽³⁾
2017	98.37%	98.37%
2016	98.33%	98.33%
2015	98.31%	99.10%
2014	98.01%	99.31%
2013	97.91%	99.52%
2012	97.52%	99.65%

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

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

(3) The percentage of taxes show in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2017.

Levy Rates

Fiscal Year	Permanent Rate	Bond Levy Rate
2017	5.0121	1.6983

VERNONIA SCHOOL DISTRICT NO. 47J
COLUMBIA COUNTY, OREGON

Major Taxpayers - Columbia County - Vernonia School District

Fiscal Year 2017

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Northwest Natural Gas Co	Natural Gas Utility	\$ 1,433,507	\$ 120,335,641	24.59%
Longview Timberlands LLC	Forest Products	330,011	25,253,096	5.16%
Weyerhaeuser Company	Forest Products	156,139	11,812,136	2.41%
Olympic Forest Products Co	Forest Products	107,157	8,847,083	1.81%
Orm Timber Fund (REIT) III Inc	Forest Products	82,599	6,302,507	1.29%
Bascom Pacific LLC	Forest Products	73,468	5,646,829	1.15%
Longview Fibre	Paper Manufacturing	65,691	5,024,728	1.03%
Enerfin Resources Northwest LP	Forest Products	62,927	5,198,800	1.06%
West Oregon Electric Coop Inc	Electrical Utility	60,513	3,578,860	0.73%
Portland General Electric Co	Electrical Utility	26,302	2,173,000	0.44%
John Hancock Mututal Life Co	Insurance Company	23,189	1,773,178	0.36%
Subtotal - ten of County's largest taxpayers			195,945,858	40.05%
All other County's taxpayers			293,358,108	59.95%
Total County			<u>\$ 489,303,966</u>	<u>100.00%</u>

Major Taxpayers - Washington County - Vernonia School District

Fiscal Year 2017

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Weyerhaeuser Columbia Timberlands LLC	Wood Products	\$ 35,814	\$ 2,851,540	42.31%
Stimson Lumber Co	Wood Products	6,589	521,320	7.74%
Buckley, Peggy Lu	Individuals	4,471	341,510	5.07%
Schmidlin, Michael W and Susan M	Individuals	4,025	318,090	4.72%
Brown, Lois Louise	Individuals	2,885	230,280	3.42%
Schmidlin, Leonard A and Betty J	Individuals	2,613	198,980	2.95%
Longview Fibre Company	Paper Manufacturing	2,017	120,750	1.79%
Wetzel Sunset LLC	Individuals	1,836	149,740	2.22%
Sewell, Aaron J	Individuals	1,834	139,910	2.08%
Stringfield, Robert and Luletta D	Individuals	1,794	146,320	2.17%
			5,018,440	74.47%
			1,720,650	25.53%
			<u>\$ 6,739,090</u>	<u>100.00%</u>

VERNONIA SCHOOL DISTRICT NO. 47J
COLUMBIA COUNTY, OREGON

Major Taxpayers - Columbia County

Fiscal Year 2017

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Portland Gen Elec Co	Electrical Utility	\$ 4,489,039	\$ 609,585,000	12.42%
Northwest Natural Gas Co	Natural Gas Utility	1,992,808	161,152,641	3.28%
United States Gypsum	Wall board	985,435	58,742,110	1.20%
Dyno Nobel, Inc.	Forest Products	823,033	62,938,706	1.28%
Longview Timberlands LLC	Forest Products	609,031	47,448,186	0.97%
Columbia River PUD	Electrical Utility	494,328	37,413,500	0.76%
Clatskanie PUD	Utility	479,170	37,504,000	0.76%
Cascade Kelly Holdings LLC	Forest Products	440,182	55,645,480	1.13%
Armstrong World Industries	Ceiling Tiles	416,012	27,745,040	0.57%
Comcast Corporation	Telecommunication	292,918	19,083,200	0.39%
Cascade Tissue Group Oregon	Paper Manufacturing	248,309	56,822,970	1.16%
Subtotal - ten of County's largest taxpayers			1,174,080,833	23.92%
All other County's taxpayers			3,734,121,442	76.08%
Total County			<u>\$ 4,908,202,275</u>	<u>100.00%</u>

Major Taxpayers - Washington County

Fiscal Year 2017

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Intel Corporation	Semiconductors	\$ 35,795,501	\$ 2,185,034,921	3.68%
Nike, Inc.	Athletic Shoes & Apparel	11,037,227	661,926,149	1.11%
Portland General Electric	Electrical Utility	7,466,816	478,753,431	0.81%
Pacific Realty Associates	Real Estate Investment	5,512,550	339,535,573	0.57%
Comcast Corporation	Telecommunications	5,503,068	314,888,200	0.53%
Northwest Natural Gas Co.	Natural Gas Utility	4,867,602	319,249,270	0.54%
Frontier Communications	Telecommunications	3,028,795	190,166,000	0.32%
Verizon Communications	Telecommunications	2,865,580	177,142,000	0.30%
Genentech Inc.	Medicine research/manufacturing	2,689,446	165,225,810	0.28%
PPR Washington Square LLC	Shopping mall	2,431,576	142,625,935	0.24%
Subtotal - ten of County's largest taxpayers			4,974,547,289	8.37%
All other County's taxpayers			54,472,151,166	91.63%
Total County			<u>\$59,446,698,455</u>	<u>100.00%</u>