NORTH COLUMBIA ACADEMY

Rainier, Oregon
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2016

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NORTH COLUMBIA ACADEMY

OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2016

SUPERINTENDENT

Michael Carter

BUSINESS MANAGER

Elisabeth Guisinger

BOARD OF DIRECTORS

Dale Archibald
(Term ended June 13, 2016)
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Rainier, OR 97048

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Darren Vaughn
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Angela Wegener
(Term began July 12, 2016)
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Rainier, OR 97048

DISTRICT ADDRESS

28168 Old Rainier Road
Rainier, OR 97048

NORTH COLUMBIA ACADEMY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
NORTH COLUMBIA ACADEMY
RAINIER, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the **NORTH COLUMBIA ACADEMY**, component unit of the Rainier School District No. 13, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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 the major fund of the **NORTH COLUMBIA ACADEMY**, as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity 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 on pages a through c and the required supplementary information on pages 24 and 25 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 the 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 inquires 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The individual fund schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual fund schedule 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 individual fund schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporation, we have also issued our report dated December 16, 2016, on our consideration of the Academy's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statues 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.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 16, 2016

By:

Bradley G. Bingenheimer, Member

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the Academy's financial performance provides an overview of the financial activities for the year ended June 30, 2016. Please read it in conjunction with the basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

At June 30, 2016, the Academy's assets and deferred outflows exceeded its liabilities and deferred inflows by $50,741. Net position of $41,571 is unrestricted and $9,170 is invested in capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *individual fund schedule*. The basic financial statements include two kinds of statements that present different views as follows:

- The *government-wide financial statements* provide information about the overall financial status.
- The *fund financial statements* focus on *individual parts* of the government, reporting the operations in more detail than the government-wide statements.
- *The governmental fund* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the individual fund schedule that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

These statements present information on the finances in a manner similar to private sector businesses. One of the most important questions asked about the Academy is, "Is the Academy as a whole better off or worse off financially as a result of the year's activities?" The statement of net position and statement of activities report information on the Academy as a whole and its activities in a way that helps answer this question.

We prepare these statements to include all assets and liabilities, using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net position shows the Academy's assets and liabilities, with the difference between the two reported as net position. All capital assets, long-term liabilities, and general government functions are shown in the statement of net position.

The statement of activities shows revenues, expenses, and the change in net position for the Academy as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function.

FUND FINANCIAL STATEMENTS

Governmental funds account for the same functions as reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can readily converted to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations following the government statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of net position. Net position decreased by $6,396 from the prior year. Total assets, liabilities and net position were as follows for the years ended June 30, 2016 and 2015:

	2016	2015	Variance
ASSETS			
Current assets	$ 88,777	$ 60,287	$ 28,490
Net pension asset	-	33,183	$ (33,183)
Capital assets (net)	9,170	12,226	(3,056)
Total assets	97,947	105,696	(7,749)
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	7,624	15,589	(7,965)
LIABILITIES			
Accounts payable	162	118	44
Net pension liability	43,418	-	43,418
Total liabilities	43,580	118	43,462
DEFERRED INFLOWS OF RESOURCES			
Pension related items	11,250	64,030	(52,780)
NET POSITION			
Investment in capital assets	9,170	12,226	(3,056)
Unrestricted	41,571	44,911	(3,340)
Total net position	$ 50,741	$ 57,137	$ (6,396)

Statement of activities. The Academy's revenues and expenses were as follows for the years ending June 30, 2016 and 2015:

	2016	2015	Variance
General revenues	$ 264,746	$ 264,772	$ (26)
Program expenses	271,142	254,350	16,792
Change in net position	(6,396)	10,422	(16,818)
Net position - beginning	57,137	105,460	(48,323)
Prior period adjustment	-	(58,745)	58,745
Net position - ending	$ 50,741	$ 57,137	$ (6,396)

State school fund revenue from the Rainier School District decreased by $26 due to a decrease in student enrollment. Instruction expenses increased by $16,792 from the prior year mainly due to pension accounting as required by GASB 68.

FUND FINANCIAL ANALYSIS

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance measures the Academy's net resources available for appropriation in the next fiscal year. As of June 30, 2016, total fund balance of the governmental fund was $88,615. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures. For 2015-16 there was only one governmental fund, the General Fund.

Actual revenues were $10,254 less than what was estimated in the budget due to a decrease in student enrollment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For 2015-16 the main source of revenue is state school funding from the Rainier School District. The most important economic factor is the amount of state school funding and enrollment. Under the Charter School Agreement with the Rainier School District, the District passes through 95% of the state school funding based on the average daily membership of the charter school.

The budget for 2015-16 anticipated total expenditures of $305,000. The budget for 2016-17 anticipates total expenditures of $315,000. Resources are expected to be increased from 2015-16 due to increased state funding and steady student enrollment.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors and creditors with an overview of the Academy's finances. If you have any questions about this report or need any clarification of information please contact the Business Manager at the Rainier School District Office, located at:

28168 Old Rainier Rd
Rainier, Oregon 97048

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BASIC FINANCIAL STATEMENTS

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NORTH COLUMBIA ACADEMY

STATEMENT OF NET POSITION
June 30, 2016

		Governmental Activities
ASSETS		
Cash	$	88,777
Capital assets, net		9,170
TOTAL ASSETS		97,947
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items		7,624
LIABILITIES		
Accounts payable		162
Long-term liabilities:		
Due in more than one year		43,418
TOTAL LIABILITIES		43,580
DEFERRED INFLOWS OF RESOURCES		
Pension related items		11,250
NET POSITION		
Investment in capital assets		9,170
Unrestricted		41,571
TOTAL NET POSITION	$	50,741

See accompanying notes

NORTH COLUMBIA ACADEMY

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

		Governmental Activities
PROGRAM EXPENSES		
Instruction	$	271,142
GENERAL REVENUES		
State school fund		264,746
CHANGE IN NET POSITION		(6,396)
NET POSITION - beginning		57,137
NET POSITION - ending	$	50,741

See accompanying notes

NORTH COLUMBIA ACADEMY

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2016

		General
ASSETS		
Cash	$	88,777
LIABILITIES		
Accounts payable	$	162
FUND BALANCE		
Unassigned		88,615
TOTAL LIABILITIES AND FUND BALANCE	$	88,777
UNASSIGNED FUND BALANCE	$	88,615
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 fund		9,170
Governmental activities report as deferred outflows of resources contributions to the public employees retirement system for the year		7,624
Governmental activities report as deferred inflows the effect of differences between projected and actual earnings and changes in proportionate share of contributions to the public employees retirement system		(11,250)
Governmental activities report a net pension liability which is not reported in the fund		(43,418)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	50,741

See accompanying notes

NORTH COLUMBIA ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUND For the Year Ended June 30, 2016

	General
REVENUES	
State school fund	$ 264,746
EXPENDITURES	
Current:	
Instruction	236,300
Net change in fund balance	28,446
Fund balance at beginning of year	60,169
Fund balance at end of year	$ 88,615

See accompanying notes

NORTH COLUMBIA ACADEMY

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

For the Year Ended June 30, 2016

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND		$ 28,446
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Governmental fund reports capital outlay as an expenditure while government - wide statements report depreciation expense to allocate these expenditures over the life of the assets		
Depreciation expense		(3,056)
The amount contributed to defined benefit pension plans is reported as an expenditure in the fund while governmental activities reports pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources		
Change in deferred outflows of resources	(7,965)	
Change in net pension asset or liability	(76,601)	
Change in deferred inflows of resources	52,780	(31,786)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (6,396)

See accompanying notes

NORTH COLUMBIA ACADEMY

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

1. Summary of significant accounting policies

A. Organization

The Academy, a component unit of the Rainier School District No. 13 (the District), was organized under ORS 338 and was created by the District to meet the educational and psychological needs of each student through a strengths-based approach to education. The following criteria from Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment to GASB Statements No. 14 and No. 34" regarding financial accountability were considered by the District in its evaluation of the Academy's organization and activities:

- Financial accountability – The Academy imposes a financial burden and financial benefit to the Rainier School District No. 13.
- Authoritative appointment of governing authority – The School Board of Rainier School District No. 13 ("The Board") is the Academy's governing body.
- Operation responsibility – Management of Rainier School District No. 13 has operational responsibility for the Academy.

B. Basis of presentation, measurement focus, and basis of accounting

Government-wide financial statements

The statement of net position and the statement of activities display information about the Academy, including all of its financial activities. Governmental activities are financed primarily through federal grants and state school fund support.

The statement of activities presents a comparison between direct expenses and program revenues for the Academy's program. The Academy does not allocate indirect expenses. Program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, state school fund general support, earnings on investments and the gain on sale of property, are presented as general revenues.

Fund financial statements

The fund financial statements provide information about the Academy's fund. The fund accounts for general administration of the Academy's educational programs.

1. Summary of significant accounting policies (continued)

B. Basis of presentation, measurement focus, and basis of accounting (continued)

Budgets and budgetary accounting

The budget committee of the District prepares the budget for the Academy. The Board approves the budget. The budget is used as a management tool. The Academy is not subject to Oregon Local Budget Law under ORS 294.316(8).

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. Nonexchange transactions, in which the Academy receives value without giving equal value in exchange, include state school fund general support, grants, and donations. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reporting using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Academy considers all revenues reported in the governmental funds to be available if they are collected within thirty days after year end. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have been incurred. Capital asset acquisitions are reported as expenditures in the governmental funds.

C. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

1. Summary of significant accounting policies (continued)

D. Capital assets

Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Land improvements	10
Equipment	5 – 10
Building improvements	20

E. Equity classification

i. Equity on the government-wide financial statements is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

1. Summary of significant accounting policies (continued)

E. Equity classification (continued)

ii. Governmental fund balances

Fund balance amounts for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned.

***Non-spendable* —** amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

***Restricted* —** amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of The Board. The Board is the highest level of decision making authority for the Academy. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by The Board.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has granted authority to the superintendent and the business manager to assign fund balance amounts.

Unassigned — the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Academy considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Academy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless The Board has provided otherwise in its commitment or assignment actions.

1. Summary of significant accounting policies (continued)

F. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

2. Deposits and investments

The Academy's deposits and investments are held by the District in a pool of cash and investments that are available for use by the Academy. The Academy's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

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

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Academy's share of the District's position in the LGIP is the same as the value of the pool shares.

Credit risk: Oregon statutes authorize the investment in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

As of June 30, 2016, the District had the following investments:

	Maturities	Fair Value
State Treasurer's Investment Pool	N/A	$ 981,308

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

2. Deposits and investments (continued)

Concentration of Credit Risk: The District does not have a formal policy that places a limit on the amount that may be invested in any one issuer. 100 percent of the District's investments are in the State Treasurer's Investment Pool.

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to $250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2016, $165,577 of the District's pooled bank balances were exposed to custodial credit risk.

The District's deposits and investments and the amount allocable to the Academy at June 30, 2016 are as follows:

	Rainier School District	Allocable to the Academy
Total investments	$ 981,308	$ 88,777
Cash on hand	1,302	-
Deposits with financial institutions	186,048	-
Cash with fiscal agents	266,720	-
Total deposits and investments	$ 1,449,073	$ 88,777

3. Capital assets

A. Capital asset activity for the year ended June 30, 2016 was as follows:

	July 1, 2015	Increases	Decreases	June 30, 2016
Equipment	$ 15,282	$ -	$ -	$ 15,282
Less accumulated depreciation	3,056	3,056	-	6,112
Total capital assets, net	$ 12,226	$ (3,056)	$ -	$ 9,170

Depreciation expense charged to functions/programs was as follows:

Instruction	$ 3,056

4. Long-term obligation

A. Transactions for the government activities for the year ended June 30, 2016 were as follows:

	July 1, 2015	Additions	Deletions	June 30, 2016	Due Within One Year
Other long-term obligations					
Net pension liability	$ -	$ 43,418	$ -	$ 43,418	$ -

5. Defined benefit pension plan

A. Plan description

Employees of North Columbia Academy are provided with pensions through OPERS and are considered employees of the Rainer School District No. 13 for actuarial valuation purposes. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan.

OPERS produces an independently audited Comprehensive Annual Financial Report which can be found at: www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

B. Description of benefit terms

Plan benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

1. **Tier one/tier two retirement benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

5. Defined benefit pension plan (continued)

B. Description of benefit terms (continued)

Plan benefits (continued)

1. Tier one/tier two retirement benefit (Chapter 238) (continued)

Pension benefits

The OPERS 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, 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 benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

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 one or more of the following conditions are met:

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

5. Defined benefit pension plan (continued)

B. Description of benefit terms (continued)

Plan benefits (continued)

1. Tier one/tier two retirement benefit (Chapter 238) (continued)

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 OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cost-of-living increase for fiscal year 2015 was capped at 1.5 percent for all benefit recipients. As a result of the *Moro* Decision (*Everice Moro et al v. State of Oregon et al*), the cap on the cost-of-living increases are 2.0 percent for fiscal years 2016 and beyond.

2. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB)

Pension benefits.

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

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:

> 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 OPSRP 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.

5. Defined benefit pension plan (continued)

B. Description of benefit terms (continued)

Plan benefits (continued)

2. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB) (continued)

Death benefits

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

Disability Benefits

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

C. Contributions

OPERS 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.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015.

Tier 1/tier 2 employer contribution rates are 7.76 percent and the OPSRP employer contribution rates are 3.07 percent for general service employees. Employer contributions for the year ended June 30, 2015 were $4,822, excluding amounts to fund employer specific liabilities.

D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2016, the Academy reported a liability of $43,418 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy'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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Defined benefit pension plan (continued)

D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Employers' long-term contribution efforts are based on projected rates that have two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

   An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to two different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll and (2) OPSRP general service payroll.

   The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

3. The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Defined benefit pension plan (continued)

D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2016, the Academy's proportion was 0.00125612 percent, which was an decrease of 0.00018788 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Academy recognized pension expense of $76,601. At June 30, 2016, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,341	$ --
Net difference between projected and actual earnings on pension plan investments	--	9,102
Changes in proportion and difference between the Academy's contributions and proportionate share of contributions	461	2,148
Contributions subsequent to the measurement date	4,822	--
	$ 7,624	$ 11,250

$4,822 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ends June 30,	
2017	$ (4,187)
2018	(4,187)
2019	(4,187)
2020	4,066
2021	46
	$ (8,449)

5. Defined benefit pension plan (continued)

E. Actuarial valuations

The December 31, 2013 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

Actuarial cost method

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

Tier One/Tier Two unfunded actuarial accrued liability amortization

The Tier 1/Tier 2 UAL amortization period is reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

Retiree healthcare unfunded actuarial accrued liability amortization

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

Asset valuation method

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS.

Contribution rate stabilization method

Contribution rates for a rate pool (e.g. Tier 1/Tier 2 SLGRP, Tier 1/Tier 2 School Districts, OPSRP) are confined to a collared range based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, and 6 percent Independent Employer minimum). The new contribution rate will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60% or increases above 140%, the size of the collar doubles. If the funded percentage excluding side accounts is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale.

5. Defined benefit pension plan (continued)

E. Actuarial valuations (continued)

Allocation of liability for service segments

For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 30% (5% for police & fire) based on account balance with each employer and 70% (95% for police & fire) based on service with each employer. The entire normal cost is allocated to the current employer.

Allocation of benefits-in-force reserve

The reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

Economic assumptions

Investment return	7.75% compounded annually
Pre-2014 interest crediting	8.00% compounded annually on regular account balances 8.25% compounded annually on variable account balances
Post-2013 interest crediting	7.75% compounded annually
Inflation	2.75% compounded annually
Payroll growth	3.75% compounded annually
Healthcare cost trends	Ranges from 6.1% in 2014 to 4.7% in 2083

Demographic assumptions

<u>Mortality tables</u>	
Healthy retirees	RP 2000, Generational (Scale AA) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Static, Combined Disabled, No Collar, Sex Distinct Male 65% and Female 90% of disabled table
Non-annuitants	Ranges from 55% to 70% of healthy retired mortality tables depending upon sex and employment type

Retirement assumptions

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement residency assumptions.

5. Defined benefit pension plan (continued)

E. Actuarial valuations (continued)

Salary increase assumptions

Salary increase assumptions, in addition to general payroll growth, include merit increase, unused sick leave and vacation pay.

The December 31, 2013 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows.

OPSRP unfunded actuarial accrued liability amortization

The UAL as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

Economic assumptions

An additional amount for administrative expenses is added to the normal cost.

Retirement assumptions

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement residency assumptions.

5. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected Salary Increases	3.75 percent
Cost of living adjustments (COLA)	Blend of 2.00 percent COLA and graded COLA (1.25%/.015) in accordance with *Moro* decision; blend based on service
Mortality	***Healthy retirees and beneficiaries:*** RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. ***Active members:*** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. ***Disabled retirees:*** Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

5. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from 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.

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 the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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 forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS audited financial statements.

The table below presents the assumptions for each of the asset classes in which the Plan was invested at the time based on the OIC's long-term target asset allocation.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	7.20%	4.70%	4.50%	6.60%
Short-Term Bonds	8.00	3.76	3.70	3.45
Intermediate-Term Bonds	3.00	4.23	4.10	5.15
High Yield Bonds	1.80	7.21	6.66	11.10
Large Cap US Equities	11.65	8.60	7.20	17.90
Mid Cap US Equities	3.88	9.38	7.30	22.00
Small Cap US Equities	2.27	10.38	7.45	26.40
Developed Foreign Equities	14.21	8.73	6.90	20.55
Emerging Market Equities	5.49	11.51	7.40	31.70
Private Equity	20.00	11.95	8.26	30.00
Hedge Funds/Absolute Return	5.00	6.46	6.01	10.00
Real Estate (Property)	13.75	7.27	6.51	13.00
Real Estate (REITS)	2.50	8.41	6.76	19.45
Commodities	1.25	7.71	6.07	19.70
Assumed Inflation - Mean			2.75%	2.00%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 18, 2012, and the revised allocation adopted at the June 26, 2013 OIC meeting.

5. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (continued)

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

G. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability or (asset)	$ 104,788	$ 43,418	$ (8,301)

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REQUIRED SUPPLEMENTARY INFORMATION

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NORTH COLUMBIA ACADEMY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Years Ended June 30, *

	2016	2015
Proportion of the collective net pension liability (asset)	0.03777475%	0.00144400%
Proportionate share of the collective net pension liability (asset)	$ 43,418	$ (34,452)
Covered payroll	$ 110,974	$ 155,152
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	39.124%	-22.205%
Pension plan's fiduciary net position as a percentage of the total pension liability	91.875%	103.590%

* Information will be accumulated annually until 10 years is presented

NORTH COLUMBIA ACADEMY

SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Years Ended June 30, *

	2016	2015
Contractually required contributions	$ 4,822	$ 15,277
Contractually required contributions recognized by the pension plan	4,822	15,277
Difference	-	-
Covered payroll	110,974	155,152
Contractually required contributions as a percentage of covered payroll	4.34516%	9.84647%

* Information will be accumlated until 10 years are presented.

INDIVIDUAL FUND SCHEDULE

NORTH COLUMBIA ACADEMY

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

REVENUES	Budget	Actual	Variance
3000 State sources			
3101 State school fund	$ 275,000	$ 264,746	$ (10,254)
EXPENDITURES			
1000 Instruction	305,000	236,300	68,700
6000 Contingencies	20,000	-	20,000
TOTAL EXPENDITURES	325,000	236,300	88,700
Net change in fund balance	(50,000)	28,446	78,446
Fund balance at beginning of year	50,000	60,169	10,169
Fund balance at end of year	$ -	$ 88,615	$ 88,615

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
NORTH COLUMBIA ACADEMY
RAINIER, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the NORTH COLUMBIA ACADEMY as of and for the year ended June 30, 2016, and have issued our report thereon dated December 16, 2016.

Compliance

As part of obtaining reasonable assurance about whether the Academy'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).
- Public charter school requirements.
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.

In connection with our testing nothing came to our attention that caused us to believe the Academy 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 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS (Continued)

OAR 162-10-0230 Internal Control

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

Restriction on Use

This report is intended solely for the information and use of the board of directors and management of NORTH COLUMBIA ACADEMY and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 16, 2016
By:

Bradley G. Bingenheimer, Member