

VERNONIA SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019



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

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

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VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

BOARD OF DIRECTORS

BOARD OF DIRECTORS

TERM EXPIRES

Greg Kintz, Chair	June 30, 2019
Stacy Pelster, Vice Chair	June 30, 2021
Katie Cook	June 30, 2021
Melissa Zaveles	June 30, 2021
Brittanie Roberts	June 30, 2019
Susan Wagner	June 30, 2021
Steve Whiteman	June 30, 2019

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

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VERNONIA SCHOOL DISTRICT NO. 47
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

October 25, 2019

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, 2019, 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, 2019, 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.

Emphasis of a Matter

The District adopted the provisions of GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required 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 October 25, 2019, 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 "Tara M. Kamp, CPA".

Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2019

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, 2019.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2019 was \$15,547,639. Of this amount, \$18,281,210 represents the District's net investment in capital assets, \$58,808 is restricted for debt service, \$162,153 is restricted for grants and student body activities and the deficit of \$2,954,532 is unrestricted.
- The District's total net position decreased by \$288,871 for the fiscal year.
- The District's governmental funds reported a combined ending fund balance of \$1,455,539 at June 30, 2019, a decrease of \$1,463,570.
- At the end of the fiscal year ended June 30, 2019, the fund balance for the General Fund was \$627,120, which represents an increase of \$54,019 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, 2019

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, pension contributions and schedule of changes in other post employment benefit. Required supplementary information can be found on page 41 of this report.

Supplementary Information present on pages 43 – 46, includes the budgetary comparisons for the nonmajor funds and schedules of property tax transactions and balances. *Other Information*

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2019

including the schedule of expenditures of federal awards, schedules and supplemental information required by the Oregon Department of Education and continuing disclosure information can be found on pages 49-58.

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 \$15,547,639 as of June 30, 2019, a decrease of \$288,871 during the year.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, net of accumulated depreciation, represent about 92.8 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 93.1 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, 2019.

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.

During the current year, the District's net position decreased by \$288,871 compared to the previous year's net position. The District's net investment in capital assets increased by \$38,455, primarily due principally to payment of related debt during the year. This was offset by an increase in unrestricted net position of \$407,016 due mainly to the change in the PERS net pension liability.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2019

VERNONIA SCHOOL DISTRICT NO. 47J			
STATEMENT OF NET POSITION			
	Governmental Activities		
	June 30, 2019	June 30, 2018	Increase (Decrease)
ASSETS			
Current and Other Assets	\$ 2,951,390	\$ 4,591,082	\$ (1,639,692)
Capital Assets, net of depreciation	37,788,882	36,713,889	1,074,993
Total Assets	<u>40,740,272</u>	<u>41,304,971</u>	<u>(564,699)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferrals	2,701,420	2,444,668	256,752
Total OPEB Related Deferred Outflows	40,623	44,913	(4,290)
Deferred charge on refunding	1,386,474	1,473,129	(86,655)
Total Deferred Outflows of Resources	<u>4,128,517</u>	<u>3,962,710</u>	<u>165,807</u>
LIABILITIES			
Current Liabilities	1,946,037	2,018,544	(72,507)
PERS net pension liability	6,341,898	6,131,081	210,817
Long-Term Obligations	19,987,850	20,607,932	(620,082)
Total Liabilities	<u>28,275,785</u>	<u>28,757,557</u>	<u>(481,772)</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferrals	1,029,142	660,073	369,069
Total OPEB Related Deferred Inflows	16,223	13,541	2,682
Total Deferred Inflows of Resources	<u>1,045,365</u>	<u>673,614</u>	<u>371,751</u>
NET POSITION			
Net Investment in Capital Assets	18,281,210	18,242,755	38,455
Restricted	220,961	141,271	79,690
Unrestricted	(2,954,532)	(2,547,516)	(407,016)
Total Net Position	<u>\$ 15,547,639</u>	<u>\$ 15,836,510</u>	<u>\$ (288,871)</u>

Statement of Activities. During the current fiscal year, the District's net position decreased by \$288,871 as compared to a decrease of \$1,179,552 in the prior year. The key elements of the change in the District's net position for the year ended June 30, 2019 are as follows:

- Operating grants and contributions increased by \$110 thousand, mainly due to state and local grants.
- Property tax revenues increased by \$101 thousand primarily due to an increase in taxable assessed value of property in the District and increase in general obligation bonds issued.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2019

- Expenditure decreases are primarily attributed to the issue of new bonds for building improvements and refunding of long-term debt in the prior year.

VERNONIA SCHOOL DISTRICT NO. 47J CHANGES IN NET POSITION Year Ended June 30,			
	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2019</u>	<u>2018</u>	<u>(Decrease)</u>
REVENUES			
Program Revenues			
Charges for Services	\$ 264,154	\$ 283,466	\$ (19,312)
Operating Grants and Contributions	1,187,768	1,077,749	110,019
General Revenues			
Property Taxes Levied for:			
General Purposes	2,435,519	2,424,950	10,569
Debt Service	987,542	896,426	91,116
Earnings on Investments	80,794	75,811	4,983
Other Local Sources	56,550	101,123	(44,573)
Intermediate Sources	99,192	69,773	29,419
State Sources	4,085,129	4,154,694	(69,565)
Total revenues	<u>9,196,648</u>	<u>9,083,992</u>	<u>112,656</u>
EXPENSES			
Instruction	5,114,496	4,911,297	203,199
Support services	3,497,002	3,630,853	(133,851)
Enterprise and Community Services	373,655	338,417	35,238
Interest on Long-Term Debt	500,366	936,886	(436,520)
Total expenses	<u>9,485,519</u>	<u>9,817,453</u>	<u>(331,934)</u>
Increase (Decrease) in Net Position	(288,871)	(733,461)	444,590
Net Position - Beginning	<u>15,836,510</u>	<u>16,569,971</u>	<u>(733,461)</u>
Net Position - Ending	<u>\$ 15,547,639</u>	<u>\$ 15,836,510</u>	<u>\$ (288,871)</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, 2019

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, 2019, the District's governmental funds reported combined ending fund balances of \$1,455,539, a decrease of \$1,463,570 in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2019, fund balance is \$627,120. Of this amount, \$599,021 of the ending fund balance is unassigned, the remaining \$28,099 ending fund balance is nonspendable. The fund balance increased by \$54,019 during the current fiscal year.

Special Revenue Fund. The Special Revenue Fund accounts for revenue and expenditures of monies restricted for future school programs, grants, the food service program, student activities and other activities. Revenues primarily consist of federal and state grants. As of June 30, 2019 the ending fund balance is \$177,614. Of this amount \$162,153 is restricted and \$15,461 is nonspendable. The fund balance increased \$52,760 during the current fiscal year.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$58,808, all of which is restricted for the payment of debt service. The fund balance increased \$30,351 during the current fiscal year.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$591,997, all of which is dedicated for ongoing capital projects. All of the capital projects fund balance is restricted for capital improvements and repairs. The fund balance decreased \$1,600,700 during the current fiscal year.

General Fund Budgetary Highlights

The budget for the General Fund was adopted by the Board on June 14, 2018. The Board approved Resolution Number 1819-11 to adjust the original budget on June 13, 2019.

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, 2019, the District had invested \$37,788,882 in capital assets, net of depreciation, as shown in the following table, total capital assets net of depreciation increased overall by \$1,074,993, due to an increase of \$1,880,110, for capital improvements and construction in progress offset by \$805,117 in depreciation of buildings, vehicles and equipment.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2019

VERNONIA SCHOOL DISTRICT NO 47J CAPITAL ASSETS (net of depreciation)			
	<u>Governmental Activities</u>		
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (Decrease)</u>
Land	\$ 1,528,510	\$ 1,528,510	\$ -
Construction in Progress	332,465	509,317	(176,852)
Building and improvements	35,734,643	34,584,467	1,150,176
Vehicles and equipment	193,264	91,595	101,669
Total Capital Assets, net of depreciation	<u>\$ 37,788,882</u>	<u>\$ 36,713,889</u>	<u>\$ 1,074,993</u>

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

Long-term Debt. At the end of the current fiscal year, the District had \$20,099,669 in outstanding debt. This is a decrease of \$564,161 from prior year, as the District is 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, 2019, resources provided through the State School Fund formula accounted for about 96 percent of the District's General Fund revenues. The Oregon Legislature passed a statewide education budget of \$9.0 billion for the 2019-21 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 2019-20 based on negotiated contractual obligations.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2019

In addition, employer rates for the Public Employees Retirement System (PERS) will increase significantly for the 2019-2021 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 2017-2019 biennium is 27.2% of salary covered under the plan for Tiers 1 and 2 employees and 21.87% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). For the biennium beginning on July 1, 2019 the rates will increase to 32.03% of salary covered under the plan for Tiers 1 and 2 employees and 26.58% for employees covered under OPSRP. Current actuarial projections show similar increases in the next two biennia.

After a decade of declining enrollment due to area floods, district enrollment has slightly increased in recent years. The District is estimating enrollment for the 2019-20 school year based on this trend as well as the addition of a new program that will support home school families.

Other areas considered during budgeting included increasing teaching and instructional assistant positions and the addition of six instructional days to the calendar.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2019-20 fiscal year.

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

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VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2019

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 1,580,615
Taxes Receivables	195,685
Other Receivables	1,131,530
Prepays	28,099
Supply Inventory	15,461
Capital Assets:	
Land	1,528,510
Construction in Progress	332,465
Buildings and Equipment, net of depreciation	35,927,907
Total Assets	40,740,272
DEFERRED OUTFLOWS OF RESOURCES	
Net Pension Related Deferred Outflows	2,701,420
Total OPEB Related Deferred Outflows	40,623
Deferred charge on refunding	1,386,474
Total Deferred Outflows of Resources	4,128,517
LIABILITIES	
Accounts Payable	27,198
Accrued Payroll Liabilities	418,765
Other Liabilities	862,347
Accrued Interest Payable	11,812
Accrued Compensated Absences	13,630
Unearned Revenue	11,380
Long-term Obligations:	
Proportionate Share of Net Pension Liability (PERS)	6,341,898
Total OPEB Liability	446,230
Due within one year	600,905
Due in more than one year	19,541,620
Total Liabilities	28,275,785
DEFERRED INFLOWS OF RESOURCES	
Net Pension Related Deferred Inflows	1,029,142
Total OPEB Related Deferred Inflows	16,223
Total Deferred Inflows	1,045,365
NET POSITION	
Net Investment in Capital Assets	18,281,210
Restricted for Debt Service	58,808
Restricted for Grants and Student Activities	162,153
Unrestricted	(2,954,532)
Total Net Position	\$ 15,547,639

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 5,114,496	\$ -	\$ 872,082	\$ 4,242,414
Support Services	3,497,002	203,268	152,070	3,141,664
Enterprise and Community Services	373,655	60,886	163,616	149,153
Interest on Long-Term Debt	<u>500,366</u>	<u>-</u>	<u>-</u>	<u>500,366</u>
Total Governmental Activities	<u>\$ 9,485,519</u>	<u>\$ 264,154</u>	<u>\$ 1,187,768</u>	<u>8,033,597</u>
General Revenues				
Property Taxes				
General purposes				2,435,519
Debt Service				987,542
State school fund - general support				3,444,571
Common School Fund				54,496
Unrestricted state and local support				565,964
Earnings on Investments				80,795
Miscellaneous				<u>175,839</u>
Total General Revenues				<u>7,744,726</u>
Changes in Net Position				(288,871)
Net Position - Beginning				<u>15,836,510</u>
Net Position - Ending				<u>\$ 15,547,639</u>

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS					
Deposits and Investments	\$ 573,207	\$ 143,752	\$ -	\$ 863,656	\$ 1,580,615
Property Taxes Receivable	140,447	-	55,238	-	195,685
Other Accounts Receivable	753,172	111,726	8,349	258,283	1,131,530
Supply Inventory	-	15,461	-	-	15,461
Prepaid Expenses	28,099	-	-	-	28,099
Due from Other Funds	561,751	-	45,187	-	606,938
Total Assets	<u>\$ 2,056,676</u>	<u>\$ 270,939</u>	<u>\$ 108,774</u>	<u>\$ 1,121,939</u>	<u>\$ 3,558,328</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 22,249	\$ 23	\$ -	\$ 4,926	\$ 27,198
Payroll Liabilities	418,765	-	-	-	418,765
Unearned Revenue	-	11,380	-	-	11,380
Other Liabilities	862,347	-	-	-	862,347
Due to Other Funds	-	81,922	-	525,016	606,938
Total Liabilities	<u>1,303,361</u>	<u>93,325</u>	<u>-</u>	<u>529,942</u>	<u>1,926,628</u>
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	<u>126,195</u>	<u>-</u>	<u>49,966</u>	<u>-</u>	<u>176,161</u>
Fund Balances:					
Nonspendable	28,099	15,461	-	-	43,560
Restricted for:					
Debt Service	-	-	58,808	-	58,808
Other Purposes	-	18,401	-	-	18,401
Student Body	-	143,752	-	-	143,752
Capital Projects	-	-	-	591,997	591,997
Unassigned	<u>599,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,021</u>
Total Fund Balances	<u>627,120</u>	<u>177,614</u>	<u>58,808</u>	<u>591,997</u>	<u>1,455,539</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,056,676</u>	<u>\$ 270,939</u>	<u>\$ 108,774</u>	<u>\$ 1,121,939</u>	<u>\$ 3,558,328</u>

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, 2019

Total Fund Balances - Governmental Funds	\$	1,455,539
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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	\$ 43,621,296	
Accumulated Depreciation	<u>(5,832,414)</u>	37,788,882

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		176,161
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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.		1,386,474
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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.		(6,341,898)
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The Total OPEB Liability is liability related to the other post employment benefits for health insurance premiums.		(446,230)
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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.

Pension deferred inflows		(1,029,142)
Pension deferred outflows		2,701,420
Total OPEB deferred inflows		(16,223)
Total OPEB deferred outflows		40,623

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	\$ (20,099,669)	
Accrued Interest Payable	(11,812)	
Early Retirement	(42,856)	
Accrued Vacation Payable	<u>(13,630)</u>	<u>(20,167,967)</u>

Net Position	\$	<u>15,547,639</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 BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES					
Taxes	\$ 2,494,254	\$ -	\$ 987,542	\$ -	\$ 3,481,796
State and local Sources	4,241,856	362,678	-	258,283	4,862,817
Federal Sources	-	520,203	-	-	520,203
Charges for Services	21,550	60,901	-	-	82,451
Interest	29,419	-	-	51,376	80,795
Contributions and Donations	16,330	35,152	-	-	51,482
Other	150,901	22,338	-	2,600	175,839
Total Revenues	6,954,310	1,001,272	987,542	312,259	9,255,383
EXPENDITURES					
Current:					
Instruction	3,733,133	652,972	-	-	4,386,105
Support Services	2,939,209	57,219	-	2,541	2,998,969
Enterprise & Community Services	-	320,440	-	-	320,440
Facilities Acquisition & Cons.	-	-	-	295,987	295,987
Capital Outlay	28,323	17,430	-	1,614,431	1,660,184
Debt Service	-	-	1,057,268	-	1,057,268
Total Expenditures	6,700,665	1,048,061	1,057,268	1,912,959	10,718,953
Excess of Revenues Over (Under) Expenditures	253,645	(46,789)	(69,726)	(1,600,700)	(1,463,570)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	99,549	100,077	-	199,626
Transfers Out	(199,626)	-	-	-	(199,626)
Total Other Financing Sources (Uses)	(199,626)	99,549	100,077	-	-
Net Change in Fund Balance	54,019	52,760	30,351	(1,600,700)	(1,463,570)
Beginning Fund Balance	573,101	124,854	28,457	2,192,697	2,919,109
Ending Fund Balance	\$ 627,120	\$ 177,614	\$ 58,808	\$ 591,997	\$ 1,455,539

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, 2019

Net change in fund balances - total governmental funds \$ (1,463,570)

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	\$ (805,117)	
Asset additions	<u>1,880,110</u>	1,074,993

Governmental funds report as revenues proceeds from disposition of assets while the Statement of Activities reports the gain or (loss) on disposition of capital assets.

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	(58,735)
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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	(877)	
Change in early retirement	12,738	
Change in accrued interest payable	<u>4,404</u>	16,265

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. (323,134)

The expense related to OPEB liability represents the net changes in the liability balance from year to year and is not recorded in the governmental funds. (12,196)

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	564,161
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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.

(86,655)

Change in net position of governmental activities	<u><u>\$ (288,871)</u></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, 2019

	<u>GENERAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 2,663,895	\$ 2,663,895	\$ 2,700,975	\$ 37,080
Intermediate Sources	40,500	40,500	76,854	36,354
State Sources	<u>4,096,607</u>	<u>4,096,607</u>	<u>4,176,481</u>	<u>79,874</u>
Total Revenue	<u>6,801,002</u>	<u>6,801,002</u>	<u>6,954,310</u>	<u>153,308</u>
EXPENDITURES				
Instruction	3,830,655	3,830,655 (1)	3,761,456	69,199
Support Services	2,989,441	2,989,441 (1)	2,939,209	50,232
Contingency	<u>120,000</u>	<u>120,000 (1)</u>	<u>-</u>	<u>120,000</u>
Total Expenditures	<u>6,940,096</u>	<u>6,940,096</u>	<u>6,700,665</u>	<u>239,431</u>
Excess of Revenues Over (Under) Expenditures	(139,094)	(139,094)	253,645	392,739
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(160,906)</u>	<u>(160,906) (1)</u>	<u>(199,626)</u>	<u>(38,720)</u>
Total Other Financing Sources (Uses)	<u>(160,906)</u>	<u>(160,906)</u>	<u>(199,626)</u>	<u>(38,720)</u>
Net Change in Fund Balance	(300,000)	(300,000)	54,019	354,019
Beginning Fund Balance	<u>350,000</u>	<u>350,000</u>	<u>573,101</u>	<u>223,101</u>
Ending Fund Balance	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 627,120</u>	<u>\$ 577,120</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, 2019

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Local Sources	\$ 378,862	\$ 378,862	\$ 285,226	\$ (93,636)
Intermediate Sources	-	-	22,338	22,338
State Sources	203,541	203,541	173,505	(30,036)
Federal Sources	522,530	522,530	520,203	(2,327)
Total Revenue	1,104,933	1,104,933	1,001,272	(103,661)
EXPENDITURES				
Instruction	934,808	859,808 (1)	652,972	206,836
Support Services	60,000	135,000 (1)	67,896	67,104
Enterprise and Community Services	316,563	316,563 (1)	327,193	(10,630)
Total Expenditures	1,311,371	1,311,371	1,048,061	263,310
Excess of Revenues Over (Under) Expenditures	(206,438)	(206,438)	(46,789)	159,649
OTHER FINANCING SOURCES (USES)				
Transfer In	59,906	59,906	99,549	39,643
Total Other Financing Sources (Uses)	59,906	59,906	99,549	39,643
Net Change in Fund Balance	(146,532)	(146,532)	52,760	199,292
Beginning Fund Balance	146,532	146,532	124,854	(21,678)
Ending Fund Balance	\$ -	\$ -	\$ 177,614	\$ 177,614

(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.

CAPITAL PROJECTS FUND

This fund accounts for the resources accumulated and payments made for capital projects.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

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. One is the deferred charge on refunding reported in the government-wide statement of net position.

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)

A 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 and Total OPEB 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 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. The government has two types of items, which arises under full accrual accounting in the Statement of Net Position. The Statement of Net Position reports deferred inflows from a Net Deferred Pension Asset and a Total OPEB related deferral resulting from actuarial valuations and contributions subsequent to measurement date.

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, 2019 totaled \$13,630.

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.

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 and prepaids.
- 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 was one budget resolution affecting appropriations. Appropriations lapse at the end of each fiscal year.

The general fund was overexpended in Transfers Out by \$38,720 and the special revenue was overexpended in Enterprise and Community Services by \$10,630.

3. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements on June 30, 2019 was \$739,851, \$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, 2019 (recorded at fair value) consisted of:

Petty Cash	\$ 100
Demand Deposits	683,909
Investments:	
LGIP	<u>896,606</u>
Total	<u><u>\$ 1,580,615</u></u>

There were the following investments and maturities at June 30, 2019:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's Investment Pool	\$ 896,606	\$ 896,606	\$ -	\$ -
Total	\$ 896,606	\$ 896,606	\$ -	\$ -

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
COLUMBIA COUNTY, OREGON

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, 2019, 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, 2019, 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, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,528,510	\$ -	\$ -	\$ 1,528,510
Construction in Progress	509,317	332,465	(509,317)	332,465
Total capital assets not being depreciated	<u>2,037,827</u>	<u>332,465</u>	<u>(509,317)</u>	<u>1,860,975</u>
Capital assets being depreciated:				
Buildings and Improvements	39,481,526	1,949,110	-	41,430,636
Equipment	196,183	107,852	-	304,035
Vehicles	25,650	-	-	25,650
Total capital assets being depreciated	<u>39,703,359</u>	<u>2,056,962</u>	<u>-</u>	<u>41,760,321</u>
Less total accumulated depreciation for:				
Buildings and Improvements	(4,897,059)	(798,934)	-	(5,695,993)
Equipment	(104,588)	(6,183)	-	(110,771)
Vehicles	(25,650)	-	-	(25,650)
Total accumulated depreciation	<u>(5,027,297)</u>	<u>(805,117)</u>	<u>-</u>	<u>(5,832,414)</u>
Total capital assets being depreciated, net	<u>34,676,062</u>	<u>1,251,845</u>	<u>-</u>	<u>35,927,907</u>
Total Capital Assets, Net	<u><u>\$ 36,713,889</u></u>			<u><u>\$ 37,788,882</u></u>

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

Program:

Instruction	\$ 458,286
Support Services	313,350
Enterprise and Community Services	33,481
	<u><u>\$ 805,117</u></u>

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:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

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. 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 1 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 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - 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.

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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.
 - 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, 2015 actuarial valuation, which became effective July 1, 2017. 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, 2019 were \$750,801, excluding amounts to fund employer specific liabilities. In addition approximately \$183,810 in employee contributions were paid or picked up by the District in fiscal 2019. At June 30, 2019, the District reported a net pension liability of \$6,341,898 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2016. 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

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2018 and 2017, the District's proportion was .042 percent and .045 percent, respectively. Pension expense for the year ended June 30, 2019 was \$323,134.

The rates in effect for the year ended June 30, 2019 were:

- (1) Tier 1/Tier 2 – 27.20%
- (2) OPSRP general services – 21.87%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 215,732	\$ -
Changes in assumptions	1,474,479	-
Net difference between projected and actual earnings on pension plan investments	-	281,616
Net changes in proportionate share	-	723,709
Differences between District contributions and proportionate share of contributions	260,408	23,817
Subtotal - Amortized Deferrals (below)	1,950,619	1,029,142
District contributions subsequent to measuring date	750,801	-
Deferred outflow (inflow) of resources	\$ 2,701,420	\$ 1,029,142

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 606,804
2021	421,643
2022	(157,456)
2023	22,105
2024	28,381
Thereafter	-
Total	\$ 921,477

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2019. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Valuations – The employer contribution rates effective July 1, 2017 through June 30, 2019, 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.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, Published July 26, 2017
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	2.50 percent
Investment rate of return	7.20 percent
Projected salary increase	3.50 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

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%
Real Estate	9.5%	15.5%	12.5%
Private Equity	13.5%	21.5%	17.5%
Alternative Investments	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

(Source: June 30, 2018 PERS CAFR; p. 98)

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 2015, revised as June 7, 2017, 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.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

(Source: June 30, 2018 PERS CAFR; p. 72)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2018 and 2017, was 7.20 percent and 7.50 percent, respectively, 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.

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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. **DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 10,598,509	\$ 6,341,898	\$ 2,828,413

Changes Subsequent to the Measurement Date

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.

There are no changes subsequent to the June 30, 2018 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

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

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions:

The District pays the six (6) percent of the covered payroll on behalf of employees but not substitutes. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2019.

Retirement Health Insurance Account

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2017, 2018, and 2019 were \$14,716, \$15,624, and \$14,157 respectively, which equaled the required contributions each year.

At June 30, 2019, the District's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75

Plan Description: The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Benefits and eligibility for members are established through the collective bargaining agreements. The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan

Funding Policy: The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is not obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of June 30, 2019 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year	3.87%
General Inflation Rate per year	2.50%
Salary Scale per year	3.50%

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75 (CONTINUED)

Health Care Cost Trends:

<u>Year</u>	<u>Trend</u>	<u>Year</u>	<u>Trend</u>
2017	4.25 %	2042-2043	6.00 %
2018	5.50	2044-2048	5.75
2019	6.75	2049-2057	5.50
2020-2030	5.00	2058-2064	5.25
2031-2032	5.25	2065-2067	5.00
2033	5.50	2068-2069	4.75
2034	6.00	2070-2073	4.50
2035-2041	6.25	2074+	4.25

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2016 actuarial valuation of retirement benefits.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were not used.

Retirement rates were based on Oregon PERS assumptions. Annual rates are based on age, Tier / OPSRP, and duration of service.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability:

	<u>2019</u>	<u>2018</u>
Total OPEB Liability - Beginning	\$ 441,006	\$ 446,091
Changes for the Year:		
Service Cost	40,094	40,922
Interest	16,427	13,271
Changes of Assumptions or Other Input	(6,384)	(16,196)
Benefit Payments	(44,913)	(43,082)
Net Changes for the Year	5,224	(5,085)
Total OPEB Liability - Ending	<u>\$ 446,230</u>	<u>\$ 441,006</u>

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75 (CONTINUED)

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates: The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 3.75 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

June 30, 2019	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 468,851	\$ 446,230	\$ 424,636

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 6.5 percent graded down to 5.0 percent, as well as what the liability would be if it was calculated using a trend rate 1-percentage-point lower (5.5 percent graded down to 4.0 percent) or 1-percentage-point higher (7.5 percent graded down to 6.0 percent) than the current rate:

June 30, 2019	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 415,639	\$ 446,230	\$ 480,695

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	(16,223)
Benefit Payments	40,623	-
Deferred outflow (inflow) of resources	\$ 40,623	\$ (16,223)

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

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ (3,702)
2021	(3,702)
2022	(3,702)
2023	(3,702)
2024	(3,702)
Thereafter	(102)
Total	<u>\$ (18,612)</u>

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS

The following table shows changes indirect borrowings consisting of general obligation bonds, limited tax bonds, and other long-term debt for the fiscal year ended June 30, 2019:

Issue Date	Interest Rates	Issue Amount	Outstanding July 1, 2018	Issued/ (Refunded)	Matured and Redeemed	Outstanding June 30, 2019	Due Within One Year
7/1/04	1.80-5.15%	\$ 995,000	\$ 390,000	\$ -	\$ 55,000	\$ 335,000	\$ 60,000
8/30/05	0%	487,660	102,426	-	25,565	76,861	25,565
5/12/10	3.00-4.25%	13,000,000	670,000	-	320,000	350,000	350,000
7/14/16	2.85%	12,804,322	12,499,341	-	142,224	12,357,117	146,277
6/15/17	1.40-4.32%	4,205,275	4,190,463	-	9,709	4,180,754	19,063
12/15/17	3.00-4.00%	2,590,000	2,590,000	-	-	2,590,000	-
Total Bonds			20,442,230	-	552,498	19,889,732	600,905
Issuance Premium			221,600	-	11,663	209,937	-
Total Bond Obligations			20,663,830	-	564,161	20,099,669	600,905
Total Long-term Debt			\$ 20,663,830	\$ -	\$ 564,161	\$ 20,099,669	\$ 600,905
Early Retirement Incentive			\$ 55,594	\$ 42,856	\$ 55,594	\$ 42,856	\$ -
Compensated Absences			\$ 12,753	\$ 4,047	\$ 3,170	\$ 13,630	\$ 13,630

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.

The government issued \$7,028,538 in general obligation bonds to finance capital costs of the District and to refinance the Installment Financing Agreements of the Oregon School Board Association Series 2010B QSCB and Oregon Cool Schools Loan L00864 and L00881. The Oregon Cool Schools Loan was paid off and \$2,484,698 was deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded debt. As a result, \$2,015,000 of the Series 2010B 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

8. 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.	\$ 335,000
Qualified zone academy bonds, series 2005 - issued August 2005, due in annual installments of principle and interest of \$25,565 through 2021.	76,861
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.	350,000
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%.	12,357,117
General obligation bonds, series 2017A and 2017B - issued July 2017 due in annual installments of \$9,709 to \$755,000 plus interest rates paid semi-annually at 1.40% to 4.00% through 2037.	6,770,754
	<u>\$ 19,889,732</u>

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

<u>Year Ended</u>	<u>Total</u>	<u>Interest</u>
2020	\$ 600,905	\$ 485,988
2021	649,273	465,680
2022	693,219	449,266
2023	715,532	432,274
2024	775,746	405,322
2024-29	4,297,465	1,738,706
2029-34	6,047,196	956,329
2034-39	3,613,207	1,921,251
2039-44	1,598,844	2,956,156
2044-49	898,345	2,176,657
	<u>\$ 19,889,732</u>	<u>\$ 11,987,629</u>

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

Certificate of Participation Bonds

2004 Certificate of Participation Flex Fund

In July of 2004, \$995,000 in certificate of participation bonds were issued which were used for improvements of an existing facility roof and the construction of a new educational facility. If an Event of Default occurs, the Trustee, as assignee of the Bank, is entitled to take one or any combination of the following remedial steps: (a) Without terminating the Installment Purchase Agreement, and by written notice to the District, the Trustee may declare all Installment Payments and other amounts payable by the District to the end of the then current budget year of the District to be due, including without limitation delinquent Installment Payments from prior budget years; (b) Terminating the Installment Purchase Agreement, and by written notice to the District, the Trustee may accelerate all outstanding Installment Payments, in which case the District agrees to pay to the Trustee a sum sufficient to defease the Installment Purchase Agreement as well as any other sums due under the Installment Purchase Agreement; (c) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights under the Installment Purchase Agreement.

General Obligation Bonds

General Obligation 2005 Capital Improvements Bond

In August of 2005, \$487,660 in general obligation bonds were issued for capital improvements for various school projects. Remedies on Default: Whenever any Event of Default exists, the Seller shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps: (a) Without terminating this ~Agreement, and by Written notice to the District, the Seller may declare all Installment Payments and other amounts payable by the District hereunder to the end of the then current budget year of the District to be due, including without limitation delinquent Installment Payments from prior budget years, and all such amounts shall bear interest until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less; (b) Terminating this Agreement, and by written notice to the District, the Seller may accelerate all outstanding Installment Payments, in which case the District agrees to pay to the Seller an amount equal to the outstanding Installment Payments, as well as any other sums due hereunder; all remaining and unspent Proceeds, and upon written notice to the Custodian and Provider, all funds in the Vernonia School District 47J Note Fund held by the Custodian in the Account pursuant to the Forward Delivery Agreement, shall be paid to Seller and shall be applied by Seller to the amount due by the District under this Agreement; (c) The Seller may take whatever action at law or in equity necessary or desirable to enforce its rights under this Agreement.

General Obligation 2010 Construction Bond

In May of 2010, \$13,000,000 in general obligation bonds were issued to construct, furnish and equip elementary, middle and high school facilities on an insurable site above flood plain. Upon the occurrence and continuance of any Event of Default hereunder the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Resolution or the Bonds or in aid of the exercise of any power granted in this Resolution or in the Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Resolution or the Bonds or by law. However, the Bond shall not be subject to acceleration. No remedy in the Resolution conferred upon or

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

General Obligation 2016 Refunding Bond

In July of 2016, \$12,804,322 in general obligation bonds were issued to advance refund any certain maturities of the District's General Obligation Bond Series 2010. Upon the occurrence and continuance of any Event of Default hereunder the Owners of fifty-one (51%) percent or more of the principal amount of Refunding Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Refunding Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Resolution or the Refunding Bonds or in aid of the exercise of any power granted in this Resolution or in the Refunding Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Refunding Bonds by the Resolution or the Refunding Bonds or by law. However, the Refunding Bonds shall not be subject to acceleration. No remedy in the Resolution conferred upon or reserved to Owners of Refunding Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Refunding Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

General Obligation 2017A and 2017B Capital and Refinancing Bonds

In June of 2017, \$4,205,275 and in December of 2017, \$2,590,000 for a total of \$6,795,275 were issued to finance capital costs of the District and to refinance the Installment Financing Agreements of the Oregon School Board Association Series 2010B QSCB and Oregon Cool Schools Loan L00864 and L00881. Upon the occurrence and continuance of any Event of Default the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Resolution or the Bonds or in aid of the exercise of any power granted in the Resolution or in the Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Resolution or the Bonds or by law. However, the Bonds shall not be subject to acceleration. No remedy in the Resolution conferred upon or reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by the Resolution or by law.

NOTES TO BASIC FINANCIAL STATEMENTS

9. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is 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.

10. 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, 2019 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.

11. 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.

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.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. INTERFUND ACTIVITY

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 199,626
Special Revenue	99,549	-
Debt Service	100,077	-
	<u>\$ 199,626</u>	<u>\$ 199,626</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 \$99,549 to the Special Revenue Fund to cover expenditures and \$100,077 to the Debt Service Fund for principal and interest payments.

	<u>Due to</u>	<u>Due from</u>
General Fund	\$ -	\$ 561,751
Special Revenue	81,922	-
Debt Service	-	45,187
Capital Projects	525,016	-
	<u>\$ 606,938</u>	<u>\$ 606,938</u>

Due to and Due from in the funds are due to pooled cash transactions.

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VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

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
2019	0.04%	\$ 6,341,898	\$ 3,317,717	191.2 %	82.1 %
2018	0.05%	6,131,081	3,224,074	190.2	83.1
2017	0.05%	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

	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
2019	\$ 750,801	\$ 750,801	\$ -	\$ 3,647,557	20.6 %
2018	766,158	766,158	-	3,317,717	23.1
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

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For the fiscal year ended June 30, 2019

	2019	2018
Total OPEB Liability - Beginning	\$ 441,006	\$ 446,091
Changes for the year:		
Service Cost	40,094	40,922
Interest	16,427	13,271
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions or Other Input	(6,384)	(16,196)
Benefit Payments	(44,913)	(43,082)
Net Changes for the Year	5,224	(5,085)
Total OPEB Liability - Ending	\$ 446,230	\$ 441,006
Covered Payroll	3,647,557	3,317,717
Net Single Employer Pension Plan as a Percentage of Covered Payroll	12.23%	13.29%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The District implemented GASB 75 in the fiscal year ending June 30, 2018.

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

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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, 2019

	<u>DEBT SERVICE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 948,235	\$ 948,235	\$ 987,542	\$ 39,307
Total Revenue	948,235	948,235	987,542	39,307
EXPENDITURES				
Support Services	800	800 (1)	-	-
Debt Service	1,058,435	1,058,435 (1)	1,057,268	1,167
Total Expenditures	1,059,235	1,059,235	1,057,268	1,167
Excess of Revenues Over (Under) Expenditures	(111,000)	(111,000)	(69,726)	41,274
OTHER FINANCING SOURCES (USES)				
Transfer In	101,000	101,000	100,077	(923)
Total Other Financing Sources (Uses)	101,000	101,000	100,077	(923)
Net Change in Fund Balance	(10,000)	(10,000)	30,351	40,351
Beginning Fund Balance	10,000	10,000	28,457	18,457
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,808</u>	<u>\$ 58,808</u>

(1) Appropriation Level

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, 2019

CAPITAL PROJECTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ -	\$ -	\$ 53,976	\$ 53,976
State Sources	<u>-</u>	<u>-</u>	<u>258,283</u>	<u>258,283</u>
Total Revenue	<u>-</u>	<u>-</u>	<u>312,259</u>	<u>312,259</u>
EXPENDITURES				
Support Services	100,000	100,000 (1)	2,541	102,541
Facilities Acquisition & Cons.	<u>4,550,000</u>	<u>4,550,000 (1)</u>	<u>1,910,418</u>	<u>2,639,582</u>
Total Expenditure	<u>4,650,000</u>	<u>4,650,000</u>	<u>1,912,959</u>	<u>2,742,123</u>
Net Change in Fund Balance	(4,650,000)	(4,650,000)	(1,600,700)	3,049,300
Beginning Fund Balance	<u>4,650,000</u>	<u>4,650,000</u>	<u>2,192,697</u>	<u>(2,457,303)</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 591,997</u></u>	<u><u>\$ 591,997</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, 2019

GENERAL FUND

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED JUNE 30, 2018</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2019</u>
Current:						
2018-2019	\$ 2,467,616	\$ 65,465	\$ 13,357	\$ 1,223	\$ 2,346,227	\$ 70,504
Prior Years:						
2017-2018	82,738	4	(5,780)	3,565	45,415	35,104
2016-2017	38,547	80	(1,303)	3,068	19,881	20,351
2015-2016	22,991	64	(786)	4,290	18,946	7,485
2014-2015	13,463	142	(598)	2,193	12,144	2,773
Prior	30,374	599	(2,625)	2,950	25,869	4,231
Total Prior	188,113	889	(11,092)	16,067	122,255	69,943
Total	<u>\$ 2,655,730</u>	<u>\$ 66,354</u>	<u>\$ 2,265</u>	<u>\$ 17,289</u>	<u>\$ 2,468,482</u>	<u>\$ 140,447</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 2,468,482
Taxes in Lieu	23,892
Accrual of Receivables:	
June 30, 2019	14,057
June 30, 2018	<u>(12,177)</u>
Total GAAP Revenue	<u>\$ 2,494,254</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, 2019

DEBT SERVICE FUND

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED JUNE 30, 2018</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2019</u>
Current:						
2018-2019	\$ 959,629	\$ 25,459	\$ 4,922	\$ 475	\$ 912,421	\$ 27,146
Prior Years:						
2017-2018	33,197	2	(3,269)	1,387	17,662	13,651
2016-2017	13,729	31	755	1,193	7,732	7,914
2015-2016	8,188	25	447	1,669	7,368	2,911
2014-2015	4,795	55	208	853	4,722	1,078
Prior	10,818	233	865	1,147	10,060	2,537
Total Prior	70,728	346	(994)	6,248	47,544	28,092
Total	<u>\$ 1,030,357</u>	<u>\$ 25,805</u>	<u>\$ 3,928</u>	<u>\$ 6,724</u>	<u>\$ 959,965</u>	<u>\$ 55,238</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 959,965
Taxes in Lieu	26,614
Accrual of Receivables:	
June 30, 2019	5,467
June 30, 2018	<u>(4,504)</u>
Total GAAP Revenue	<u>\$ 987,542</u>

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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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

October 25, 2019

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, 2019, and have issued our report thereon dated October 25, 2019. 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 follows:

- 1) Expenditures were within appropriations 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 "Tara M Kamp, CPA". The signature is written in a cursive, flowing style.

Tara M Kamp, CPA
PAULY, ROGERS AND CO., P.C.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

OTHER INFORMATION

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VERNONIA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SPECIAL PROGRAMS FUND
YEAR ENDED JUNE 30, 2019

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	S358A183440	07/01/18 - 09/30/19	\$ 14,143	\$ -
Total Small Rural School Achievement Program CFDA 84.358A					14,143	-
Title I Grants to Local Educational Agencies	ODE	84.010	50506	07/01/178- 09/30/19	121,731	-
Title I Grants to Local Educational Agencies	ODE	84.010				-
Total Title I, Part A CFDA 84.010					121,731	-
Title IIA - Improving Teacher Quality State Grants	ODE	84.367	49432	07/01/18 - 09/30/19	19,036	-
Total Title IIA - Improving Teacher Quality State Grants CFDA 84.367					19,036	-
Special Education Cluster (IDEA)						
Special Education Grants to States	ODE	84.027	49643	07/01/18 - 06/30/19	1,535	
Special Education Grants to States	ODE	84.027	51393	07/01/18 - 06/30/19	681	
Special Education Grants to States	ODE	84.027	49973	07/01/18 - 09/30/20	113,570	-
Total Special Education Grants to States CFDA 84.027					115,786	-
Special Education Grants to States	ODE	84.173	50226	07/01/18 - 09/30/19	2,303	
Special Education Grants to States	ODE	84.173	45524	07/01/17 - 09/30/18	796	
Total Special Education Grant to States CFDA 84.173					3,099	-
Total Special Education Cluster (IDEA)					118,885	-
Student Support and Academic Enrichment Program	ODE	84.424	47848	07/01/17 - 09/30/18	10,000	
Student Support and Academic Enrichment Program	ODE	84.424	50548	07/01/18 - 09/30/19	10,000	
Total Support and Academic Enrichment Program					20,000	-
Total U.S. Department of Education					293,795	-
U.S. Department of Agriculture						
Child Nutrition Cluster:						
School Breakfast Program	ODE	10.553	N/A	07/01/18 - 06/30/19	25,169	-
Total School Breakfast Program CFDA 10.553					25,169	-
National School Lunch Program	ODE	10.555	N/A	07/01/18 - 06/30/19	95,209	-
National School Lunch Program Commodities	ODE	10.555	N/A	07/01/18 - 06/30/19	24,439	-
Total National School Lunch Program CFDA 10.555					119,648	-
Special Milk Program for Children	ODE	10.556	N/A	07/01/18 - 06/30/19	204	-
total Special Milk Program for Children CFDA 10.556					204	-
Summer Food Service Program for Children	ODE	10.559	N/A	07/01/18 - 06/30/19	15,655	-
Total Summer Food Service Program for Children CFDA 10.559					15,655	-
Total Child Nutrition Cluster					160,676	-
State Administrative Expenses for Child Nutrition	ODE	10.560	N/A	07/01/18 - 06/30/19	702	-
Total State Administrative Expenses for Child Nutrition CFDA 10.560					702	-
Total U.S. Department of Agriculture Food and Nutrition Services					161,378	-
U.S. Department of Health & Human Services						
Rehabilitation Services/Vocational Rehabilitation Grants to States	ODHS	84.126	H126A150054	07/01/18 - 06/30/19	42,259	-
Total Rehabilitation Services/Vocational Rehabilitation Grants to States CFDA 84.126					42,259	-
Total U.S. Department of Health & Human Services					42,259	-
U.S. Department of the Interior						
Secure Rural Schools & Community Self Determination	BLM	15.234	L12AC20572-0006	09/10/14 - 12/15/18	806	-
Secure Rural Schools & Community Self Determination	BLM	15.234	L12AC20572-0007	09/10/14 - 12/15/19	21,965	-
Total Secure Rural Schools & Community Self Determination CFDA 15.234					22,771	-
Total U.S. Department of the Interior					22,771	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 520,203	\$ -

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

REVENUE SUMMARY - ALL FUNDS

YEAR ENDED JUNE 30, 2019

	Fund 100	Fund 200	Fund 300	Fund 400	TOTAL
Revenue from Local Sources					
1111 Taxes - current year's levy	\$ 2,375,568	\$ -	\$ 944,075	\$ -	\$ 3,319,643
1112 Taxes - prior year's levies	117,015	-	42,851	-	159,866
1190 Penalties and interest on taxes	1,671	-	615	-	2,286
1510 Earnings on investments	29,419	3	-	51,375	80,797
1600 Food Service	-	60,901	-	-	60,901
1700 Extracurricular Activities	21,550	172,622	-	-	194,172
1910 Rentals	9,096	-	-	-	9,096
1920 Contributions and donations from private sources	16,330	35,094	-	-	51,424
1960 Recovery of prior year expenditures	13,047	-	-	2,600	15,647
1990 Miscellaneous	16,626	16,606	-	-	33,232
1994 Medicaid admin claiming	64,951	-	-	-	64,951
1995 Erate	35,695	-	-	-	35,695
Total Revenue from Local Sources	2,700,968	285,226	987,541	53,975	4,027,710
Revenue from Intermediate Sources					
2101 County school funds	55,367	-	-	-	55,367
2102 General education service district funds	10,500	19,500	-	-	30,000
2105 Natural gas, oil and mineral receipts	7,401	-	-	-	7,401
2200 Restricted revenue	3,586	2,838	-	-	6,424
Total Revenue from Intermediate Sources	76,854	22,338	-	-	99,192
Revenue from State Sources					
3101 State School Support	2,586,361	-	-	-	2,586,361
3102 SSF School Lunch Match	-	2,180	-	-	2,180
3103 Common school fund	54,496	-	-	-	54,496
3104 State managed county timber	1,459,399	-	-	-	1,459,399
3199 Other unrestricted sources	34,068	-	-	-	34,068
3299 Other restricted grants-in-aid	42,157	171,324	-	258,283	471,764
Total Revenue from State Sources	4,176,481	173,504	-	258,283	4,608,268
Revenue from Federal Sources					
4300 Restricted Rev Fed Gov through State	-	36,914	-	-	36,914
4500 Restricted Rev Fed Gov through State	-	458,850	-	-	458,850
4900 USDA Donated Commodities	-	24,439	-	-	24,439
Total Revenue from Federal Sources	-	520,203	-	-	520,203
Revenue from Other Sources					
5200 Interfund Transfers	-	99,549	100,077	-	199,626
5400 Resources - Beginning Fund Balance	573,101	124,854	28,457	2,192,697	2,919,109
Total Revenue from Other Sources	573,101	224,403	128,534	2,192,697	3,118,735
Total	\$ 7,527,404	\$ 1,225,674	\$ 1,116,075	\$ 2,504,955	\$ 12,374,108

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**GENERAL FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2019**

Fund: 100 General Fund

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL
Instruction Expenditures								
1111 Primary, K-3	\$ 566,520	\$ 334,492	\$ 36,684	\$ 11,957	\$ -	\$ -	\$ -	\$ 949,653
1121 Middle/Junior high school programs	362,671	208,149	19,058	3,116	-	-	-	592,994
1122 Middle/Junior high school extracurricular	15,806	4,779	3,489	1,877	-	-	-	25,951
1131 High school programs	588,288	351,497	35,396	11,076	-	-	-	986,257
1132 High school extracurricular	80,547	15,469	54,547	16,040	-	2,260	-	168,863
1210 Programs for the talented and gifted	-	-	-	1,575	-	-	-	1,575
1220 Restrictive programs for student with disabilities	1,955	766	97,458	-	-	-	-	100,179
1250 Less restrictive programs for student with disabilities	487,731	349,758	2,190	2,042	-	-	-	841,721
1260 Treatment and Habilitation	-	-	7,107	-	-	-	-	7,107
1271 Remediation	39,213	25,444	14,725	-	-	-	-	79,382
1400 Summer School Programs	5,434	1,679	-	654	-	-	-	7,767
Total Instruction Expenditures	2,148,165	1,292,033	270,654	48,337	-	2,260	-	3,761,449
Support Services Expenditures								
2110 Attendance and social work services	28,058	17,225	30,479	98	-	-	-	75,860
2120 Guidance services	111,265	66,980	404	245	-	59	-	178,953
2130 Health services	-	-	14,953	-	-	-	-	14,953
2140 Psychological services	-	-	48,486	-	-	-	-	48,486
2160 Other student treatment services	-	-	11,397	-	-	-	-	11,397
2190 Service direction, student support services	19,182	7,627	-	-	-	-	-	26,809
2210 Improvement of instruction services	-	-	11,968	-	-	-	-	11,968
2220 Educational media services	48,657	50,222	-	1,418	-	-	-	100,297
2310 Board of education services	5,618	3,742	37,744	195	-	2,916	-	50,215
2320 Executive administration services	163,413	86,745	18,527	1,781	-	15,272	-	285,738
2410 Office of the principal services	222,455	126,530	36,917	3,439	-	5,970	-	395,311
2490 Other support services	47,731	27,920	4,346	-	-	-	-	79,997
2520 Fiscal services	81,062	33,483	3,261	2,092	-	4,835	-	124,733
2540 Operation and maintenance of plant services	137,183	78,190	228,228	18,528	28,323	74,378	-	564,830
2550 Student transportation services	-	-	842,258	-	-	-	-	842,258
2640 Staff services	751	271	-	-	-	-	-	1,022
2660 Technology services	10,025	7,636	38,352	35,894	-	150	-	92,057
2700 Supplemental retirement program	-	34,325	-	-	-	-	-	34,325
Total Support Services Expenditures	875,400	540,896	1,327,320	63,690	28,323	103,580	-	2,939,209
Other Uses Expenditures								
5200 Transfers of Funds	-	-	-	-	-	-	199,626	199,626
Total Other Uses Expenditures	-	-	-	-	-	-	199,626	199,626
Total 100 General Fund	\$ 3,023,565	\$ 1,832,929	\$ 1,597,974	\$ 112,027	\$ 28,323	\$ 105,840	\$ 199,626	\$ 6,900,284

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**SPECIAL REVENUE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2019**

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	\$ 4,791	\$ 9,352	\$ -	\$ -	\$ -	\$ -	\$ -	14,143
1121	Middle/Junior high school	3,741	1,188	2,648	6,745	-	-	-	14,322
1122	Middle/Junior high school extracurricular	-	-	-	4,212	-	-	-	4,212
1131	High school programs	49,354	32,514	91,661	3,376	-	-	-	176,905
1132	High school extracurricular	-	-	-	135,513	-	-	-	135,513
1250	Less restrictive programs for student with disabilities	68,534	59,715	69	100	-	-	-	128,418
1260	Treatment and Habilitation	-	-	3,099	-	-	-	-	3,099
1272	Title I	68,045	51,124	-	2,562	-	-	-	121,731
1280	Alternative education	29,744	19,612	2,069	551	-	-	-	51,976
1299	Other programs	-	-	2,652	-	-	-	-	2,652
Total Instruction Expenditures		224,209	173,505	102,198	153,059	-	-	-	652,971
Support Services Expenditures									
2120	Guidance services	1,001	132	-	4,339	-	-	-	5,472
2130	Health services	-	-	400	-	-	-	-	400
2190	Service direction, student support services	2,533	451	715	463	-	-	-	4,162
2210	Improve instruction services	15,062	3,169	13,755	-	-	1,499	-	33,485
2240	Instructional staff development	4,700	1,704	-	-	-	-	-	6,404
2540	Operation and maintenance of plant services	-	-	-	296	10,677	-	-	10,973
2550	Student transportation services	-	-	105	-	-	-	-	105
2640	Staff services	1,830	654	3,904	507	-	-	-	6,895
Total Support Services Expenditures		25,126	6,110	18,879	5,605	10,677	1,499	-	67,896
Enterprise and Community Services									
3100	Food services	127,962	61,955	5,601	116,046	6,753	3,877	-	322,194
3300	Community services	-	-	5,000	-	-	-	-	5,000
Total Enterprise and Community Services		127,962	61,955	10,601	116,046	6,753	3,877	-	327,194
Total 200 Special Revenue Fund		\$ 377,297	\$ 241,570	\$ 131,678	\$ 274,710	\$ 17,430	\$ 5,376	\$ -	\$ 1,048,061

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**DEBT SERVICE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2019**

Fund: 300 Debt Service									
	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL	
Other Uses Expenditures									
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,057,267	\$ -	\$ 1,057,267	
Total Other Uses Expenditures	-	-	-	-	-	1,057,267	-	1,057,267	
Total 300 Debt Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,057,267	\$ -	\$ 1,057,267	

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**CAPITAL PROJECTS FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2019**

Fund: 400 Capital Projects Fund									
Suppo Expenditure Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL	
2520 Fiscal services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200	\$ -	\$	1,200
2540 Operation and maintenance of plant services	701	95	544	-	-	-	-		1,340
Total Support Services Expenditures	701	95	544	-	-	1,200	-		2,540
Facilities Acquisition and Construction Expenditures									
4110 Service area direction	\$ -	\$ -	\$ 4,445	\$ -	\$ -	\$ 1,462	\$ -	\$	5,907
4120 Site acquisition and development services	-	-	-	-	-	1,080	-		1,080
4150 Building acquisition, construction and improvement	-	-	219,131	68,835	1,582,059	-	-		1,870,025
4180 Other capital items	-	-	-	1,034	-	-	-		1,034
4190 Other facilities construction services	-	-	-	-	32,372	-	-		32,372
Total Facilities and Construction Expenditures	-	-	223,576	69,869	1,614,431	2,542	-		1,910,418
Total 400 Capital Projects Fund	\$ 701	\$ 95	\$ 224,120	\$ 69,869	\$ 1,614,431	\$ 3,742	\$ -	\$	1,912,958

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY THE STATE OF OREGON
DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2019

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	\$ 131,438
Function 2550	\$ -

B. Replacement of Equipment – **General Fund:**

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

\$ 10,480

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
2019	\$ 509,741,417	\$ -	\$ 509,741,417	\$ 659,900,768	\$ 52,462,111	\$ 19,477,871	\$ 32,984,240
2018	501,519,376	-	501,519,376	654,427,898	52,027,018	19,949,804	32,077,214
2017	489,303,966	-	489,303,966	598,463,653	47,577,860	13,597,624	33,980,236
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
2019	\$ 502,576,187	\$ -	\$ 502,576,187	\$ 647,542,338
2018	494,669,246	-	494,669,246	642,322,372
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
2019	\$ 7,165,230	\$ -	\$ 7,165,230	\$ 12,358,430
2018	6,850,130	-	6,850,130	12,105,526
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		
<u>Tax Collections</u>⁽¹⁾		
Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2019⁽³⁾
2019	97.12%	97.12%
2018	96.77%	98.53%
2017	96.73%	99.99%
2016	96.77%	99.66%
2015	96.59%	98.83%
2014	96.23%	99.95%

Washington County		
<u>Tax Collections</u>⁽¹⁾		
Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2019⁽³⁾
2019	98.99%	98.99%
2018	98.95%	99.71%
2017	98.37%	99.84%
2016	98.33%	99.93%
2015	98.31%	99.97%
2014	98.01%	99.98%

(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, 2019.

Levy Rates

Fiscal Year	Permanent Rate	Bond Levy Rate
2018	5.0121	1.9225
2018	5.0121	1.8344
2017	5.0121	1.6983

Historical Enrollment

Fiscal Year	Average Daily Membership (w)⁽¹⁾	Enrollment⁽²⁾
2019 ⁽³⁾	785.5	566
2018	746.5	532
2017	742.9	524
2016	770.3	546
2015	764.5	585
2014	751.8	556

(1) Weighted Average Daily Membership is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts.

(2) Enrollment is the number of students attending classes.

(3) Preliminary, subject to change

VERNONIA SCHOOL DISTRICT NO. 47J
COLUMBIA COUNTY, OREGON

Major Taxpayers - Columbia County

Fiscal Year 2019

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Portland Gen Elec Co	Electrical Utility	\$ 4,931,251	\$ 640,192,000	11.96%
Northwest Natural Gas Co	Natural Gas Utility	1,952,931	157,972,423	2.95%
United States Gypsum	Wall board	879,644	53,515,250	1.00%
Dyno Nobel, Inc.	Forest Products	718,863	56,010,175	1.05%
Longview Timberlands LLC	Forest Products	626,349	50,014,964	0.93%
Columbia River PUD	Electrical Utility	521,806	40,415,500	0.76%
Cascade Kelly Holdings LLC	Forest Products	491,358	41,945,130	0.78%
Clatskanie PUD	Utility	470,195	36,505,000	0.68%
Centurylink	Telecommunication	391,372	26,892,000	0.50%
Armstrong World Industries	Ceiling Tiles	375,458	25,394,700	0.47%
Subtotal - ten of County's largest taxpayers			1,128,857,142	21.09%
All other County's taxpayers			4,223,464,671	78.91%
Total County			<u>\$ 5,352,321,813</u>	<u>100.00%</u>

Major Taxpayers - Washington County

Fiscal Year 2019

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Intel Corporation	Semiconductors	\$ 34,373,633	\$ 2,078,052,359	3.20%
Nike, Inc.	Athletic Shoes & Apparel	19,045,111	1,093,542,161	1.68%
Portland General Electric	Electrical Utility	9,068,934	562,421,042	0.87%
Pacific Realty Associates	Real Estate Investment	6,687,962	393,578,781	0.61%
Northwest Natural Gas Co.	Natural Gas Utility	5,745,354	363,827,660	0.56%
Comcast Corporation	Telecommunications	4,404,434	256,677,200	0.40%
Verizon Communications	Telecommunications	3,929,819	235,898,000	0.36%
Genentech Inc.	Medicine research/manufacturing	3,534,851	212,360,480	0.33%
LAM Research Corporation	Semiconductors	2,691,823	169,942,151	0.26%
PPR Washington Square LLC	Shopping mall	2,577,752	149,777,028	0.23%
Subtotal - ten of County's largest taxpayers			5,516,076,862	8.49%
All other County's taxpayers			59,458,235,870	91.51%
Total County			<u>\$64,974,312,732</u>	<u>100.00%</u>

VERNONIA SCHOOL DISTRICT NO. 47J
COLUMBIA COUNTY, OREGON

Major Taxpayers - Columbia County - Vernonia School District

Fiscal Year 2019

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Northwest Natural Gas Co	Natural Gas Utility	\$ 1,368,000	\$ 114,412,423	22.45%
Longview Timberlands LLC	Forest Products	345,259	26,699,130	5.24%
Weyerhaeuser Company	Forest Products	163,098	12,468,690	2.45%
Orm Timber Fund (REIT) III Inc	Forest Products	86,677	6,686,188	1.31%
Bascom Pacific LLC	Forest Products	76,650	5,945,738	1.17%
Longview Fibre	Paper Manufacturing	68,927	5,329,198	1.05%
Olympic Forest Products Co	Forest Products	67,147	5,548,640	1.09%
West Oregon Electric Coop Inc	Electrical Utility	63,107	3,695,270	0.72%
Enerfin Resources Northwest LP	Forest Products	38,820	3,207,800	0.63%
Olympic Forest Products Co Inc	Forest Products	26,898	2,212,718	0.43%
John Hancock Mututal Life Co	Insurance Company	24,336	1,881,093	0.37%
Subtotal - ten of County's largest taxpayers			188,086,888	36.90%
All other County's taxpayers			321,654,529	63.10%
Total County			<u>\$ 509,741,417</u>	<u>100.00%</u>

Major Taxpayers - Washington County - Vernonia School District

Fiscal Year 2019

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Weyerhaeuser Columbia Timberlands LLC	Wood Products	\$ 38,552	\$ 2,938,840	41.02%
Stimson Lumber Co	Wood Products	7,127	536,970	7.49%
Buckley, Peggy Lu	Individuals	4,821	351,730	4.91%
Schmidlin, Michael W and Susan M	Individuals	4,382	327,530	4.57%
Brown, Lois Louise	Individuals	3,851	303,690	4.24%
Schmidlin, Betty & Leonard Alfred Trust	Individuals	2,836	204,820	2.86%
McPherson, David	Individuals	2,658	199,620	2.79%
Sewell, Aaron J	Individuals	2,166	147,530	2.06%
Longview Fibre Company	Paper Manufacturing	2,094	122,390	1.71%
Wetzel Sunset LLC	Individuals	2,012	154,230	2.15%
			5,287,350	73.79%
			1,877,880	26.21%
			<u>\$ 7,165,230</u>	<u>100.00%</u>

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