

VERNONIA SCHOOL DISTRICT
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020



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

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

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VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

BOARD OF DIRECTORS

BOARD OF DIRECTORS

TERM EXPIRES

Susan Wagner, Chair

June 30, 2021

Greg Kintz, Vice Chair

June 30, 2023

Steve Whiteman

June 30, 2023

Stacey Pelster

June 30, 2021

Brittanie Roberts

June 30, 2021

Jeana Gump

June 30, 2021

All board members will receive mail at the following address:

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

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

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VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

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PAULY, ROGERS, AND CO., P.C.
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November 5, 2020

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, 2020, 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, 2020, and the respective changes in financial position and budgetary comparisons for the general fund and special revenue fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

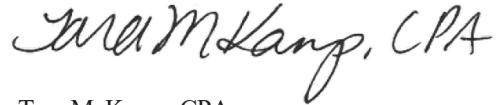
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 5, 2020 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink 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.

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VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2020 was \$16,246,720. Of this amount, \$19,724,633 represents the District's net investment in capital assets, \$257,946 is restricted for debt service, grants and student body activities and the deficit of \$3,735,859 is unrestricted.
- The District's total net position increased by \$699,081 for the fiscal year.
- The District's governmental funds reported a combined ending fund balance of \$1,802,088 at June 30, 2020, an increase of \$346,549.
- At the end of the fiscal year ended June 30, 2020, the fund balance for the General Fund was \$609,824, which represents a decrease of \$17,296 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, 2020

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 and 42 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, 2020

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 \$16,246,720 as of June 30, 2020, an increase of \$699,081 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 94 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, 2020.

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 increased by \$699,081 compared to the previous year's net position. The District's net investment in capital assets increased by \$1,443,423, primarily due principally to payment of related debt during the year. This is offset by a deficit unrestricted net position of \$781,327 due mainly to the change in the PERS net pension liability and related deferrals.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2020

VERNONIA SCHOOL DISTRICT NO. 47J			
STATEMENT OF NET POSITION			
	Governmental Activities		
	June 30,	June 30,	Increase
	2020	2019	(Decrease)
ASSETS			
Current and Other Assets	\$ 2,986,108	\$ 2,951,390	\$ 34,718
Capital Assets, net of depreciation	38,299,446	37,788,882	510,564
Total Assets	<u>41,285,554</u>	<u>40,740,272</u>	<u>545,282</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferrals	2,534,762	2,701,420	(166,658)
Total OPEB Related Deferred Outflows	45,335	40,623	4,712
Deferred charge on refunding	1,299,819	1,386,474	(86,655)
Total Deferred Outflows of Resources	<u>3,879,916</u>	<u>4,128,517</u>	<u>(248,601)</u>
LIABILITIES			
Current Liabilities	1,700,313	1,946,037	(245,724)
PERS net pension liability	7,173,443	6,341,898	831,545
Long-Term Obligations	19,279,309	19,987,850	(708,541)
Total Liabilities	<u>28,153,065</u>	<u>28,275,785</u>	<u>(122,720)</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferrals	719,548	1,029,142	(309,594)
Total OPEB Related Deferred Inflows	46,137	16,223	29,914
Total Deferred Inflows of Resources	<u>765,685</u>	<u>1,045,365</u>	<u>(279,680)</u>
NET POSITION			
Net Investment in Capital Assets	19,724,633	18,281,210	1,443,423
Restricted	257,946	220,961	36,985
Unrestricted	(3,735,859)	(2,954,532)	(781,327)
Total Net Position	<u>\$ 16,246,720</u>	<u>\$ 15,547,639</u>	<u>\$ 699,081</u>

Statement of Activities. During the current fiscal year, the District's net position an increased by \$699,081. The key elements of the change in the District's net position for the year ended June 30, 2020 are as follows:

- Operating grants and contributions increased by \$1,682,774, mainly due to state and local grants.
- Property tax revenues increased by \$397 thousand primarily due to an increase in taxable assessed value of property in the District and a slight decrease in general obligation bonds

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2020

issued.

- State sources revenue increased \$411 thousand primarily due to an increase the State School Fund allocation.
- Overall changes in expenses saw an increase in instruction, support services and enterprise and community services of \$1,478,143 due primarily to increases in salaries and benefits and pension expenses and a decrease of \$8,900 in interest expense for bonded debt.

VERNONIA SCHOOL DISTRICT NO. 47J CHANGES IN NET POSITION Year Ended June 30,			
	Governmental Activities		Increase
	2020	2019	(Decrease)
REVENUES			
Program Revenues			
Charges for Services	\$ 258,381	\$ 264,154	\$ (5,773)
Operating Grants and Contributions	2,870,542	1,187,768	1,682,774
General Revenues			
Property Taxes Levied for:			
General Purposes	2,852,066	2,435,519	416,547
Debt Service	968,614	987,542	(18,928)
Earnings on Investments	70,544	80,794	(10,250)
Other Local Sources	73,894	56,550	17,344
Intermediate Sources	63,117	99,192	(36,075)
State Sources	4,496,685	4,085,129	411,556
Total revenues	<u>11,653,843</u>	<u>9,196,648</u>	<u>2,457,195</u>
EXPENSES			
Instruction	6,013,907	5,114,496	899,411
Support services	4,068,629	3,497,002	571,627
Enterprise and Community Services	380,760	373,655	7,105
Interest on Long-Term Debt	491,466	500,366	(8,900)
Total expenses	<u>10,954,762</u>	<u>9,485,519</u>	<u>1,469,243</u>
Increase (Decrease) in Net Position	699,081	(288,871)	987,952
Net Position - Beginning	<u>15,547,639</u>	<u>15,836,510</u>	<u>(288,871)</u>
Net Position - Ending	<u>\$ 16,246,720</u>	<u>\$ 15,547,639</u>	<u>\$ 699,081</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, 2020

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, 2020, the District's governmental funds reported combined ending fund balances of \$1,802,088, an increase of \$346,549 in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2020, fund balance is \$609,824. The fund balance decreased by \$17,296 during the current fiscal year. As a measure of the fund's liquidity, I may be useful to compare general fund balance to the total general fund expenditures. The fund balance represents 8 percent of the total General Fund expenditures.

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, 2020 the ending fund balance is \$236,936. Of this amount \$214,907 is restricted and \$22,029 is nonspendable. The fund balance increased \$59,322 during the current fiscal year.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$43,039, all of which is restricted for the payment of debt service. The fund balance decreased \$15,769 during the current fiscal year.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$912,289, 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 increased \$320,292 during the current fiscal year.

General Fund Budgetary Highlights

The Board adopted the budget for the General Fund on June 13, 2019. The Board approved Resolution Number 1920-05 to adjust the original budget on June 11, 2020.

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, 2020, the District had invested \$38,299,446 in capital assets, net of depreciation, as shown in the following table, total capital assets net of depreciation increased overall by \$510,564, due to an increase of \$1,287,319, for capital improvements and construction in progress offset by \$946,965 in depreciation of buildings, vehicles and equipment.

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2020

VERNONIA SCHOOL DISTRICT NO 47J CAPITAL ASSETS (net of depreciation)			
	<u>Governmental Activities</u>		
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Land	\$ 1,528,510	\$ 1,528,510	\$ -
Construction in Progress	502,675	332,465	170,210
Building and improvements	36,077,566	35,734,643	342,923
Vehicles and equipment	190,695	193,264	(2,569)
Total Capital Assets, net of depreciation	<u>\$ 38,299,446</u>	<u>\$ 37,788,882</u>	<u>\$ 510,564</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 \$19,487,101 in outstanding debt. This is a decrease of \$612,568 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

The most significant economic factor for the District is the financial condition of Oregon's State School Fund (SSF). For the year ended June 30, 2020, the State School Fund – General Support provided about 94 percent of the District's General Fund resources. The Oregon Legislature passed a statewide education budget of \$9.0 billion for the 2019-21 biennium. SSF support payments are 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 associated with that forecast. In March of 2020 Oregon declared a state of emergency due to the Covid-19 global pandemic. Many businesses were shut down and forecasted income tax revenue declined sharply. The District immediately put into place cost saving measures including furlough days, lay-offs and spending and hiring freezes to mitigate anticipated reductions to the SSF and other education grants and contracts. In August of 2020, the Oregon legislature voted to largely hold the SSF harmless for the 2019-21 biennium by drawing down emergency funds and

VERNONIA SCHOOL DISTRICT 47J
COLUMBIA COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended June 30, 2020

reducing other education grants and contracts. This decision mitigated most of the negative financial impact to the District for fiscal year 2020-21. Because many of the state level emergency and reserve funds were drawn down, there remains concern about the 2021-23 biennium and the long-term impact of income loss related to the Covid-19 pandemic.

Salaries and benefits costs are projected to increase in 2020-21 based on negotiated contractual obligations.

Employer rates for the Public Employees Retirement System (PERS) will remain the same FY 2020-21 (32.03% for Tier 1 and Tier 2 employees and 26.58% for OPSRP employees) and then decrease in the 2021-2023 biennium. Market performance through the end of 2019 was used to set the 2021-2022 rates and therefore does not include the financial impact of the Covid-19 pandemic. The next rate setting action for the PERS system will be based on market performance through December of 2021 for the 2023-25 biennium. The projected contribution rate for the 2021-23 biennium is 22.29% of salary covered under the plan for Tiers 1 and 2 employees and 19.18% for employees covered under the Oregon Public Services Retirement Plan (OPSRP).

After a decade of declining enrollment due to area floods, district enrollment has slightly increased in recent years. At the time of budgeting, the District estimated enrollment for the 2020-2021 school year based on this trend as well as the addition of high school level opportunities for the program that supports home school families. An additional teaching position was added to the budget to support this home school option.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2020-21 fiscal year.

Due to COVID-19, distance learning has continued into the 2020-2021 school year. It is not known when the district will be allowed to move to a hybrid teaching model. Enrollment has declined due to the pandemic.

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, 2020

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 1,997,741
Taxes Receivables	183,998
Other Receivables	782,340
Supply Inventory	22,029
Capital Assets:	
Land	1,528,510
Construction in Progress	502,675
Buildings and Equipment, net of depreciation	36,268,261
Total Assets	41,285,554
DEFERRED OUTFLOWS OF RESOURCES	
Net Pension Related Deferred Outflows	2,534,762
Total OPEB Related Deferred Outflows	45,335
Deferred charge on refunding	1,299,819
Total Deferred Outflows of Resources	3,879,916
LIABILITIES	
Accounts Payable	86,441
Accrued Payroll Liabilities	494,294
Other Liabilities	416,585
Accrued Interest Payable	17,300
Accrued Compensated Absences	18,904
Unearned Revenue	17,516
Long-term Obligations:	
Proportionate Share of Net Pension Liability (PERS)	7,173,443
Total OPEB Liability	425,021
Due within one year	649,273
Due in more than one year	18,854,288
Total Liabilities	28,153,065
DEFERRED INFLOWS OF RESOURCES	
Net Pension Related Deferred Inflows	719,548
Total OPEB Related Deferred Inflows	46,137
Total Deferred Inflows	765,685
NET POSITION	
Net Investment in Capital Assets	19,724,633
Restricted for Debt Service	43,039
Restricted for Grants and Student Activities	214,907
Unrestricted	(3,735,859)
Total Net Position	\$ 16,246,720

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 6,013,907	\$ -	\$ 2,524,585	\$ 3,489,322
Support Services	4,068,629	222,981	101,762	3,743,886
Enterprise and Community Services	380,760	35,400	244,195	101,165
Interest on Long-Term Debt	491,466	-	-	491,466
Total Governmental Activities	<u>\$ 10,954,762</u>	<u>\$ 258,381</u>	<u>\$ 2,870,542</u>	<u>7,825,839</u>
General Revenues				
Property Taxes				
General purposes				2,852,066
Debt Service				968,614
State school fund - general support				3,274,759
Common School Fund				49,356
Unrestricted state and local support				1,140,843
Earnings on Investments				70,542
Miscellaneous				<u>168,740</u>
Total General Revenues				<u>8,524,920</u>
Changes in Net Position				699,081
Net Position - Beginning				<u>15,547,639</u>
Net Position - Ending				<u>\$ 16,246,720</u>

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS					
Deposits and Investments	\$ 1,238,082	\$ 157,492	\$ -	\$ 602,167	\$ 1,997,741
Property Taxes Receivable	137,338	-	46,660	-	183,998
Other Accounts Receivable	371,545	396,217	14,578	-	782,340
Supply Inventory	-	22,029	-	-	22,029
Due from Other Funds	-	-	24,609	354,378	378,987
Total Assets	<u>\$ 1,746,965</u>	<u>\$ 575,738</u>	<u>\$ 85,847</u>	<u>\$ 956,545</u>	<u>\$ 3,365,095</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 42,185	\$ -	\$ -	\$ 44,256	\$ 86,441
Payroll Liabilities	494,294	-	-	-	494,294
Unearned Revenue	-	17,516	-	-	17,516
Other Liabilities	416,585	-	-	-	416,585
Due to Other Funds	57,701	321,286	-	-	378,987
Total Liabilities	<u>1,010,765</u>	<u>338,802</u>	<u>-</u>	<u>44,256</u>	<u>1,393,823</u>
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	<u>126,376</u>	<u>-</u>	<u>42,808</u>	<u>-</u>	<u>169,184</u>
Fund Balances:					
Nonspendable	-	22,029	-	-	22,029
Restricted for:					
Debt Service	-	-	43,039	-	43,039
Other Purposes	-	214,907	-	-	214,907
Capital Projects	-	-	-	912,289	912,289
Unassigned	609,824	-	-	-	609,824
Total Fund Balances	<u>609,824</u>	<u>236,936</u>	<u>43,039</u>	<u>912,289</u>	<u>1,802,088</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,746,965</u>	<u>\$ 575,738</u>	<u>\$ 85,847</u>	<u>\$ 956,545</u>	<u>\$ 3,365,095</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, 2020

Total Fund Balances - Governmental Funds	\$	1,802,088
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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	\$ 45,078,825		
Accumulated Depreciation	<u>(6,779,379)</u>		38,299,446

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			169,184
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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.			1,299,819
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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.			(7,173,443)
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The Total OPEB Liability is liability related to the other post employment benefits for health insurance premiums.			(425,021)
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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			(719,548)
Pension deferred outflows			2,534,762
Total OPEB deferred inflows			(46,137)
Total OPEB deferred outflows			45,335

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	\$ (19,487,101)		
Accrued Interest Payable	(17,300)		
Early Retirement	(16,460)		
Accrued Vacation Payable	<u>(18,904)</u>		<u>(19,539,765)</u>

Net Position	\$	<u>16,246,720</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, 2020

	GENERAL	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES					
Taxes	\$ 2,859,043	\$ -	\$ 968,614	\$ -	\$ 3,827,657
State and local Sources	4,602,216	389,952	-	1,751,134	6,743,302
Federal Sources	-	716,281	-	-	716,281
Charges for Services	38,505	35,400	-	-	73,905
Interest	56,142	-	-	14,400	70,542
Contributions and Donations	14,130	46,263	-	-	60,393
Other	124,819	43,921	-	-	168,740
Total Revenues	7,694,855	1,231,817	968,614	1,765,534	11,660,820
EXPENDITURES					
Current:					
Instruction	4,267,208	791,831	-	-	5,059,039
Support Services	3,302,911	100,545	-	75,965	3,479,421
Enterprise & Community Services	-	319,651	-	-	319,651
Facilities Acquisition & Cons.	-	-	-	157,013	157,013
Capital Outlay	-	-	-	1,212,264	1,212,264
Debt Service	-	-	1,086,883	-	1,086,883
Total Expenditures	7,570,119	1,212,027	1,086,883	1,445,242	11,314,271
Excess of Revenues Over (Under) Expenditures	124,736	19,790	(118,269)	320,292	346,549
OTHER FINANCING SOURCES (USES)					
Transfers In	-	39,532	102,500	-	142,032
Transfers Out	(142,032)	-	-	-	(142,032)
Total Other Financing Sources (Uses)	(142,032)	39,532	102,500	-	-
Net Change in Fund Balance	(17,296)	59,322	(15,769)	320,292	346,549
Beginning Fund Balance	627,120	177,614	58,808	591,997	1,455,539
Ending Fund Balance	\$ 609,824	\$ 236,936	\$ 43,039	\$ 912,289	\$ 1,802,088

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, 2020

Net change in fund balances - total governmental funds	\$	346,549
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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	\$ (946,965)	
Asset additions	<u>1,457,529</u>	510,564

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		(6,977)
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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	(5,274)	
Change in early retirement	26,396	
Change in accrued interest payable	<u>(5,488)</u>	15,634

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.		(688,609)
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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.		(3,993)
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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		612,568
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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.

		<u>(86,655)</u>
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Change in net position of governmental activities	\$	<u><u>699,081</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, 2020

	<u>GENERAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 2,744,700	\$ 2,744,700	\$ 3,042,643	\$ 297,943
Intermediate Sources	82,800	82,800	49,996	(32,804)
State Sources	4,597,988	4,597,988	4,602,216	4,228
Total Revenue	<u>7,425,488</u>	<u>7,425,488</u>	<u>7,694,855</u>	<u>269,367</u>
EXPENDITURES				
Instruction	4,432,280	4,232,280 (1)	4,267,208	(34,928)
Support Services	3,175,802	3,375,802 (1)	3,302,911	72,891
Contingency	200,000	200,000 (1)	-	200,000
Total Expenditures	<u>7,808,082</u>	<u>7,808,082</u>	<u>7,570,119</u>	<u>237,963</u>
Excess of Revenues Over (Under) Expenditures	(382,594)	(382,594)	124,736	507,330
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(157,406)</u>	<u>(157,406) (1)</u>	<u>(142,032)</u>	<u>15,374</u>
Total Other Financing Sources (Uses)	<u>(157,406)</u>	<u>(157,406)</u>	<u>(142,032)</u>	<u>15,374</u>
Net Change in Fund Balance	(540,000)	(540,000)	(17,296)	522,704
Beginning Fund Balance	<u>600,000</u>	<u>600,000</u>	<u>627,120</u>	<u>27,120</u>
Ending Fund Balance	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 609,824</u>	<u>\$ 549,824</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, 2020

SPECIAL REVENUE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 396,697	\$ 396,697	\$ 296,939	\$ (99,758)
Intermediate Sources	-	-	13,121	13,121
State Sources	314,102	314,102	205,476	(108,626)
Federal Sources	615,880	615,880	716,281	100,401
	<u>1,326,679</u>	<u>1,326,679</u>	<u>1,231,817</u>	<u>(94,862)</u>
Total Revenue				
EXPENDITURES				
Instruction	987,095	987,095 (1)	791,831	195,264
Support Services	184,691	184,691 (1)	100,545	84,146
Enterprise and Community Services	385,494	385,494 (1)	319,651	65,843
	<u>1,557,281</u>	<u>1,557,281</u>	<u>1,212,027</u>	<u>345,254</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	(230,601)	(230,601)	19,790	250,391
OTHER FINANCING SOURCES (USES)				
Transfer In	54,906	54,906	39,532	(15,374)
	<u>54,906</u>	<u>54,906</u>	<u>39,532</u>	<u>(15,374)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(175,695)	(175,695)	59,322	235,017
Beginning Fund Balance	175,695	175,695	177,614	1,919
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,936</u>	<u>\$ 236,936</u>

(1) Appropriation Level

See accompanying notes to basic financial statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

BASIS OF PRESENTATION – FUND ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

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

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

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

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

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

The following major governmental funds are reported:

GENERAL FUND

This is the District’s primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are an apportionment from the State of Oregon and property taxes.

SPECIAL REVENUE FUND

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

DEBT SERVICE FUND

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

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.

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

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 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, 2020 totaled \$18,904.

USE OF ESTIMATES

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

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

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

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

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

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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 Instruction by \$34,928.

3. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements on June 30, 2020 was \$1,079,888, \$261,501 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, 2020 (recorded at fair value) consisted of:

Petty Cash	\$ 100
Demand Deposits	1,135,584
Investments:	
LGIP	<u>862,058</u>
Total	<u><u>\$ 1,997,742</u></u>

There were the following investments and maturities at June 30, 2020:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's Investment Pool	\$ 1,135,584	\$ 1,135,584	\$ -	\$ -
Total	<u><u>\$ 1,135,584</u></u>	<u><u>\$ 1,135,584</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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, 2020, 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, 2020, 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, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,528,510	\$ -	\$ -	\$ 1,528,510
Construction in Progress	332,465	398,373	(228,163)	502,675
Total capital assets not being depreciated	1,860,975	398,373	(228,163)	2,031,185
Capital assets being depreciated:				
Buildings and Improvements	41,430,636	1,266,229	-	42,696,865
Equipment	304,035	21,090	-	325,125
Vehicles	25,650	-	-	25,650
Total capital assets being depreciated	41,760,321	1,287,319	-	43,047,640
Less total accumulated depreciation for:				
Buildings and Improvements	(5,695,993)	(923,306)	-	(6,619,299)
Equipment	(110,771)	(23,659)	-	(134,430)
Vehicles	(25,650)	-	-	(25,650)
Total accumulated depreciation	(5,832,414)	(946,965)	-	(6,779,379)
Total capital assets being depreciated, net	35,927,907	340,354	-	36,268,261
Total Capital Assets, Net	<u>\$ 37,788,882</u>			<u>\$ 38,299,446</u>

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

Program:

Instruction	\$ 540,830
Support Services	371,963
Enterprise and Community Services	34,172
	<u>\$ 946,965</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/2019-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 one 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 their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- 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. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
 - 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.

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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2020 were \$965,663, excluding amounts to fund employer specific liabilities. In addition approximately \$196,465 in employee contributions were paid or picked up by the District in fiscal 2020. At June 30, 2020, the District reported a net pension liability of \$7,173,443 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2017. The District's proportion of the net

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2019 and 2018, the District's proportion was .041 percent and .042 percent, respectively. Pension expense for the year ended June 30, 2020 was \$688,608.

The rates in effect for the year ended June 30, 2020 were:

- (1) Tier 1/Tier 2 – 32.03%
- (2) OPSRP general services – 26.58%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 395,594	\$ -
Changes in assumptions	973,159	-
Net difference between projected and actual earnings on pension plan investments	-	203,360
Net changes in proportionate share	-	515,371
Differences between District contributions and proportionate share of contributions	200,347	817
Subtotal - Amortized Deferrals (below)	1,569,100	719,548
District contributions subsequent to measuring date	965,663	-
Deferred outflow (inflow) of resources	<u>\$ 2,534,763</u>	<u>\$ 719,548</u>

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, 2021.

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>
2021	\$ 548,535
2022	(24,699)
2023	153,532
2024	160,193
2025	11,992
Thereafter	-
Total	<u>\$ 849,553</u>

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, 2020. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-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, 2019 through June 30, 2021, 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, 2017
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
Discount Rate	7.20 percent
Projected salary increase	3.50 percent
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
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	14.0%	21.0%	17.5%
Alternative Investments	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

(Source: June 30, 2019 PERS CAFR; p. 100)

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 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, 2019 PERS CAFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2019 and 2018 was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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	\$ 11,487,633	\$ 7,173,443	\$ 3,563,061

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, 2019 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 resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. 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

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 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:

Employees of the District pay six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2020.

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>

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 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, 2018, 2019, and 2020 were \$15,624, \$14,157, and \$3,657 respectively, which equaled the required contributions each year.

At June 30, 2020, 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 School District administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the School District's group health insurance plans. The School District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. The valuation date was July 1, 2019 and the measurement date was June 30, 2019.

Funding Policy - The School District has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the School District on a pay-as-you-go basis. There is no obligation on the part of the School District to fund these benefits in advance. The School District considered the liability to be solely the responsibility of the School District as a whole and it is allocated to the governmental statements.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions

The School District engaged an actuary to perform a valuation as of July 1, 2019 using the Entry Age Normal, level percent of salary Actuarial Cost Method. Mortality rates were based on the RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2017. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Health Care Cost Trend Medical and vision:

Year	Pre-65 Trend
2019	3.00%
2020	5.25%
2021	5.50%
2022-2025	5.00%
2026-2034	4.75%
2035-2036	5.00%
2037	5.50%
2038-2049	5.75%
2050-2055	5.50%
2056-2063	5.25%
2064-2066	5.00%
2067-2069	4.75%
2070-2072	4.50%
2073+	4.25%

Dental: 4.00% per year

Health care cost trend affects both the projected health care costs as well as the projected health care premiums.

General Inflation 2.50% per year, used to develop other economic assumptions

Annual Pay Increases 3.50% per year, based on general inflation and the likelihood of raises throughout participants' careers

Mortality Pub-2010 Teacher Employee and Healthy Retiree tables, sex distinct for members and dependents. Future mortality improvement is not projected as it would be immaterial to the valuation.

Disability Not used

Withdrawal Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender, and duration from hire date.

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

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Changes in Medical Benefit OPEB Liability:

	2020	2019	2018
Total OPEB Liability - Beginning	\$ 446,230	\$ 441,006	\$ 446,091
Changes for the Year:			
Service Cost	41,063	40,094	40,922
Interest	18,080	16,427	13,271
Differences Between Expected and Actual	(33,180)	-	-
Changes of Assumptions or Other Input	(6,549)	(6,384)	(16,196)
Benefit Payments	(40,623)	(44,913)	(43,082)
Net Changes for the Year	(21,209)	5,224	(5,085)
Total OPEB Liability - Ending	<u>\$ 425,021</u>	<u>\$ 446,230</u>	<u>\$ 441,006</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Trend Rates

The following analysis presents the net OPEB liability using a discount rate of 3.50%, as well as what the School District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 445,985	\$ 425,021	\$ 404,893

	1% Decrease Healthcare	Current Trend Rate Healthcare	1% Increase Healthcare
Total OPEB Liability	\$ 395,290	\$ 425,021	\$ 458,666

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits

The School District reports information on deferred outflows and deferred inflows of resources at year end as well as a schedule of amounts of those deferred outflows of resources and deferred inflows of resources that will be recognized in other post-employment benefit expense for the following five years.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ (28,075)
Changes in assumptions	-	(18,062)
Benefit Payments	45,335	-
Deferred outflow (inflow) of resources	<u>\$ 45,335</u>	<u>\$ (46,137)</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)

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>
2021	\$ (9,815)
2022	(9,815)
2023	(9,815)
2024	(7,426)
2025	(6,215)
Thereafter	(3,051)
Total	<u>\$ (46,137)</u>

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, 2020:

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Issue Amount</u>	<u>Outstanding July 1, 2019</u>	<u>Issued/ (Refunded)</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 2020</u>	<u>Due Within One Year</u>
7/1/04	1.80-5.15%	\$ 995,000	\$ 335,000	\$ -	\$ 60,000	\$ 275,000	\$ 65,000
8/30/05	0%	487,660	76,861	-	25,565	51,297	25,565
5/12/10	3.00-4.25%	13,000,000	350,000	-	350,000	-	-
7/14/16	2.85%	12,804,322	12,357,117	-	146,277	12,210,840	535,446
6/15/17	1.40-4.32%	4,205,275	4,180,754	-	19,063	4,161,691	23,262
12/15/17	3.00-4.00%	2,590,000	2,590,000	-	-	2,590,000	-
Total Bonds			19,889,732	-	600,905	19,288,828	649,273
Issuance Premium			209,937	-	11,663	198,274	-
Total Bond Obligations			20,099,669	-	612,568	19,487,101	649,273
Total Long-term Debt			<u>\$ 20,099,669</u>	<u>\$ -</u>	<u>\$ 612,568</u>	<u>\$ 19,487,101</u>	<u>\$ 649,273</u>
Early Retirement Incentive		\$	42,856	\$ 16,460	\$ 42,856	\$ 16,460	\$ -
Compensated Absences		\$	13,630	\$ 8,325	\$ 3,051	\$ 18,904	\$ 18,904

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.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

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.

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.	\$ 275,000
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Qualified zone academy bonds, series 2005 - issued August 2005, due in annual installments of principle and interest of \$25,565 through 2021.	51,297
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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%.	12,210,840
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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.	6,751,691
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	<u>\$ 19,288,828</u>
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VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

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>
2021	\$ 649,273	\$ 465,680
2022	693,219	449,266
2023	715,532	432,274
2024	775,746	405,322
2025	738,677	396,578
2025-30	4,618,687	1,602,438
2030-35	6,441,158	771,219
2035-40	2,492,024	2,373,377
2040-45	1,570,421	3,119,579
2045-50	594,091	1,485,908
	<u>\$ 19,288,828</u>	<u>\$ 11,501,641</u>

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,

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

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 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 Jaw 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.

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

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.

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, 2020 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.

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. PROPERTY TAX LIMITATION (CONTINUED)

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

12. INTERFUND ACTIVITY

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 142,032
Special Revenue	39,532	-
Debt Service	102,500	-
	<u>\$ 142,032</u>	<u>\$ 142,032</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 \$39,532 to the Special Revenue Fund to cover expenditures and \$102,500 to the Debt Service Fund for principal and interest payments.

	<u>Due to</u>	<u>Due from</u>
General Fund	\$ 57,701	\$ -
Special Revenue	321,286	-
Debt Service	-	24,609
Capital Projects	-	354,378
	<u>\$ 378,987</u>	<u>\$ 378,987</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, 2020

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
2020	0.04 %	\$ 7,173,433	\$ 3,647,557	196.7 %	80.2 %
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
2020	\$ 965,663	\$ 965,663	\$ -	\$ 3,673,474	26.3 %
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, 2020

	2020	2019	2018
Total OPEB Liability - Beginning	\$ 446,230	\$ 441,006	\$ 446,091
Changes for the year:			
Service Cost	41,063	40,094	40,922
Interest	18,080	16,427	13,271
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(33,180)	-	-
Changes of Assumptions or Other Input	(6,549)	(6,384)	(16,196)
Benefit Payments	(40,623)	(44,913)	(43,082)
Net Changes for the Year	(21,209)	5,224	(5,085)
Total OPEB Liability - Ending	\$ 425,021	\$ 446,230	\$ 441,006
Covered Payroll	3,673,474	3,647,557	3,317,717
Net Single Employer Pension Plan as a Percentage of Covered Payroll	11.57%	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, 2020

<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	<u>\$ 967,257</u>	<u>\$ 967,257</u>	<u>\$ 968,614</u>	<u>\$ 1,357</u>
Total Revenue	<u>967,257</u>	<u>967,257</u>	<u>968,614</u>	<u>1,357</u>
EXPENDITURES				
Support Services	800	800 (1)	-	-
Debt Service	<u>1,088,957</u>	<u>1,088,957 (1)</u>	<u>1,086,883</u>	<u>2,074</u>
Total Expenditures	<u>1,089,757</u>	<u>1,089,757</u>	<u>1,086,883</u>	<u>2,074</u>
Excess of Revenues Over (Under) Expenditures	(122,500)	(122,500)	(118,269)	4,231
OTHER FINANCING SOURCES (USES)				
Transfer In	<u>102,500</u>	<u>102,500</u>	<u>102,500</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>102,500</u>	<u>102,500</u>	<u>102,500</u>	<u>-</u>
Net Change in Fund Balance	(20,000)	(20,000)	(15,769)	4,231
Beginning Fund Balance	<u>20,000</u>	<u>20,000</u>	<u>58,808</u>	<u>38,808</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,039</u>	<u>\$ 43,039</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, 2020

CAPITAL PROJECTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ -	\$ -	\$ 14,400	\$ 14,400
State Sources	-	-	1,751,134	1,751,134
	<u>-</u>	<u>-</u>	<u>1,765,534</u>	<u>1,765,534</u>
Total Revenue	-	-	1,765,534	1,765,534
EXPENDITURES				
Support Services	120,000	120,000 (1)	75,965	195,965
Facilities Acquisition & Cons.	<u>2,880,000</u>	<u>2,880,000 (1)</u>	<u>1,369,277</u>	<u>1,510,723</u>
	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,445,242</u>	<u>1,706,688</u>
Total Expenditure	3,000,000	3,000,000	1,445,242	1,706,688
Net Change in Fund Balance	(3,000,000)	(3,000,000)	320,292	3,320,292
Beginning Fund Balance	<u>3,000,000</u>	<u>3,000,000</u>	<u>591,997</u>	<u>(2,408,003)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 912,289</u>	<u>\$ 912,289</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, 2020

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED JUNE 30, 2019</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, 2020</u>
Current:						
2019-2020	\$ 2,892,015	\$ 77,192	\$ (3,525)	\$ 1,712	\$ 2,741,636	\$ 71,374
Prior Years:						
2018-2019	70,504	4	2,922	3,228	41,445	35,205
2017-2018	35,104	-	1,146	3,587	20,327	19,509
2016-2017	20,351	-	523	4,999	19,916	5,957
2015-2016	7,485	-	7	2,428	8,399	1,520
Prior	7,003	-	(286)	2,141	5,086	3,773
Total Prior	140,447	4	4,312	16,382	95,174	65,964
Total	<u>\$ 3,032,462</u>	<u>\$ 77,196</u>	<u>\$ 787</u>	<u>\$ 18,094</u>	<u>\$ 2,836,810</u>	<u>\$ 137,338</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 2,836,810
Taxes in Lieu	25,179
Accrual of Receivables:	
June 30, 2020	11,111
June 30, 2019	<u>(14,057)</u>
Total GAAP Revenue	<u>\$ 2,859,043</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, 2020

DEBT SERVICE FUND

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED JUNE 30, 2019</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, 2020</u>
Current:						
2019-2020	\$ 964,005	\$ 25,731	\$ (294)	\$ 571	\$ 913,879	\$ 24,672
Prior Years:						
2018-2019	27,146	1	(2,672)	1,076	13,815	11,735
2017-2018	13,651	-	(1,569)	1,196	6,776	6,503
2016-2017	7,914	-	(956)	1,666	6,639	1,986
2015-2016	2,911	-	(414)	809	2,800	507
Prior	3,616	-	(1,377)	714	1,695	1,258
Total Prior	55,238	1	(6,987)	5,461	31,725	21,988
Total	<u>\$ 1,019,243</u>	<u>\$ 25,732</u>	<u>\$ (7,281)</u>	<u>\$ 6,031</u>	<u>\$ 945,603</u>	<u>\$ 46,660</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 945,603
Taxes in Lieu	24,774
Accrual of Receivables:	
June 30, 2020	3,704
June 30, 2019	<u>(5,467)</u>
Total GAAP Revenue	<u>\$ 968,614</u>

VERNONIA SCHOOL DISTRICT NO. 47
COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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(503) 620-2632 (503) 684-7523 FAX
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November 5, 2020

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, 2020, and have issued our report thereon dated November 5, 2020. 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 FOR FEDERAL AWARDS
SPECIAL PROGRAMS FUND
YEAR ENDED JUNE 30, 2020

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	07/01/19- 09/30/20	\$ 28,943	\$ -
Total Small Rural School Achievement Program CFDA 84.358A					28,943	-
Title I Grants to Local Educational Agencies	ODE	84.010	52083	07/01/19- 09/30/20	46,114	-
Title I Grants to Local Educational Agencies	ODE	84.010	53393	07/01/19- 09/30/20	142,830	-
Title I Grants to Local Educational Agencies	ODE	84.010	54341	07/01/19- 09/30/20	47,500	-
Total Title I, Part A CFDA 84.010					236,444	-
Title IIA - Improving Teacher Quality State Grants	ODE	84.367	53655	07/01/19- 09/30/20	23,497	-
Total Title IIA - Improving Teacher Quality State Grants CFDA 84.367					23,497	-
Special Education Cluster (IDEA)						
Special Education Grants to States	ODE	84.027	53823	07/01/19 - 06/30/20	104,705	-
Special Education Grants to States	ODE	84.027	51393	07/01/19 - 06/30/20	1,441	-
Total Special Education Grants to States CFDA 84.027					106,146	-
Special Education Grants to States	ODE	84.173	54101	07/01/19- 09/30/20	988	-
Total Special Education Grant to States CFDA 84.173					988	-
Total Special Education Cluster (IDEA)					107,134	-
Student Support and Academic Enrichment Program	ODE	84.424				
Student Support and Academic Enrichment Program	ODE	84.424	54645	07/01/19- 09/30/20	10,000	-
Total Support and Academic Enrichment Program					10,000	-
Total U.S. Department of Education					406,018	-
U.S. Department of Agriculture						
Child Nutrition Cluster:						
School Breakfast Program	ODE	10.553	N/A	07/01/19 - 06/30/20	17,387	-
Total School Breakfast Program CFDA 10.553					17,387	-
National School Lunch Program	ODE	10.555	N/A	07/01/19 - 06/30/20	186,920	-
National School Lunch Program Commodities	ODE	10.555	N/A	07/01/19 - 06/30/20	23,825	-
Total National School Lunch Program CFDA 10.555					210,745	-
Special Milk Program for Children	ODE	10.556	N/A	07/01/19 - 06/30/20	243	-
total Special Milk Program for Children CFDA 10.556					243	-
Summer Food Service Program for Children	ODE	10.559	N/A	07/01/19 - 06/30/20	13,679	-
Summer Food Service Program for Children Commodities	ODE	10.559	N/A	07/01/19 - 06/30/20	53	-
Total Summer Food Service Program for Children CFDA 10.559					13,732	-
Total Child Nutrition Cluster					242,107	-
Total U.S. Department of Agriculture Food and Nutrition Services					242,107	-
U.S. Department of Health & Human Services						
Rehabilitation Services/Vocational Rehabilitation Grants to States	ODHS	84.126	H126A160758	07/01/19 - 06/30/20	54,146	-
Rehabilitation Services/Vocational Rehabilitation Grants to States	ODHS	84.126	H126A160828	01/31/19 - 02/28/20	10,030	-
Total Rehabilitation Services/Vocational Rehabilitation Grants to States CFDA 84.126					64,176	-
Total U.S. Department of Health & Human Services					64,176	-
U.S. Department of the Interior						
Secure Rural Schools & Community Self Determination	BLM	15.234	L12AC20572-0008	09/10/14 - 12/15/20	3,979	-
Total Secure Rural Schools & Community Self Determination CFDA 15.234					3,979	-
Total U.S. Department of the Interior					3,979	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 716,280	\$ -

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

REVENUE SUMMARY - ALL FUNDS YEAR ENDED JUNE 30, 2020

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	TOTAL
1111 Taxes - current year's levy	\$ 2,769,737	\$ -	\$ 936,640	\$ -	\$ 3,706,377
1112 Taxes - prior year's levies	82,786	-	31,250	-	114,036
1114 Taxes - payments in lieu of property taxes	4,854	-	-	-	4,854
1190 Penalties and interest on taxes	1,666	-	611	-	2,277
1510 Earnings on investments	56,142	-	112	14,400	70,654
1600 Food Service	-	35,400	-	-	35,400
1700 Extracurricular Activities	29,193	184,476	-	-	213,669
1910 Rentals	9,312	-	-	-	9,312
1920 Contributions and donations from private sources	14,130	46,263	-	-	60,393
1960 Recovery of prior year expenditures	12,321	468	-	-	12,789
1980 Fees Charged to Grants	1,688	-	-	-	1,688
1990 Miscellaneous	19,431	30,333	-	-	49,764
1994 Medicaid admin claiming	19,560	-	-	-	19,560
1995 Erate	21,809	-	-	-	21,809
Total Revenue from Local Sources	3,042,629	296,940	968,613	14,400	4,322,582
Revenue from Intermediate Sources					
2101 County school funds	13,918	-	-	-	13,918
2102 General education service district funds	10,000	8,000	-	-	18,000
2105 Natural gas, oil and mineral receipts	24,828	-	-	-	24,828
2200 Restricted revenue	1,250	5,121	-	-	6,371
Total Revenue from Intermediate Sources	49,996	13,121	-	-	63,117
Revenue from State Sources					
3101 State School Support	3,631,617	-	-	-	3,631,617
3102 SSF School Lunch Match	-	2,088	-	-	2,088
3103 Common school fund	49,356	-	-	-	49,356
3104 State managed county timber	813,624	-	-	-	813,624
3199 Other unrestricted sources	32,046	-	-	-	32,046
3299 Other restricted grants-in-aid	75,573	203,388	-	1,751,134	2,030,095
Total Revenue from State Sources	4,602,216	205,476	-	1,751,134	6,558,826
Revenue from Federal Sources					
4300 Restricted Rev Fed Gov through State	-	32,922	-	-	32,922
4500 Restricted Rev Fed Gov through State	-	659,480	-	-	659,480
4900 USDA Donated Commodities	-	23,878	-	-	23,878
Total Revenue from Federal Sources	-	716,280	-	-	716,280
Revenue from Other Sources					
5200 Interfund Transfers	-	39,532	102,500	-	142,032
5400 Resources - Beginning Fund Balance	627,120	177,614	58,808	591,997	1,455,539
Total Revenue from Other Sources	627,120	217,146	161,308	591,997	1,597,571
Total	\$ 8,321,961	\$ 1,448,963	\$ 1,129,921	\$ 2,357,531	\$ 13,258,376

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**GENERAL FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2020**

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	\$ 542,177	\$ 307,825	\$ 31,359	\$ 25,717	\$ -	\$ -	\$ -	\$ 907,078
1121 Middle/Junior high school programs	366,422	240,721	14,877	3,193	-	-	-	625,213
1122 Middle/Junior high school extracurricular	14,895	5,402	2,798	421	-	-	-	23,516
1131 High school programs	693,690	462,888	42,211	12,231	-	-	-	1,211,020
1132 High school extracurricular	95,122	23,133	48,257	27,332	-	2,260	-	196,104
1220 Restrictive programs for student with disabilities	-	-	141,142	-	-	-	-	141,142
1250								
Less restrictive programs for student with disabilities	539,354	413,270	5,373	4,311	-	-	-	962,308
1260 Treatment and Habilitation	-	-	9,522	-	-	-	-	9,522
1271 Remediation	60,988	46,355	38,623	38,497	-	-	-	184,463
1400 Summer School Programs	4,979	1,737	-	125	-	-	-	6,841
Total Instruction Expenditures	2,317,627	1,501,331	334,162	111,827	-	2,260	-	4,267,207
Support Services Expenditures								
2110 Attendance and social work services	29,339	19,569	30,771	-	-	-	-	79,679
2120 Guidance services	131,955	89,738	337	345	-	59	-	222,434
2130 Health services	-	-	15,207	-	-	-	-	15,207
2140 Psychological services	-	-	79,420	-	-	-	-	79,420
2190 Service direction, student support services	11,312	11,242	-	-	-	-	-	22,554
2210 Improvement of instruction services	7,172	2,807	30,275	2,381	-	-	-	42,635
2220 Educational media services	49,545	57,409	-	189	-	-	-	107,143
2310 Board of education services	5,597	3,976	30,959	128	-	2,916	-	43,576
2320 Executive administration services	166,080	98,811	17,048	3,424	-	1,792	-	287,155
2410 Office of the principal services	252,749	162,229	37,645	6,187	-	6,414	-	465,224
2490 Other support services	77,807	46,109	2,351	-	-	-	-	126,267
2520 Fiscal services	104,216	45,020	4,841	3,798	-	5,013	-	162,888
2540 Operation and maintenance of plant services	158,370	103,934	211,851	34,288	-	98,181	-	606,624
2550 Student transportation services	-	-	841,442	-	-	-	-	841,442
2640 Staff services	564	48	111	1,000	-	-	-	1,723
2660 Technology services	10,998	8,692	34,794	89,645	-	150	-	144,279
2700 Supplemental retirement program	-	54,648	-	-	-	-	-	54,648
Total Support Services Expenditures	1,005,704	704,232	1,337,052	141,385	-	114,525	-	3,302,898
Other Uses Expenditures								
5200 Transfers of Funds	-	-	-	-	-	-	142,032	142,032
Total Other Uses Expenditures	-	-	-	-	-	-	142,032	142,032
Total 100 General Fund	\$ 3,323,331	\$ 2,205,563	\$ 1,671,214	\$ 253,212	\$ -	\$ 116,785	\$ 142,032	\$ 7,712,137

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**SPECIAL REVENUE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2020**

Fund: 200 Special Revenue Fund									
Instruction Expenditures									
	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	TOTAL	
1111 Primary, K-3	\$ 19,809	\$ 9,134	\$ -	\$ 41,749	\$ -	\$ -	\$ -	\$ 70,692	
1121 Middle/Junior high school	8,092	3,081	3,187	4,637	-	-	-	18,997	
1122 Middle/Junior high school extracurricular	-	-	-	3,663	-	-	-	3,663	
1131 High school programs	52,665	36,463	60,247	29,732	-	-	-	179,107	
1132 High school extracurricular	-	-	-	170,245	-	-	-	170,245	
1250 Less restrictive programs for student with disabilities	79,789	42,378	867	-	-	-	-	123,034	
1260 Treatment and Habilitation	-	-	988	-	-	-	-	988	
1272 Title I	73,647	66,451	675	2,056	-	-	-	142,829	
1280 Alternative education	43,796	34,519	3,527	434	-	-	-	82,276	
Total Instruction Expenditures	277,798	192,026	69,491	252,516	-	-	-	791,831	
Support Services Expenditures									
2130 Health services	-	-	358	-	-	-	-	358	
2190 Service direction, student support services	4,074	1,232	296	2,660	-	-	-	8,262	
2210 Improve instruction services	13,632	4,143	41,607	3,593	-	8,558	-	71,533	
2240 Instructional staff development	4,700	1,909	-	-	-	-	-	6,609	
2640 Staff services	3,065	1,246	398	5,952	-	3,121	-	13,782	
Total Support Services Expenditures	25,471	8,530	42,659	12,205	-	11,679	-	100,544	
Enterprise and Community Services									
3100 Food services	117,528	58,504	8,426	132,122	-	3,072	-	319,652	
Total Enterprise and Community Services	117,528	58,504	8,426	132,122	-	3,072	-	319,652	
Total 200 Special Revenue Fund	\$ 420,797	\$ 259,060	\$ 120,576	\$ 396,843	\$ -	\$ 14,751	\$ -	\$ 1,212,027	

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**DEBT SERVICE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2020**

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,086,882	\$ -	\$ 1,086,882
Total Other Uses Expenditures	-	-	-	-	-	1,086,882	-	1,086,882
Total 300 Debt Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,086,882	\$ -	\$ 1,086,882

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

**CAPITAL PROJECTS FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2020**

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	2,866	1,517	70,382	-	-	-	-	74,765
Total Support Services Expenditures	2,866	1,517	70,382	-	-	1,200	-	75,965
Facilities Acquisition and Construction Expenditures								
4110 Service area direction	\$ -	\$ -	\$ 3,254	\$ -	\$ -	\$ 10,574	\$ -	\$ 13,828
4120 Site acquisition and development services	-	-	-	-	-	-	-	-
4150 Building acquisition, construction and improvement	-	-	118,929	23,798	1,174,719	458	-	1,317,904
4180 Other capital items	-	-	-	-	-	-	-	-
4190 Other facilities construction services	-	-	-	-	37,545	-	-	37,545
Total Facilities and Construction Expenditures	-	-	122,183	23,798	1,212,264	11,032	-	1,369,277
Total 400 Capital Projects Fund	\$ 2,866	\$ 1,517	\$ 192,565	\$ 23,798	\$ 1,212,264	\$ 12,232	\$ -	\$ 1,445,242

VERNONIA SCHOOL DISTRICT NO. 47J

Columbia County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY THE STATE OF OREGON
DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2020

School District Business Managers and Auditors:

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

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

A. Energy Bill for Heating - **All Funds:**

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

	Objects 325 & 326
Function 2540	\$ 126,034
Function 2550	\$ -

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

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

\$ -

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
2020	\$ 599,706,520	\$ -	\$ 599,706,520	\$ 796,477,892	\$ 63,319,992	\$ 19,477,871	\$ 43,842,121
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

Columbia County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2020	\$ 592,444,520	\$ -	\$ 592,444,520	\$ 783,652,142
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

Washington County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2020	\$ 7,262,000	\$ -	\$ 7,262,000	\$ 12,825,750
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

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⁾	6/30/2020⁽³⁾
2020	97.51%	97.51%
2019	97.12%	98.63%
2018	96.77%	99.22%
2017	96.73%	99.75%
2016	96.77%	99.93%
2015	96.60%	99.67%

Washington County		
<u>Tax Collections</u>⁽¹⁾		
Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2020⁽³⁾
2020	98.96%	98.96%
2019	98.99%	99.63%
2018	98.95%	99.84 %
2017	98.37%	99.95%
2016	98.33%	99.98%
2015	98.31%	99.99%

(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, 2020.

Levy Rates

Fiscal Year	Permanent Rate	Bond Levy Rate
2020	5.0121	1.6421
2019	5.0121	1.9225
2018	5.0121	1.8344

Historical Enrollment

Fiscal Year	Average Daily Membership (w)⁽¹⁾	Enrollment⁽²⁾
2020 ⁽³⁾	779.64	555
2019 ⁽³⁾	785.5	566
2018	746.5	532
2017	742.9	524
2016	770.3	546
2015	764.5	585

(1) Weighted Average Dialy Membership is the enrollment figure, adjusted for part-time studnets 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 2020

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Portland Gen Elec Co	Electrical Utility	\$ 5,383,045	\$ 696,829,000	12.38%
Northwest Natural Gas Co	Natural Gas Utility	2,787,430	235,025,466	4.18%
United States Gypsum	Wall board	919,032	56,023,980	1.00%
Dyno Nobel, Inc.	Forest Products	734,107	57,089,802	1.01%
Longview Timberlands LLC	Forest Products	628,371	51,963,992	0.92%
Columbia River PUD	Electrical Utility	553,611	42,865,500	0.76%
Cascade Kelly Holdings LLC	Forest Products	469,856	38,409,870	0.68%
Clatskanie PUD	Utility	459,192	25,707,000	0.46%
Northwest Aggregates Inc	Forest Products	375,107	30,121,850	0.54%
Centurylink	Telecommunication	314,001	21,661,000	0.38%
Subtotal - ten of County's largest taxpayers			1,255,697,460	22.31%
All other County's taxpayers			4,372,898,952	77.69%
Total County			<u>\$ 5,628,596,412</u>	<u>100.00%</u>

Major Taxpayers - Washington County

Fiscal Year 2020

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Intel Corporation	Semiconductors	\$ 33,052,392	\$ 1,970,829,308	2.90%
Nike, Inc.	Athletic Shoes & Apparel	17,773,836	1,011,210,140	1.49%
Portland General Electric	Electrical Utility	10,220,313	616,308,814	0.91%
Pacific Realty Associates	Real Estate Investment	6,985,396	402,106,164	0.59%
Northwest Natural Gas Co.	Natural Gas Utility	5,878,134	368,707,300	0.54%
Genentech Inc.	research/manufacturing	4,644,650	274,026,540	0.40%
Comcast Corporation	Telecommunications	4,389,859	254,049,000	0.37%
Verizon Communications	Telecommunications	4,078,423	241,357,000	0.35%
Nike IHM	Athletic Shoes & Apparel	3,579,453	216,673,430	0.32%
LAM Research Corporation	Semiconductors	3,057,815	190,462,687	0.28%
Subtotal - ten of County's largest taxpayers			5,545,730,383	8.15%
All other County's taxpayers			62,486,625,744	91.85%
Total County			<u>\$68,032,356,127</u>	<u>100.00%</u>

VERNONIA SCHOOL DISTRICT NO. 47J
COLUMBIA COUNTY, OREGON

Major Taxpayers - Columbia County - Vernonia School District

Fiscal Year 2020

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Northwest Natural Gas Co	Natural Gas Utility	\$ 2,162,627	\$ 188,205,466	31.38%
Longview Timberlands LLC	Forest Products	339,806	27,499,268	4.59%
Weyerhaeuser Company	Forest Products	160,354	12,842,130	2.14%
Orm Timber Fund (REIT) III Inc	Forest Products	85,274	6,886,577	1.15%
Bascom Pacific LLC	Forest Products	75,355	6,115,965	1.02%
Longview Fibre	Paper Manufacturing	67,818	5,488,914	0.92%
Olympic Forest Products Co	Forest Products	62,764	5,310,420	0.89%
West Oregon Electric Coop Inc	Electrical Utility	62,142	3,710,160	0.62%
Enerfin Resources Northwest LP	Forest Products	34,902	2,953,000	0.49%
Olympic Forest Products Co Inc	Forest Products	26,480	2,230,191	0.37%
John Hancock Mututal Life Co	Insurance Company	23,946	1,937,473	0.32%
Subtotal - ten of County's largest taxpayers			263,179,564	43.88%
All other County's taxpayers			336,526,956	56.12%
Total County			<u>\$ 599,706,520</u>	<u>100.00%</u>

Major Taxpayers - Washington County - Vernonia School District

Fiscal Year 2020

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Not available until December 1, 2020				

VERNONIA SCHOOL DISTRICT NO. 47J
COLUMBIA COUNTY, OREGON

Major Taxpayers - Columbia County - Vernonia School District

Fiscal Year 2020

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Northwest Natural Gas Co	Natural Gas Utility	\$ 2,162,627	\$ 188,205,466	31.38%
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Total County			<u>\$ 599,706,520</u>	<u>100.00%</u>

Major Taxpayers - Washington County - Vernonia School District

Fiscal Year 2020

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Weyerhaeuser Columbia Timberlands LLC	Wood Products	\$ 38,083	\$ 3,026,990	41.01%
Stimson Lumber Co	Wood Products	7,090	553,070	7.49%
Buckley, Peggy Lu	Individuals	4,778	362,290	4.91%
Schmidlin, Michael W and Susan M	Individuals	4,389	337,200	4.57%
Brown, Lois Louise	Individuals	3,832	310,800	4.21%
Schmidlin, Betty & Leonard Alfred Trust	Individuals	2,824	210,120	2.85%
McPherson, David	Individuals	2,674	205,480	2.78%
Longview Fibre Company	Paper Manufacturing	2,029	126,070	1.71%
Wetzel Sunset LLC	Individuals	2,025	158,850	2.15%
Sewell, Aaron J &	Individuals	2,010	148,400	2.01%
Subtotal - ten of County's largest taxpayers			5,439,270	73.70%
All other County's taxpayers			1,941,300	26.30%
Total County			<u>\$ 7,380,570</u>	<u>100.00%</u>

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