

**GERVAIS SCHOOL DISTRICT NO. 1**  
**MARION COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**



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

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

2016-2017 FINANCIAL REPORT

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GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

2016-2017 FINANCIAL REPORT

Henry Bustamante, Chair	June 30, 2017
Molly McCargar, Vice Chair	June 30, 2017
Maria Caballero	June 30, 2017
Michael Jirges	June 30, 2017
Wesley Leiva	June 30, 2017

Board members receive mail at the District address listed below.

ADMINISTRATION

Mr. Matt Henry, Superintendent/Clerk  
Ms. Melissa Wolfer, Business Manager/Deputy Clerk

P.O. Box 100  
Gervais, Oregon 97026-0100

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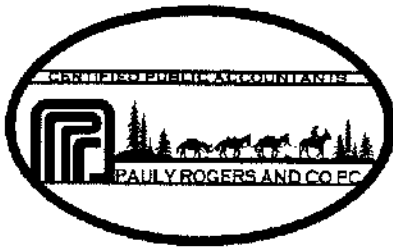
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October 12, 2017

Board of Directors  
Gervais School District No. 1  
Marion County, Oregon

## **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities, each major fund and the remaining fund information of Gervais School District (the District) as of and for the year ended June 30, 2017, and the related notes to the basic 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 basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of Gervais School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The District adopted the provisions of GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 77, *Tax Abatement Disclosures* for the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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 schedules of net pension liability or contributions for PERS or management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as required supplementary information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, and the schedule of expenditures of federal awards 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 Government Auditing Standards, we have also issued our reports dated October 12, 2017 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 12, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is fluid and cursive, with the first and last names being more prominent than the middle initial.

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

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**Gervais School District  
Management's Discussion and Analysis  
For the year ended June 30, 2017**

As management of Gervais School District #1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the District's Financial Statements and Notes to Financial Statements, which follow this Management's Discussion and Analysis (MD&A).

**Financial Highlights**

- The District's capital assets totaled **\$6,068,594** as of June 30, 2017.
- At June 30, 2017, the District's governmental funds reported combined ending fund balances of **\$5,018,967**. Much of this fund balance was General Fund, Building Proceeds, Food Service, and Public Employee Retirement System (PERS) reserve. Of this ending fund balance, **\$1,058,708** was restricted or committed and was not available to meet the general obligations of the District.
- The District began contracting for transportation services **fourteen** years ago. The District will continue to contract out this service having sold its fleet to Mid-Columbia Bus Co. during the 2006-07 fiscal year.
- The District's total debt decreased by **\$419,300** during the 2016-17 fiscal year.

**Government Financial Statements**

The *government-wide financial statements* are prepared in conformance with GASB-34. These statements are designed to provide readers with a broad overview of the District's finances, in a manner like a private-sector business.

These statements include:

- **The Statement of Net Position**  
The statement of net position presents information on all the assets and liabilities of the District at year end. Net position is what remains after the obligations have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the District is improving, deteriorating or reflects overall stability.
- **The Statement of Activities**  
The statement of activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce the 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 stated in this statement for some items that result in cash flows in future fiscal periods, (e.g. uncollected taxes and earned but unused vacation leave.)

In the government-wide financial statements the District's activities are in one category:

- **Governmental activities.** Most of the District's functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facility acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, Federal Grants and other intergovernmental revenues.

**Gervais School District  
Management's Discussion and Analysis  
For the year ended June 30, 2017**

**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. The Gervais School District, like other state and local Governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All but one of the District's funds are governmental funds. The one remaining fund is a fiduciary fund where the District acts as the fiscal agent for the Community Progress Team.

**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 balances of spendable resources available at the end of the fiscal year.

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. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the Government-wide Statements of Net Position and Activities.

The District maintains four individual governmental funds:

- General Fund
- Special Revenue Funds: Federal Grant Funds, Food Service Fund, Capital Improvements, Building Proceeds, Co-Curricular, Student Body & Fees Funds, Insurance Reserve, and some Private Grants
- Debt Service Fund: General Obligation Bond Debt Service and PERS Unfunded Accrued Liability (UAL) Debt Service
- Capital Project Fund: Consolidation Project

Information is presented separately in the governmental fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Revenues Fund, Debt Service Fund, and Capital Project Fund which are major funds. Data from individual funds are combined into a single, aggregate presentation in these types of funds.

**Notes to the Basic 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.

Gervais School District adopts a budget for all its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their budgets under required supplementary information and supplementary information following the notes to the basic financial statements.

**Gervais School District  
Management's Discussion and Analysis  
For the year ended June 30, 2017**

**Condensed Statement of Net Position**

<b>Assets</b>	<b>2017</b>	<b>2016</b>	<b>Variance</b>
Current and other assets	\$5,791,380	\$6,830,808	(\$1,039,428)
Net capital assets	6,068,594	5,532,198	536,396
Total Assets	<u>\$11,859,974</u>	<u>\$12,363,006</u>	<u>(\$503,032)</u>
Deferred Outflows	3,574,750	199,801	
<b>Liabilities</b>			
Accounts payable and other liabilities	\$700,230	\$657,259	\$42,971
Long-term obligations	14,903,050	11,763,921	3,139,129
Total Liabilities	<u>\$15,603,280</u>	<u>\$12,421,180</u>	<u>\$3,182,100</u>
Deferred Inflows	(\$242,705)	\$392,932	
<b>Net Position</b>			
Net Investment in Capital Assets	\$3,058,594	\$5,532,198	(\$2,473,604)
Unrestricted	(4,301,202)	(6,703,072)	2,401,870
Restricted	831,347	919,569	(88,222)
Total Net Position	<u>(\$411,261)</u>	<u>(\$251,305)</u>	<u>(\$159,956)</u>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of Gervais School District, liabilities exceeded assets by **\$411,261** as of June 30, 2017 compared to a position of liabilities exceeding assets by **\$251,305** as of June 30, 2016. The District capitalizes and depreciates assets with purchased values of \$5,000 or over.

Capital assets, which consist of the District's land, improvements, and equipment, represent **51%** of total assets. The remaining assets include prepaid future pension costs, cash, investments, and receivables.

The District's largest liability, totaling **62%**, is for repayment of PERS and full faith and credit obligations. Other liabilities consist of net pension liability, accounts payable, payroll liabilities, and accrued compensated absences payable.

Capital assets are used by the District 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.

**Gervais School District  
Management's Discussion and Analysis  
For the year ended June 30, 2017**

**Governmental Activities**

The revenues and expenses shown in the following table explain the main changes in net position for the fiscal year 2016-17. At the end of the 2016-17 fiscal year, Gervais School District reported the net position for governmental activities decreased by **\$159,956**. This decrease is primarily the result of the district receiving less revenue from the state and federal government and an increase in personnel costs and purchase of a new video surveillance system.

Revenues from the state school fund decreased by **\$158,820**. Approximately **60%** of the expenses for the District's activities were paid by revenue from the State of Oregon which is an **8%** decrease from **68%** in 2015-16. Property taxes account for approximately **17%** of the District's revenue. The remaining **23%** of the District's expenses are paid by Federal Grants, from contributions, sale of assets, or local and intermediate grants.

Costs of direct classroom instruction activities account for **51%** of the total expenditures of **\$13,883,284**. Support services which include: administrative, technical, counseling, special services and logistical support to facilitate and enhance instruction makes up **38%** of total expenditures. The remaining **11%** of expenditures are for community services and payment of interest on long-term debt.

**Statement of Activities**

Revenues:	2016-17	2015-16	Difference
Program Revenues			
Charges for Services	\$323,178	\$340,214	(\$17,036)
Operating Grants and Contributions	1,339,974	1,455,635	(115,661)
Total program revenues	<u>\$1,663,152</u>	<u>\$1,795,849</u>	<u>(\$132,697)</u>
General Revenues			
Property Taxes	\$2,303,342	\$2,193,857	\$109,485
Federal Sources	60,714	54,084	6,630
State School Funds	8,290,587	8,449,407	(158,820)
Intermediate Sources	293,919	271,218	22,701
Local Sources	1,028,401	971,308	57,093
Investment Earnings	83,213	37,323	45,890
Total General Revenues	<u>12,060,176</u>	<u>11,977,197</u>	<u>82,979</u>
<b>Total Revenues:</b>	<b><u>\$13,723,328</u></b>	<b><u>\$13,773,046</u></b>	<b><u>(\$49,718)</u></b>
Expenditures:			
Instruction	\$7,124,521	\$6,949,181	\$175,340
Support Services	5,252,012	4,584,989	667,023
Enterprise & community Services	778,151	722,784	55,367
Interest on Long Term Debt	728,600	688,680	39,920
Total Expenditures	<u>13,883,284</u>	<u>12,945,634</u>	<u>937,650</u>
<b>Changes In Net Position</b>	<b><u>(\$159,956)</u></b>	<b><u>\$827,412</u></b>	<b><u>\$667,456</u></b>
 <b>Net Position-Beginning of Year</b>	 <b><u>(\$251,305)</u></b>	 <b><u>(\$1,078,717)</u></b>	 <b><u>\$827,412</u></b>
<b>Net Position- Ending of Year</b>	<b><u>(\$411,261)</u></b>	<b><u>(\$251,305)</u></b>	<b><u>(\$662,566)</u></b>

**Gervais School District  
Management's Discussion and Analysis  
For the year ended June 30, 2017**

**Transfer of Funds**

The Budget Committee annually approves use of general fund revenue for specific purposes. These funds are transferred out of the general fund and into special funds. During the 2016-17 fiscal year, the transfers out of general fund were increased by 4% from \$478,100 to \$498,825.

**Transfers from General Fund to Special Funds**

	<b><u>2016-17</u></b>	<b><u>2015-16</u></b>	<b><u>Difference</u></b>
Capital Projects	\$20,000	\$20,000	\$0
Debt Services	233,325	247,100	(13,775)
High School Co-Curricular	139,500	115,000	24,500
High School Co-Curricular Transportation	24,000	24,000	0
Middle School Co-Curricular	35,000	25,000	10,000
Middle School Co-Curricular Transportation	7,000	7,000	0
Textbooks	40,000	40,000	0
<b>Total Transfers from General Fund</b>	<b><u>\$498,825</u></b>	<b><u>\$478,100</u></b>	<b><u>\$20,725</u></b>

**Fund Financial Analysis**

The focus of the governmental funds is to provide information on the inflows, outflows, and balances of spendable resources. Unassigned fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2017, total fund balance of the governmental funds was **\$5,018,967**. These amounts are available to use in accordance with applicable restrictions on the nature of the expenditures.

The General Fund had revenue and expenditures of **\$11,119,737** and **\$10,738,968** respectively. Revenues increased by .22% and expenditures increased 3.25% over fiscal year 2015-16. General Fund balance decreased from **\$2,589,708 to \$2,471,652**. The \$118,056 decrease is primarily due to increases in personnel costs.

The Special Funds had revenues and expenditures of **\$1,950,592** (including transfers from general fund) and **\$2,889,833** respectively decreasing the ending fund balance by **\$939,241**. The ending fund balance for all special funds as of June 30, 2017 was **\$1,969,273**. This decrease from the prior year was due to improvement of the grounds and purchase of the middle school locker room as well as the new video surveillance system.

In addition to the general and special funds (designated funds and federal funds), the District maintains funds for Debt Service, PERs Debt Service, Capital Projects and the Community Progress Team.

**Budgetary Highlights**

Changes from the adopted budget were approved by the School Board and conform to local budget law. Appropriation increases were approved by the School Board for:

- Budget Transfers were made to accommodate changes in expected grants. Funds that were impacted included private grants, migrant funds, title three and the early learning hub.

**Gervais School District  
Management's Discussion and Analysis  
For the year ended June 30, 2017**

**Capital Assets**

On June 30, 2017, the District had **\$6,068,594** invested in a broad range of capital assets, including land, buildings, equipment, and vehicles. As discussed earlier, the District capitalizes and depreciates assets with a purchase price of \$5,000 and over. Land and building are reported and depreciated on the original costs. This amount reflects changes in the 2016-17 year as follows:

**Capital Assets at Year End**

	<u>2016-17</u>	<u>2015-16</u>
Land	\$392,550	\$392,550
Buildings & Improvements	10,439,826	9,695,556
Equipment	1,483,138	1,273,701
Vehicles	7,000	7,000
Total Capital Assets	<u>\$12,322,514</u>	<u>\$11,368,807</u>
Less: Accumulated Depreciation	<u>(\$6,253,920)</u>	<u>(\$5,836,609)</u>
Total capital Assets, Net	<u>\$6,068,594</u>	<u>\$5,532,198</u>

**Debt Administration**

The District has long-term debt of **\$130,000** for 17 acres of land purchased for the high school. Debt reduction is the responsibility of the General Fund. In 2002-2003 the District participated in re-funding of the PERS Unfunded Liability, and as of June 30, 2017, has an outstanding balance of **\$6,597,328** maturing by 2028. The PERS debt service is paid through an intercept agreement with the state and funded through District payroll. As expressed earlier in this document, the District obtained bonds to fund the consolidation project. Those bonds will mature by 2033 and have an outstanding balance of **\$2,880,000**.

**Economic Factors and the 2017-2018 Budget**

The District relies primarily on Oregon's State School Fund to support programs. However, the Federal funds received by the District provided needed support for special needs students and students that require additional academic support in areas such as math and reading. At the time the budget was adopted, the District anticipated an enrollment decrease.

The District pays to PERS the employer contribution of 6%. Ongoing costs for the retirement system are 5.99% for Tier one/two employees, .66% for OPSRP employees. Also, as stated in Debt Administration, the District is repaying the PERS debt service through payroll currently at 13.00% utilizing some of the reserve to pay for the increasing PERS costs.

The budget for 2017-2018 was adopted with total appropriations of **\$20,279,470**. The budget was an increase over the prior year due to increasing personnel and PERS costs.

The District continues to promote instruction and learning opportunities for students, an increase in community involvement and partnerships, and support for instruction through short and long-term facilities planning.

**Gervais School District  
Management's Discussion and Analysis  
For the year ended June 30, 2017**

**Requests for Information**

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors, and creditors with an overview of the District's finances. If you have any questions about the report or need any clarification of information, please contact Melissa Wolfer, Business Manager at Gervais School District Administrative Offices, PO Box 100 - 290 First Street, Gervais, Oregon 97026.

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GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

STATEMENT OF NET POSITION  
June 30, 2017

ASSETS:	GOVERNMENTAL ACTIVITIES
Cash & Cash Equivalents	\$ 5,488,979
Property Taxes Receivable	97,293
Accounts Receivable	205,108
Capital Assets - Net of Depreciation:	
Land	392,550
Buildings, Vehicles and Equipment	5,676,044
Total Assets	11,859,974
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferrals	3,574,750
TOTAL ASSETS AND PENSION RELATED DEFERRALS	15,434,724
LIABILITIES:	
Accounts Payable	146,278
Accrued Payroll, Taxes and Employee Withholdings	542,766
Interest Payable	11,186
Accrued Compensated Absences	33,402
Net Pension Liability	5,209,686
Long-Term Liabilities: Due Within One Year	418,143
Long-Term Liabilities: Due in More Than One Year	9,241,819
Total Liabilities	15,603,280
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Deferrals	242,705
TOTAL LIABILITIES AND PENSION RELATED DEFERRALS	15,845,985
NET POSITION:	
Net Investment in Capital Assets	3,058,594
Restricted:	
Nutrition Services	180,059
Student Body	73,246
Debt Service	541,743
Capital Improvements	36,299
Unrestricted	(4,301,202)
Total Net Position	\$ (411,261)

See accompanying notes to basic financial statements.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 7,124,521	\$ 149,767	\$ 428,272	\$ (6,546,482)
Support Services	5,252,012	96,204	315,024	(4,840,784)
Community Services	778,151	77,207	596,678	(104,266)
Interest on Long-Term Debt	728,600	-	-	(728,600)
Total Governmental Activities	<u>\$ 13,883,284</u>	<u>\$ 323,178</u>	<u>\$ 1,339,974</u>	<u>(12,220,132)</u>
General Revenues:				
				2,303,342
				8,290,587
				60,714
Income Not Restricted to Specific Programs:				
				1,028,401
				293,919
				83,213
				<u>12,060,176</u>
Changes in Net Position				(159,956)
Net Position - Beginning				<u>(251,305)</u>
Net Position - Ending				<u>\$ (411,261)</u>

See accompanying notes to basic financial statements.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>ASSETS:</b>					
Cash & Cash Equivalents	\$ 3,014,353	\$ 1,888,808	\$ 541,743	\$ 44,075	\$ 5,488,979
Receivables:					
Taxes	96,863	-	430	-	97,293
Other Receivables	86,380	118,728	-	-	205,108
Total Assets	<u>\$ 3,197,596</u>	<u>\$ 2,007,536</u>	<u>\$ 542,173</u>	<u>\$ 44,075</u>	<u>\$ 5,791,380</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Payroll Liabilities	\$ 542,766	\$ -	\$ -	\$ -	\$ 542,766
Accounts Payable	100,239	38,263	-	7,776	146,278
Total Liabilities	<u>643,005</u>	<u>38,263</u>	<u>-</u>	<u>7,776</u>	<u>689,044</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue-Property Taxes	82,939	-	430	-	83,369
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Nutrition Services	-	180,059	-	-	180,059
Student Body	-	73,246	-	-	73,246
Debt Service	-	-	541,743	-	541,743
Capital Improvements	-	-	-	36,299	36,299
<b>Committed:</b>					
Textbooks	-	26,850	-	-	26,850
Facility Improvements	-	109,261	-	-	109,261
E-Rate	-	19,981	-	-	19,981
Co-Curricular Activities	-	42,212	-	-	42,212
Private Grants	-	11,499	-	-	11,499
Middle and High School Fees	-	17,558	-	-	17,558
Unassigned	2,471,652	1,488,607	-	-	3,960,259
Total Fund Balances	<u>2,471,652</u>	<u>1,969,273</u>	<u>541,743</u>	<u>36,299</u>	<u>5,018,967</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,197,596</u>	<u>\$ 2,007,536</u>	<u>\$ 542,173</u>	<u>\$ 44,075</u>	<u>\$ 5,791,380</u>

See accompanying notes to basic financial statements.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

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

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Total Fund Balances - Governmental Funds	\$	5,018,967
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.		
		(5,209,686)
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.		
Deferred inflows		(242,705)
Deferred outflows		3,574,750
The cost of capital assets (land, buildings & improvements, equipment and vehicles) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.		
Net Capital Assets		6,068,594
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.		
Bonds Payable	\$	(9,477,328)
Bond Premium		(52,634)
Capital Leases		(130,000)
Interest Payable		(11,186)
Accrued Compensated Absences		(33,402)
		(9,704,550)
Unearned Revenue-Property Taxes		83,369
Net Position	\$	(411,261)

See accompanying notes to basic financial statements.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

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

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:					
Local Sources	\$ 2,566,206	\$ 255,177	\$ 929,099	\$ -	\$ 3,750,482
Intermediate Sources	288,285	5,634	-	-	293,919
State Sources	8,264,313	49,127	-	-	8,313,440
Federal Sources	933	1,375,154	-	-	1,376,087
Total Revenues	11,119,737	1,685,092	929,099	-	13,733,928
EXPENDITURES:					
Current:					
Instruction	6,152,383	908,908	-	-	7,061,291
Support Services	4,586,585	607,689	-	11,126	5,205,400
Community Services	-	771,245	-	-	771,245
Facilities Acquisition & Construction	-	574,891	-	45,000	619,891
Debt Service	-	27,100	1,121,226	-	1,148,326
Total Expenditures	10,738,968	2,889,833	1,121,226	56,126	14,806,153
Revenues Over, (Under) Expenditures	380,769	(1,204,741)	(192,127)	(56,126)	(1,072,225)
Other Financing Sources, (Uses):					
Sale of Capital Assets	-	-	-	-	-
Transfers In	-	265,500	233,325	-	498,825
Transfers Out	(498,825)	-	-	-	(498,825)
Total Other Financing Sources, (Uses)	(498,825)	265,500	233,325	-	-
Net Change in Fund Balance	(118,056)	(939,241)	41,198	(56,126)	(1,072,225)
Beginning Fund Balance	2,589,708	2,908,514	500,545	92,425	6,091,192
Ending Fund Balance	\$ 2,471,652	\$ 1,969,273	\$ 541,743	\$ 36,299	\$ 5,018,967

See accompanying notes to basic financial statements.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

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

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Total Net Changes in Fund Balances - Governmental Funds \$ (1,072,225)

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. (24,576)

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditures when earned. (8,677)

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

Capital Asset Additions	\$ 953,707	
Depreciation Expense	<u>(417,311)</u>	536,396

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 426

Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unearned revenue for all property taxes levied but not received, however in the Statement of Activities, there is no unearned revenue and the full property tax receivable is accrued. (10,600)

Repayment of bond principal, capital leases and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 419,300

Change in Net Position \$ (159,956)

See accompanying notes to basic financial statements.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2017

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COMMUNITY PROGRESS TEAM - FIDUCIARY FUND

	<u>ACTUAL</u>
ASSETS:	
Cash & Investments	<u>\$ 2,595</u>
Total Assets	<u><u>\$ 2,595</u></u>
LIABILITIES AND FIDUCIARY NET POSITION:	
Liabilities:	
Accounts Payable	<u>412</u>
Total Liabilities	<u>412</u>
FIDUCIARY NET POSITION:	
Held in Trust for Fund	<u>\$ 2,183</u>
Total Liabilities and Fiduciary Net Position	<u><u>\$ 2,595</u></u>

See accompanying notes to basic financial statements.

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GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Gervais School District No. 1 (the District) is a municipal corporation governed by an elected Board of Directors. Administration officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities have been included in these basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

Accounting principles generally accepted in the United States of America require that these basic financial statements include all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate entities that are included in the District's reporting because of the significance of their operational or financial relationships with the District. All significant activities and entities with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statement of Activities display information about the District as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported in the Statement of Fiduciary Net Position. The Fiduciary funds are budgeted as well.

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 District's 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 on general long-term debt is considered an indirect expense and is reported separately in 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.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with 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 numbers of funds are maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the 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. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. 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, pension costs, and claims and judgments which are not recognized as expenditures because they will be liquidated with future 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.

There are the following major governmental funds:

GENERAL FUND

This fund accounts for the financial operations not accounted for in any other fund. Principal sources of revenue are property taxes and distributions from the State of Oregon. Expenditures in the fund are made for instructional purposes and related support services.

SPECIAL REVENUE FUNDS

This fund accounts for the revenue and expenditures restricted for specific educational projects or programs. Principal revenue sources are federal grants and other local sources.

DEBT SERVICE FUND

Bond principal and interest payments are accounted for in the Debt Service Fund. The main source of revenue is local property taxes and charges to other funds for services.

CAPITAL PROJECTS FUND

This fund accounts for the proceeds of bonds and capital improvements that are funded by the bonds.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, there is the following fund type:

FIDUCIARY FUND

This fund accounts for the transactions of the Community Progress Team. It utilizes the modified accrual basis of accounting. This fund is used to account for assets that are held for others in a fiduciary capacity.

USE OF ESTIMATES

The preparation of basic 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 basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES AND EQUITY

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.

PROPERTY TAXES

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; therefore no allowance for uncollectible taxes has been established. 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.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and Statement of Net Position.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND EQUITY (CONTINUED)

SUPPLY INVENTORIES

Operating supplies, maintenance supplies, and 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 the inventories at USDA wholesale value. Inventory is accounted for based on the purchase method for the budgetary statements, and on the consumption method, charged to expense when used, for the government-wide financial statements. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused donated commodities and unused inventory was considered by management to be immaterial at year end; therefore, it is not reported.

CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, vehicles, and construction in progress, are reported in the government wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost.

Donated Capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

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

Buildings and improvements	10 to 50 years
Equipment	5 to 20 years
Vehicles	10 years

COMPENSATED ABSENCES

It is the policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the District. Employees are paid up to 30 days accrued compensation upon separation for compensated absences.

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 a straight line method. Bonds payable are reported net of the applicable bond premium or discount.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the basic financial statements 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 position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2017 there were deferred outflows of \$3,574,750 representing pension related deferrals in the Statement of Net Position.

In addition to liabilities, the basic financial statements 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. Unavailable revenue from property taxes, in the amount of \$83,369, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. At June 30, 2017 there were also deferred inflows of \$242,705 reported in the Statement of Net Position representing pension related deferrals.

FUND BALANCES

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. 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 are – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- 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.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCES (CONTINUED)

- 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. Authority to classify portions of ending fund balance as assigned has been granted to the Superintendent and the Business Manager.
- 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.

There were no nonspendable or assigned fund balances at year end.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. The minimum Fund Balance policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to not less than one month of General Fund operating expenditures or eight percent of General Fund expenditures.

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.

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

When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 upon 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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for each fund in accordance with Oregon Local Budget Law. These budgets are all prepared using the modified accrual basis of accounting. The budgetary basis of accounting is substantially the same as accounting principles generally accepted in the United States of America except capital outlay is expensed when purchased, inventories are budgeted as expenditures when purchased, depreciation expense and amortization are not recorded, debt and compensated absences are expensed when paid, pension costs are not recorded as an expense until paid, debt is recorded as revenue when proceeds are received, and taxes are deferred if not received within sixty days of year end. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

BUDGETARY INFORMATION (CONTINUED)

The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the basic financial statements include the original budget amounts. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations.

3. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities and Local Government Investment Pools.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments, except for the Fiduciary Fund, which is reported on a separate statement.

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

Deposits with Financial Institutions:	
Demand Deposits	\$ 416,836
Investments	<u>5,074,738</u>
	<u>\$ 5,491,574</u>
Reported In:	
Governmental Funds	\$ 5,488,979
Fiduciary Fund	<u>2,595</u>
Total	<u>\$ 5,491,574</u>

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**3. CASH AND INVESTMENTS (CONTINUED)**

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements as of June 30, 2017 was \$663,399, of which \$250,000 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**INVESTMENTS**

Statutes authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool.

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. The audited financial reports of the Oregon Short Term Fund can be found here:

[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.

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 5,074,738	\$ 5,074,738	\$ -	\$ -
Total	\$ 5,074,738	\$ 5,074,738	\$ -	\$ -

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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3. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

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 - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. There is no deposit policy for custodial credit risk.

Credit Risk - Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The state investment pool is not rated.

Concentration of Credit Risk

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

4. ACCOUNTS/GRANTS RECEIVABLE

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

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2017 are as follows:

GERVAIS SCHOOL DISTRICT NO. 1  
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NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

	Governmental Capital Assets 7/1/2016	Additions	Deletions	Governmental Capital Assets 6/30/2017
Capital Assets Not Being Depreciated:				
Land	\$ 392,550	\$ -	\$ -	\$ 392,550
Total	<u>392,550</u>	<u>-</u>	<u>-</u>	<u>392,550</u>
Capital Assets Being Depreciated:				
Buildings & Improvements	9,695,556	744,270	-	10,439,826
Equipment	1,273,701	209,437	-	1,483,138
Vehicles	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total	<u>10,976,257</u>	<u>953,707</u>	<u>-</u>	<u>11,929,964</u>
Accumulated Depreciation:				
Buildings & Improvements	4,963,312	305,868	-	5,269,180
Equipment	870,497	110,743	-	981,240
Vehicles	<u>2,800</u>	<u>700</u>	<u>-</u>	<u>3,500</u>
Total	<u>5,836,609</u>	<u>417,311</u>	<u>-</u>	<u>6,253,920</u>
Total Capital Assets, Net	<u>\$ 5,532,198</u>			<u>\$ 6,068,594</u>

Depreciation expense was charged to the functions as follows:

Instruction	\$ 226,013
Support Services	166,612
Community Services	<u>24,686</u>
Total	<u>\$ 417,311</u>

6. PENSION PLAN

PLAN DESCRIPTION

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

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

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

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

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

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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6. PENSION PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

CONTRIBUTIONS

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were \$950,300, excluding amounts to fund employer specific liabilities. In addition, approximately \$340,058 in employee contributions were paid or picked up by the District in fiscal 2017. The District also paid \$855,813 toward the UAL for PERS Bonds.

PENSION ASSET OR LIABILITY

At June 30, 2017, the District reported a net pension liability of \$5,209,686 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was .035 percent.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN (CONTINUED)

PENSION ASSET OR LIABILITY (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 172,359	\$ -
Changes in assumptions	1,111,101	-
Net difference between projected and actual earnings on pension plan investments	1,029,215	-
Net changes in proportionate share and differences between District contributions and proportionate share of contributions	311,775	(242,705)
Subtotal - Amortized Deferrals (below)	2,624,450	(242,705)
District contributions subsequent to measurement date	950,300	-
Net deferred outflow (inflow) of resources	\$ 3,574,750	\$ (242,705)

Subtotal amounts related to pension as deferred outflows of resources, \$2,624,450, and deferred inflows of resources, (\$242,705), net to \$2,381,745 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2018	\$ 428,971
2019	428,971
2020	810,505
2021	622,369
2022	90,930
Thereafter	-
Total	\$ 2,381,745

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

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financial.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx).

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN (CONTINUED)

ACTUARIAL VALUATIONS

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

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent (reduced from 2.75%)
Investment rate of return	7.50 percent (reduced from 7.75%)
Projected salary increase	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service (reduced from 3.75%). For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB (changed from Scale AA), with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females; changed from 65% for males and 90% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table (changed from static combined disabled mortality sex-distinct table.)

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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**6. PENSION PLAN (CONTINUED)**

**ACTUARIAL VALUATIONS (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 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

**DISCOUNT RATE**

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

**Assumed Asset Allocation:**

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

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

**Long-Term Expected Rate of Return:**

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

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PENSION PLAN (CONTINUED)

DISCOUNT RATE (CONTINUED)

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

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

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

	(6.50%)	(7.50%)	(8.50%)
District's proportionate share of the net pension liability (asset)	\$ 8,411,905	\$ 5,209,686	\$ 2,533,190

**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.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016. The actuarial effect of this change on the net pension liability has not yet been determined.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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6. PENSION PLAN (CONTINUED)

DISCOUNT RATE (CONTINUED)

As reflected in the December 31, 2014 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions passed by the 2013 Oregon Legislature, which increased the benefits projected to be paid by Employers compared to those previously developed and consequently increased plan liabilities. The employers' projected long-term contribution effort reflects the estimated impact of the Moro Decision. Following the completion of the December 31, 2014 actuarial valuation, the PERS Board adopted several assumption changes, including lowering the investment return assumption from 7.75% to 7.50%.

INDIVIDUAL ACCOUNT PROGRAM

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

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/Documents/GASB/2014/GASB-Disclosure-Information.pdf>

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Due to the immaterial size of the actuarially determined liabilities under GASB 45 related to OPEB, they are not reported in the basic financial statements. A single employer, defined benefit early retirement supplement program is maintained. The collective bargaining agreements with certificated personnel and administrators include provision for early retirement stipends for personnel who have been employed for a minimum of fifteen years with the District and remain eligible to receive PERS benefits. The early retirement programs provide for the payment of monthly stipends until the employee reaches age 62 or when 48 months have expired. The original plan provides for a stipend of \$350 per month plus employees' two-party medical and dental coverage for eligible employees who retired before July 1, 1998. For employees retiring after June 30, 1998, and prior to July 1, 2008, the monthly benefit is \$762 and is paid as a stipend only or as insurance with the remainder of the \$762 paid out as a stipend. As of July 1, 2015, there were no employees retired under the original plan and 7 retired under the new plan. The District funds the benefits on a pay-as-you-go basis and recognizes the amount paid as expenditure in the general fund.

GERVAIS SCHOOL DISTRICT NO. 1  
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NOTES TO BASIC FINANCIAL STATEMENTS

**7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Contributions and Funding Policy – The benefits from this program are fully paid and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and payments are made on a pay-as-you-go basis each year out of the General Fund. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan.

Annual Pension Cost and Net Pension Obligation – The Annual Pension Cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. 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) over a period not to exceed thirty years. The following table shows the components of the annual Pension cost for three years, the amount actually contributed to the plan, and changes in the Net Pension Obligation (Asset):

	2017	2016
Annual required contribution	\$ 64,474	\$ 65,509
Interest on net pension obligation	1,071	-
Adjustment to annual required contribution	1,976	-
Annual pension cost (APC)	67,521	65,509
Contributions Made	(51,174)	(38,724)
Increase in net pension obligation	16,347	26,785
Net Pension Obligation (Asset) at beginning of year	26,785	-
Net Pension Obligation (Asset) at end of year	\$ 43,132	\$ 26,785
Percentage of APC contributed	76%	59%

Due to the immaterial size of the liabilities related to OPEB, they are not reported in the basic financial statements.

**Program Participants:**

Active	119
Inactive	7
Total	126

Fiscal Year Ended June 30	Annual OPEB Cost	Contribution Made	Percentage Contributed
2016	\$ 65,509	\$ 38,724	0.591
2017	67,521	51,174	0.758
2018	69,575	37,178	0.534

The Annual Required Contribution (ARC) for June 30, 2017 has been actuarially determined to be \$51,174.

GERVAIS SCHOOL DISTRICT NO. 1  
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NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

Actuarial Methods and Assumptions - The Annual Required Contribution (ARC) for the current year was determined as part of the July 1, 2015 actuarial valuation using the Entry Age Normal Cost Method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 3% compounded annually; (b) no future increase in benefit payable from this program; and (c) no post-retirement benefit increases and a payroll increase of 3%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued in as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized over an initial period of four years as a level percentage of payroll for stipend benefits.

8. LONG-TERM DEBT

The following changes occurred in the liabilities reported in the general long-term debt group during the year ended June 30, 2017:

Issue	Outstanding 6/30/16	Issued	Matured and Redeemed	Outstanding 6/30/17	Due Within One Year
Full Faith & Credit Bonds	\$ 3,015,000	\$ -	\$ 135,000	\$ 2,880,000	\$ 140,000
Land Purchase	150,000	-	20,000	130,000	20,000
Pension Obligation Bonds	6,858,338	-	261,010	6,597,328	258,143
Total	10,023,338	-	416,010	9,607,328	<u>\$ 418,143</u>
Premium	55,924	-	3,290	52,634	
Total Long-Term Debt	<u>\$10,079,262</u>	<u>\$ -</u>	<u>\$ 419,300</u>	<u>\$ 9,659,962</u>	

All long-term debt obligations are payable from the General and Debt Service funds.

GERVAIS SCHOOL DISTRICT NO. 1  
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NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM DEBT (CONTINUED)

Future payments are due as follows:

Fiscal Year Ending June 30,	Full Faith & Credit		Land Purchase		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 140,000	\$ 106,500	\$ 20,000	\$ 6,240	\$ 258,143	\$ 658,893
2019	140,000	103,700	20,000	5,280	258,237	708,799
2020	145,000	99,500	20,000	4,320	255,903	756,132
2021	150,000	95,150	20,000	3,360	254,316	807,719
2022	155,000	90,650	25,000	2,400	252,747	859,289
2023-2027	865,000	363,400	25,000	1,200	4,702,982	1,719,673
2028-2032	1,050,000	176,200	-	-	615,000	34,932
2033	235,000	9,400	-	-	-	-
Total	<u>\$ 2,880,000</u>	<u>\$ 1,044,500</u>	<u>\$ 130,000</u>	<u>\$ 22,800</u>	<u>\$ 6,597,328</u>	<u>\$ 5,545,437</u>

A summary of the outstanding bonds due is as follows:

Bond Type	Issue Date	Original Amount	Interest Rates	Maturity Date	Remaining At 6/30/17
Pension	4/21/2003	\$9,541,779	1.5 to 6.27%	6/30/2028	\$6,597,328
Full Faith & Credit	6/12/2013	3,405,000	2.47-4.0%	6/1/2033	2,880,000

9. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage in the past three years.

10. COMMITMENTS AND CONTINGENCIES

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

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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11. OPERATING LEASES

There are four operating lease agreements for copiers, with monthly payments ranging from \$107 to \$1,300. Additionally, the District entered into an operating lease agreement for computers with a commencement date of August 1, 2017 for 36 months at an annual rental payment of \$44,008. The operating lease obligation paid for the year ended June 30, 2017, was \$24,385. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017-18	63,838
2018-19	66,647
2019-20	54,518
2020-21	10,278
2021-22	2,953
Total	<u>\$ 198,234</u>

12. TRANSFERS

Amounts are comprised of the following:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 498,825	\$ -
Special Revenue	-	265,500
Debt Service	-	233,325
Totals	<u>\$ 498,825</u>	<u>\$ 498,825</u>

Transfers were made to finance operations between funds.

13. PROPERTY TAX LIMITATION

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

The state voters 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 set 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.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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14. TAX ABATEMENTS

As of June 30, 2017, the District potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2017 for any program covered under GASB 77.

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GERVAIS SCHOOL DISTRICT NO. 1

MARION COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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GERVAIS SCHOOL DISTRICT  
MARION COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2017

PERS

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) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.035 %	\$ 5,209,686	\$ 5,540,303	94.0 %	80.5 %
2016	0.029	1,659,934	5,574,279	29.8	91.9
2015	0.030	(678,893)	5,471,552	(12.4)	103.6
2014	0.030	1,528,419	5,579,407	27.4	92.0

The amounts presented for each fiscal year were actuarially 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
2017	\$ 950,300	\$ 950,300	\$ -	\$ 5,447,856	17.4 %
2016	924,704	924,704	-	5,540,303	16.7
2015	1,141,971	1,141,971	-	5,574,279	20.5
2014	1,095,199	1,095,199	-	5,471,552	20.0

The amounts presented for each fiscal year were actuarially 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.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

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

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources	\$ 2,359,071	\$ 2,359,071	\$ 2,566,206	\$ 207,135
Intermediate Sources	225,000	225,000	288,285	63,285
State Sources	8,613,328	8,613,328	8,264,313	(349,015)
Federal Sources	6,500	6,500	933	(5,567)
Total Revenues	11,203,899	11,203,899	11,119,737	(84,162)
EXPENDITURES:				
Instruction	6,753,758	6,753,758 (1)	6,152,383	601,375
Support Services	4,874,371	4,874,371 (1)	4,586,585	287,786
Enterprise & Community Services	33,418	33,418 (1)	-	33,418
Contingency	1,100,000	1,100,000 (1)	-	1,100,000
Total Expenditures	12,761,547	12,761,547	10,738,968	2,022,579
Revenues Over, (Under) Expenditures	(1,557,648)	(1,557,648)	380,769	1,938,417
Other Financing Sources, (Uses):				
Sale of or Comp. for Loss of Fixed Assets	1,000	1,000		
Transfer Out	(498,825)	(498,825) (1)	(498,825)	-
Total Other Financing Sources, (Uses)	(497,825)	(497,825)	(498,825)	-
Net Change in Fund Balance	(2,055,473)	(2,055,473)	(118,056)	1,937,417
Beginning Fund Balance	2,055,473	2,055,473	2,589,708	534,235
Ending Fund Balance	\$ -	\$ -	\$ 2,471,652	\$ 2,471,652

(1) Appropriation Level

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

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

SPECIAL REVENUE FUNDS

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources	\$ 306,650	\$ 306,650	\$ 255,177	\$ (51,473)
Intermediate Sources	1,000	1,000	5,634	4,634
State Sources	74,391	84,391	49,127 (2)	(35,264)
Federal Sources	1,620,662	1,620,662	1,375,154	(245,508)
Total Revenues	2,002,703	2,012,703	1,685,092	(327,611)
EXPENDITURES:				
Instruction	1,256,791	1,268,291 (1)	908,908	359,383
Support Services	1,449,786	1,448,286 (1)	607,689	840,597
Enterprise & Community Services	826,848	826,848 (1)	771,245	55,603
Facility Acquisition & Construction	1,550,000	1,550,000 (1)	574,891	975,109
Debt Service	28,000	28,000 (1)	27,100	900
Operating Contingencies	328	328 (1)	-	328
Total Expenditures	5,111,753	5,121,753	2,889,833	2,231,920
Revenues Over, (Under) Expenditures	(3,109,050)	(3,109,050)	(1,204,741)	1,904,309
Other Financing Sources, (Uses):				
Sale of Capital Assets	1,790,000	1,790,000	-	(1,790,000)
Transfers In	265,500	265,500	265,500	-
Total Other Financing Sources, (Uses)	2,055,500	2,055,500	265,500	(1,790,000)
Net Change in Fund Balance	(1,053,550)	(1,053,550)	(939,241)	114,309
Beginning Fund Balance	1,053,550	1,053,550	2,908,514	1,854,964
Ending Fund Balance	\$ -	\$ -	\$ 1,969,273	\$ 1,969,273

(1) Appropriation Level

(2) Included in this State Revenue is the required match of \$6,308 for National School Lunch Support.

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

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

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources:				
Services Provided Other Funds	\$ 878,800	\$ 878,800	\$ 924,195	\$ (45,395)
Interest	-	-	4,904	4,904
Total Revenues	878,800	878,800	929,099	(40,491)
EXPENDITURES:				
Debt Service	1,333,900	1,333,900 (1)	1,121,226	212,674
Revenues Over, (Under) Expenditures	(455,100)	(455,100)	(192,127)	262,973
Other Financing Sources, (Uses):				
Transfers In	233,325	233,325	233,325	-
Net Change in Fund Balance	(221,775)	(221,775)	41,198	262,973
Beginning Fund Balance	221,775	221,775	500,545	278,770
Ending Fund Balance	\$ -	\$ -	\$ 541,743	\$ 541,743

(1) Appropriation Level

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

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

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES:				
Support Services	\$ 50,000	\$ 50,000 (1)	\$ 11,126	\$ 38,874
Facility Acquisition & Construction	45,000	45,000 (1)	45,000	-
Total Expenditures	95,000	95,000	56,126	38,874
Revenues Over, (Under) Expenditures	(95,000)	(95,000)	(56,126)	38,874
Beginning Fund Balance	95,000	95,000	92,425	(2,575)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,299</u>	<u>\$ 36,299</u>

(1) Appropriation Level

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GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

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

COMMUNITY PROGRESS TEAM FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 2,000	\$ 2,000	\$ 877	\$ (1,123)
EXPENDITURES:				
Enterprise & Community Services	4,500	4,500 (1)	814	3,686
Total Expenditures	4,500	4,500	814	3,686
Net Change in Fund Balance	(2,500)	(2,500)	63	2,563
Beginning Fund Balance	2,500	2,500	2,120	(380)
Ending Fund Balance	\$ -	\$ -	\$ 2,183	\$ 2,183
(1) Appropriation Level				

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2017

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY NUMBER	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION:			
Passed Through Oregon Department of Education:			
		37569	
		37568	
		35976	
		41060	
		41866	
Title I Grants to Local Education Agencies	84.010	41870	\$ 412,670
		36173	
Title IIA	84.367	41315	59,104
IDEA:		36851	
		38321	
		41507	
Special Education-Grants to States (IDEA, Part B)	84.027	42646	129,851
		40828	
		37163	
Passed Through Willamette Education Service District:	84.027	42023	288
Special Education - PreSchool Grant	84.173	40589	44
Total IDEA Cluster			130,183
Passed Through Oregon Department of Education:		36323	
English Language Acquisition Grants	84.365	41759	38,028
Passed Through Willamette Education Service District:			
Migrant Education (Not on ODE Schedule)	84.011	2117	49,815
Passed Through Marion County:			
Safe and Drug-Free Schools: Passed Through Marion County	84.186		7,465
TOTAL U.S. DEPARTMENT OF EDUCATION			697,265
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through Oregon Department of Education:			
National School Breakfast Program	10.553	2407001	150,996
National School Lunch Program	10.555	2407001	380,292
Commodity NSLP	10.555 & 10.559	2407001	52,076
Summer Food Service Program	10.559	2407001	13,727
Total National School Lunch Program Cluster			597,091
CNP SAE 2016 Reallocation	10.560		1,181
		36598	
		36599	
		38586	
		38587	
		39896	
Fresh Fruit and Vegetable Program	10.582	39897	27,012
Child and Adult Care Food Program	10.558	2407001	53,786
Federal Forest Fees	99.999	1123802	933
TOTAL U.S. DEPARTMENT OF AGRICULTURE			680,003
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,377,268
Reconciliation to Statement of Revenues, Expenses, and Changes in Fund Balances:			
Federal Expenditures Recognized			\$ 1,377,268
Accruals / Deferrals			(1,181)
Federal Revenue on Statement of Revenues, Expenses, and Changes in Fund Balances			\$ 1,376,087

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

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

<u>GENERAL FUND</u>						
TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/16	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/17
<u>GENERAL FUND:</u>						
Current:						
2016-17	\$ 2,355,053	\$ 62,296	\$ (9,662)	\$ 781	\$ 2,233,691	\$ 50,185
Prior Years:						
2015-16	54,407	(31)	(4,904)	2,076	30,016	21,594
2014-15	24,438	(18)	(3,255)	1,982	9,830	13,353
2013-14	14,334	(4)	(3,299)	2,758	9,362	4,435
2012-13	5,814	-	(1,887)	1,349	3,809	1,467
Prior	9,480	-	(3,287)	1,035	1,399	5,829
Total Prior	108,473	(53)	(16,632)	9,200	54,416	46,678
Total General Fund	\$ 2,463,526	\$ 62,243	\$ (26,294)	\$ 9,981	\$ 2,288,107	\$ 96,863

<u>RECONCILIATION TO REVENUE:</u>		<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above		\$ 2,288,107
Accrual of Receivables:		
June 30, 2016		(15,744)
June 30, 2017		13,924
Taxes in Lieu		1,325
Total Receipts		\$ 2,287,612

<u>DEBT SERVICE FUND</u>						
TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/16	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/17
<u>DEBT SERVICE FUND:</u>						
Current:						
2016-17	\$ 16,477	\$ 436	\$ (67)	\$ 5	\$ 15,628	\$ 351
Prior Years:						
2015-16	115	-	(10)	4	64	45
2014-15	9	-	(1)	1	4	5
2013-14	14	-	(4)	3	9	4
2012-13	34	-	(13)	8	21	8
Prior	1,268	-	(1,251)	3	3	17
Total Prior	1,440	-	(1,279)	19	101	79
Total Debt Service	\$ 17,917	\$ 436	\$ (1,346)	\$ 24	\$ 15,729	\$ 430

<u>RECONCILIATION TO REVENUE:</u>		<u>DEBT SVC FUND</u>
Cash Collections by County Treasurer Above		\$ 15,729
Taxes in Lieu		1
Total Receipts		\$ 15,730

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GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

OTHER INFORMATION

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GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES  
For the Year Ended June 30, 2017

<u>DATE OF ISSUE</u>	<u>MATURED BONDS &amp; COUPONS OUTSTANDING 7/1/16</u>	<u>BONDS &amp; COUPONS MATURING DURING THE YEAR</u>	<u>BONDS REDEEMED AND COUPONS PAID DURING THE YEAR</u>	<u>MATURED BONDS &amp; COUPONS OUTSTANDING 6/30/17</u>
4/30/2003	\$ -	\$ 877,026	\$ 877,026	\$ -
6/12/2013	-	244,200	244,200	-
TOTALS	<u>\$ -</u>	<u>\$ 1,121,226</u>	<u>\$ 1,121,226</u>	<u>\$ -</u>

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS  
June 30, 2017

SERIES 2003			
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>INTEREST RATES</u>
	<u>Due 6/30</u>	<u>Due 12/30 &amp; 6/30</u>	
2017-18	258,143	658,893	5.96%
2018-19	258,237	708,799	6.07%
2019-20	255,903	756,132	6.15%
2020-21	254,316	807,719	6.22%
2021-22	252,747	859,289	6.26%
2022-23	252,982	914,053	6.27%
2023-24	935,000	287,036	5.63%
2024-25	1,045,000	234,584	5.68%
2025-26	1,170,000	175,228	5.68%
2026-27	1,300,000	108,772	5.68%
2027-28	615,000	34,932	5.68%
TOTALS	<u>\$ 6,597,328</u>	<u>\$ 5,545,437</u>	

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS  
June 30, 2017

SERIES 2013			
YEAR	PRINCIPAL	INTEREST	INTEREST RATES
	Due 6/30	Due 12/30 & 6/30	
2017-18	140,000	106,500	2.00%
2018-19	140,000	103,700	3.00%
2019-20	145,000	99,500	3.00%
2020-21	150,000	95,150	3.00%
2021-22	155,000	90,650	3.00%
2022-23	160,000	86,000	4.00%
2023-24	165,000	79,600	4.00%
2024-25	175,000	73,000	4.00%
2025-26	180,000	66,000	4.00%
2026-27	185,000	58,800	4.00%
2027-28	195,000	51,400	4.00%
2028-29	200,000	43,600	4.00%
2029-30	210,000	35,600	4.00%
2030-31	220,000	27,200	4.00%
2031-32	225,000	18,400	4.00%
2032-33	235,000	9,400	4.00%
TOTALS	<u>\$ 2,880,000</u>	<u>\$ 1,044,500</u>	

**GERVAIS SCHOOL DISTRICT NO. 1**  
**MARION COUNTY, OREGON**

**SCHEDULE OF MAJOR TAX PAYERS**  
**For the Year Ended June 30, 2017**

**Gervais School District No. 1:**

<u>Taxpayer</u>	<u>Business/Service</u>	<u>Tax (1)</u>	<u>M50 Assessed Value (2)</u>	<u>Percent of Value</u>
PORTLAND GENERAL ELECTRIC CO	Electrical Utility	\$ 219,410	\$ 20,347,000	3.9%
COVANTA MARION INC	Utility	210,010	15,268,500	2.9%
NORPAC FOODS INC	Food Processing	187,853	16,376,290	3.1%
TERMINAL FREEZERS LLC	Food Storage & Distribution	150,401	13,183,622	2.5%
NUNHEMS USA INC	Vegetable Seeds	96,440	8,446,213	1.6%
ASSEMBLIES OF GOD		78,334	6,798,020	1.3%
GERVAIS TELEPHONE COMPANY	Telecommunications	74,177	5,354,740	1.0%
PILOT TRAVEL CENTERS LLC	Travel Center	50,696	4,291,194	0.8%
MORSE BROS INC	Construction Supplies	46,910	4,111,650	0.8%
CROP PRODUCTION SERVICES INC	Food Products	39,755	3,484,773	0.7%
Subtotal - top ten taxpayers		1,153,986	97,662,002	18.7%
All Other District taxpayers		1,217,544	425,176,864	81.3%
Total District		\$ 2,371,530	\$ 522,838,866	100.0%

**Marion County:**

<u>Taxpayer</u>	<u>Business/Service</u>	<u>Tax (1)</u>	<u>M50 Assessed Value (2)</u>	<u>Percent of Value</u>
PORTLAND GENERAL ELECTRIC CO	Electrical Utility	\$ 3,726,225	\$ 257,780,798	1.1%
NORTHWEST NATURAL GAS CO	Natural Gas Utility	2,263,029	143,292,600	0.6%
WINCO FOODS LLC	Retail/Warehouse	1,837,128	100,080,762	0.4%
WOODBURN PREMIUM OUTLETS LLC	Shopping Mall	1,215,733	62,473,396	0.3%
CENTURYLINK	Telecommunications	1,128,454	69,974,320	0.3%
NORPAC FOODS INC	Food Processing	1,067,510	69,047,262	0.3%
LANCASTER DEVELOPMENT COMPANY	Shopping Mall	994,587	56,428,400	0.3%
WAL-MART REAL ESTATE BUSINESS TR	Retail/Warehouse	942,377	50,818,350	0.2%
DONAHUE SCHRIER REALTY GROUP	Real Estate	909,098	59,975,400	0.3%
METROPOLITAN LIFE INSURANCE CO	Insurance	824,692	46,093,960	0.2%
Subtotal - top ten taxpayers		14,908,833	915,965,248	4.1%
All Other County taxpayers		51,735,147	21,574,515,474	95.9%
Total County		\$ 66,643,980	\$ 22,490,480,722	100.0%

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. The amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Marion County Department of Assessment and Taxation

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

SCHEDULE OF TAXABLE PROPERTY VALUES  
For the Year Ended June 30, 2017

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<u>Classification of Property</u>	<u>Taxable Assessed Value</u>
Real Property	\$ 20,848,424,763
Manufactured Structures	203,444,305
Personal Property	621,382,172
<u>Utilities</u>	<u>817,229,482</u>
<u>Total Assessed Valuation</u>	<u>\$ 22,490,480,722</u>

*Obtained from Marion County  
Property Records & Data > Summary of Tax Roll Booklet>2016*

GERVAIS SCHOOL DISTRICT NO.1  
MARION COUNTY, OREGON

NOTICE OF MATERIAL EVENT - RATING CHANGES

For the Year Ended June 30, 2017

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Issue: Oregon School Boards Association Pension Obligations, Series 2003 A&B

Date of Issuance: 04/21/2003

Moody's Rating Changes:

09/24/2007	Upgraded to Aa3 underlying
02/14/2008	Downgraded to Aa3 insured
05/01/2010	Change in scale to Aa2 underlying/ Aa2 insured

S&P Rating Changes

04/17/2003	Upgrade to AAA insured
10/13/2003	Downgrade to A+ underlying
12/01/2005	Downgrade to A underlying
09/24/2007	Upgrade to A+ underlying
01/31/2008	Downgrade to AA insured
02/25/2008	Downgrade to A+ insured
08/28/2014	Upgrade to AA- insured
06/26/2017	Downgrade to A+

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

FINANCIAL AND OPERATING DATA

**Levy rates - Gervais School District No.1 (Rates Per \$1,000 of Assessed Value)**

Fiscal Year	Billing Rate	Bond Levy Rate	Local Option Rate	Consolidated Rate
2013	0.0046427	0	0	0.0046427
2014	0.0046427	0	0	0.0046427
2015	0.0046427	0	0	0.0046427
2016	0.0046427	0	0	0.0046427
2017	0.0046427	0	0	0.0046427

Source: Marion County Department of Assessment and Taxation.

**Debt Capacity**

FY	2013	2014	2015	2016	2017
MS Real Market Value (1)	\$546,869,216	\$576,333,165	\$601,563,696	\$635,730,963	\$701,310,711
Debt Capacity					
General Obligation Debt Capacity (7.95% of RMV)	\$43,476,103	\$45,818,487	\$47,824,314	\$50,540,612	\$55,754,202
Less: Outstanding Debt Subject to Limit	\$0	\$0	\$0	\$0	\$0
Remaining General Obligation Debt Capacity	\$43,476,103	\$45,818,487	\$47,824,314	\$50,540,612	\$55,754,202
Percent of Capacity Issued	0.0%	0.0%	0.0%	0.0%	0.0%

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value.

Source: Marion County Department of Assessment and Taxation.

**Debt Ratios - 2017**

MS Real Market Value (1)	\$701,310,711	
Estimated Population(2)	7,697	
Per Capita Real Market Value	\$91,115	
Debt Information	Gross Direct Debt (3)	Net Direct Debt (4)
District Direct Debt	\$9,477,328	\$9,477,328
Overlapping Direct Debt	\$4,423,850	\$2,698,244
Total Direct Debt	\$13,901,178	\$12,175,572
Bonded Debt Ratios		
District Direct Debt to Real Market Value	1.35%	1.35%
Total Direct Debt to Real Market Value	1.99%	1.74%
Per Capita District Direct Debt	\$1,231	\$1,231
Per Capita Total Direct Debt	\$1,806	\$1,582

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value.

(2) Population estimated based on estimates from the National Center for Education Statistics September 14, 2017.

(3) Gross Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt.

(4) Net Debt is Gross Debt less self-supporting limited and unlimited tax supported debt.

Sources: Debt Management Division - The Office of the State Treasurer as of June 30, 2017, National Center for Education Statistics as of September 14, 2017.

**Taxable Property Values**

Fiscal Year	Real Market Value	MS Real Market Value (1)	TAV Used to Calculate Rates (2)
2017	\$1,125,164,935	\$701,310,711	\$622,838,866
2016	1,056,174,515	635,730,963	499,560,954
2015	989,008,165	601,563,696	482,747,512
2014	969,174,470	576,333,165	467,276,435
2013	948,536,777	546,869,216	449,204,593

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specifically assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

(2) Assessed value of property in the District on which the permanent rate is applied to derive ad valorem property taxes, excluding urban renewal and any other offsets.

Source: Marion County Department of Assessment and Taxation.

**Marion County Tax Collection Record(1)**

Fiscal Year	Percent Collected As Of:	
	Levy Year (2)	6/30/2017 (3)
2017	95.2%	95.2%
2016	94.9%	96.3%
2015	94.8%	96.6%
2014	94.4%	97.1%
2013	94.0%	97.2%

(1) Percentage of total tax levy collection in Marion 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 shown represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2017.

Source: Marion County Department of Assessment and Taxation

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

SUPPLEMENTAL INFORMATION  
As Required by The Oregon Department of Education  
For the Year Ended June 30, 2017

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<b>A. Energy bills for heating - all funds:</b>		<b>Objects 325 and 326</b>	
	Function 2540	\$	144,049
	Function 2550		-
<b>B. Replacement of equipment - General Fund:</b>			
Include all General Fund expenditures in Object 542, except for the following exclusions:		<b>Amount</b>	
Exclude these functions:			
1113, 1122 & 1132	Co-curricular activities	Construction	\$ -
1,140	Pre-kindergarten	Pupil transportation	
1,300	Continuing education	Food service	
1,400	Summer school	Community services	

# 2016 - 17 DISTRICT AUDIT REVENUE SUMMARY

## GERVAIS

### Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$2,300,106	\$0	\$0	\$0	\$0	\$0	\$0
1120 Local Option Ad Valorem Taxes Levied by District	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1130 Construction Excise Tax	\$0	\$41,708	\$0	\$0	\$0	\$0	\$0
1190 Penalties and Interest on Taxes	\$373	\$0	\$0	\$0	\$0	\$0	\$0
1200 Revenue from Local Governmental Units Other Than Districts	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1311 Regular Day School Tuition - From Individuals	\$53,497	\$0	\$0	\$0	\$0	\$0	\$0
1312 Regular Day School Tuition - Other Dist Within State	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0
1313 Regular Day School Tuition - Other Districts Outside	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1320 Adult/Continuing Education Tuition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1330 Summer School Tuition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1411 Transportation Fees - From Individuals	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1412 Transportation Fees - Other Dist Within State	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1413 Transportation Fees - Other Districts Outside	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1420 Summer School Transportation Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1500 Earnings on Investments	\$78,308	\$0	\$4,904	\$0	\$0	\$0	\$0
1600 Food Service	\$0	\$1,748	\$0	\$0	\$0	\$0	\$0
1700 Extracurricular Activities	\$2,250	\$141,179	\$0	\$0	\$0	\$0	\$754
1800 Community Services Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1910 Rentals	\$0	\$18,000	\$0	\$0	\$0	\$0	\$0
1920 Contributions and Donations From Private Sources	\$5,100	\$19,067	\$0	\$0	\$0	\$0	\$0
1930 Rental or Lease Payments From Private Contractors	\$27,350	\$0	\$0	\$0	\$0	\$0	\$0
1940 Services Provided Other Local Education Agencies	\$0	\$9,852	\$0	\$0	\$0	\$0	\$0
1950 Textbook Sales and Rentals	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1960 Recovery of Prior Years' Expenditure	\$6,871	\$178	\$0	\$0	\$0	\$0	\$0
1970 Services Provided Other Funds	\$0	\$0	\$924,185	\$0	\$0	\$0	\$0
1980 Fees Charged to Grants	\$27,424	\$0	\$0	\$0	\$0	\$0	\$0
1990 Miscellaneous	\$34,924	\$23,445	\$0	\$0	\$0	\$0	\$123
<b>Total Revenue from Local Sources</b>	<b>\$2,566,205</b>	<b>\$255,176</b>	<b>\$929,089</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$877</b>

### Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	\$11,106	\$0	\$0	\$0	\$0	\$0	\$0
2102 General ESD Revenue	\$277,179	\$0	\$0	\$0	\$0	\$0	\$0
2103 Excess ESD Local Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2105 Natural Gas, Oil, and Mineral Receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2110 Intermediate "I" Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2199 Other Intermediate Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2200 Restricted Revenue	\$0	\$5,634	\$0	\$0	\$0	\$0	\$0
2800 Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2900 Revenue for/on Behalf of the District	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue from Intermediate Sources</b>	<b>\$288,285</b>	<b>\$5,634</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$8,059,059	\$0	\$0	\$0	\$0	\$0	\$0
3102 State School Fund - School Lunch Match	\$0	\$6,308	\$0	\$0	\$0	\$0	\$0
3103 Common School Fund	\$128,754	\$0	\$0	\$0	\$0	\$0	\$0
3104 State Managed County Timber	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3106 State School Fund - Accrual	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3199 Other Unrestricted Grants-in-Aid	\$72,467	\$382	\$0	\$0	\$0	\$0	\$0
3204 Driver Education	\$0	\$9,615	\$0	\$0	\$0	\$0	\$0
3222 State School Fund (SSF) Transportation Equipment	\$7,048	\$0	\$0	\$0	\$0	\$0	\$0
3299 Other Restricted Grants-in-Aid	-\$3,013	\$32,843	\$0	\$0	\$0	\$0	\$0
3800 Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3900 Revenue for/on Behalf of the District	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue from State Sources</b>	<b>\$8,264,313</b>	<b>\$49,127</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4200 Unrestricted Revenue From the Federal Government Through the State	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4300 Restricted Revenue From the Federal Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4500 Restricted Revenue From the Federal Government Through the State	\$0	\$1,315,324	\$0	\$0	\$0	\$0	\$0
4700 Grants-in-Aid From the Federal Government Through Other Intermediate Agencies	\$0	\$7,753	\$0	\$0	\$0	\$0	\$0
4801 Federal Forest Fees	\$933	\$0	\$0	\$0	\$0	\$0	\$0
4802 Impact Aid to School Districts for Operation (PL 874)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4803 Coos Bay Wagon Road Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4899 Other Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4900 Revenue for/on Behalf of the District	\$0	\$52,077	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue from Federal Sources</b>	<b>\$933</b>	<b>\$1,375,154</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Interfund Transfers	\$0	\$265,500	\$233,325	\$0	\$0	\$0	\$0
5300 Sale of or Compensation for Loss of Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 Resources - Beginning Fund Balance	\$2,589,709	\$2,908,514	\$500,545	\$92,425	\$0	\$0	\$2,120
<b>Total Revenue from Other Sources</b>	<b>\$2,589,709</b>	<b>\$3,174,014</b>	<b>\$733,870</b>	<b>\$92,425</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,120</b>
<b>Grand Totals</b>	<b>\$13,709,446</b>	<b>\$4,859,106</b>	<b>\$1,662,969</b>	<b>\$92,425</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,997</b>

**2016 - 17 DISTRICT AUDIT EXPENDITURE SUMMARY  
GERVAIS**

**Fund: 100 General Fund**

<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6	\$1,743,764	\$1,083,395	\$604,055	\$23	\$56,291	\$0	\$0	\$0
1113 Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$908,232	\$562,369	\$321,536	\$0	\$24,327	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$2,791	\$2,138	\$653	\$0	\$0	\$0	\$0	\$0
1131 High School Programs	\$1,466,714	\$833,067	\$503,232	\$2,097	\$28,319	\$0	\$0	\$0
1132 High School Extracurricular	\$2,428	\$1,500	\$928	\$0	\$0	\$0	\$0	\$0
1140 Pre-Kindergarten Programs	\$400,243	\$207,779	\$186,086	\$6,379	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$3,749	\$2,356	\$693	\$0	\$0	\$0	\$700	\$0
1220 Restrictive Programs for Students with Disabilities	\$476,598	\$266,657	\$167,419	\$33,002	\$9,520	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$271,537	\$154,541	\$107,315	\$281	\$9,400	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$3,905	\$3,000	\$905	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$333,767	\$164,776	\$107,265	\$50,291	\$11,435	\$0	\$0	\$0
1291 English Second Language Programs	\$513,539	\$305,233	\$185,930	\$0	\$22,378	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$25,118	\$19,431	\$5,415	\$0	\$270	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Instruction Expenditures</b>	<b>\$6,152,384</b>	<b>\$3,708,243</b>	<b>\$2,191,431</b>	<b>\$92,073</b>	<b>\$161,937</b>	<b>\$0</b>	<b>\$700</b>	<b>\$0</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$125,450	\$40,531	\$24,663	\$59,877	\$159	\$0	\$0	\$0
2120 Guidance Services	\$134,204	\$83,053	\$50,853	\$0	\$298	\$0	\$0	\$0
2130 Health Services	\$15,812	\$0	\$0	\$15,612	\$0	\$0	\$0	\$0
2140 Psychological Services	\$89,248	\$20,413	\$18,817	\$49,274	\$744	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$77,266	\$175	\$52	\$77,040	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$100,992	\$58,067	\$28,153	\$5,236	\$9,547	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$5,062	\$3,549	\$1,083	\$0	\$429	\$0	\$0	\$0
2220 Educational Media Services	\$109,096	\$52,537	\$46,700	\$0	\$9,664	\$0	\$195	\$0
2230 Assessment & Testing	\$22,627	\$10,322	\$4,447	\$0	\$7,758	\$0	\$0	\$0
2240 Instructional Staff Development	\$114,062	\$36,353	\$37,971	\$37,782	\$1,860	\$0	\$95	\$0
2310 Board of Education Services	\$142,524	\$27,364	\$16,657	\$88,156	\$7,221	\$0	\$4,126	\$0
2320 Executive Administration Services	\$290,931	\$169,182	\$91,741	\$5,907	\$7,972	\$0	\$16,130	\$0
2410 Office of the Principal Services	\$890,034	\$535,054	\$311,875	\$3,808	\$34,528	\$0	\$4,769	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$298,970	\$119,341	\$106,234	\$35,209	\$3,275	\$0	\$34,911	\$0
2540 Operation and Maintenance of Plant Services	\$1,021,701	\$370,175	\$236,380	\$259,608	\$97,833	\$6,342	\$51,362	\$0
2550 Student Transportation Services	\$680,807	\$5,944	\$2,646	\$617,189	\$55,028	\$0	\$0	\$0
2570 Internal Services	\$41,037	\$0	\$0	\$37,197	\$3,840	\$0	\$0	\$0
2610 Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630 Information Services	\$21,368	\$7,058	\$2,109	\$11,726	\$473	\$0	\$0	\$0
2640 Staff Services	\$4,705	\$0	\$0	\$3,505	\$0	\$0	\$1,200	\$0
2660 Technology Services	\$400,589	\$127,192	\$64,867	\$135,709	\$69,818	\$1,306	\$1,697	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2680 Interpretation and Translation Services	\$400	\$0	\$0	\$400	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Support Services Expenditures</b>	<b>\$4,588,585</b>	<b>\$1,868,300</b>	<b>\$1,044,468</b>	<b>\$1,443,236</b>	<b>\$310,447</b>	<b>\$7,648</b>	<b>\$114,484</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Transfers of Funds	\$498,825	\$0	\$0	\$0	\$0	\$0	\$0	\$498,825
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Uses Expenditures</b>	<b>\$498,825</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$498,825</b>
<b>Grand Total</b>	<b>\$11,237,793</b>	<b>\$5,372,543</b>	<b>\$3,235,900</b>	<b>\$1,535,309</b>	<b>\$472,384</b>	<b>\$7,648</b>	<b>\$115,184</b>	<b>\$498,825</b>

**2016 - 17 DISTRICT AUDIT EXPENDITURE SUMMARY  
GERVAIS**

**Fund: 200 Special Revenue Funds**

**Instruction Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6	\$11,648	\$0	\$0	\$0	\$11,648	\$0	\$0	\$0
1113 Elementary Extracurricular	\$43,878	\$0	\$0	\$0	\$43,878	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$35,558	\$0	\$0	\$0	\$35,558	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$31,587	\$21,624	\$5,219	\$2,544	\$2,150	\$0	\$50	\$0
1131 High School Programs	\$39,232	\$0	\$0	\$0	\$39,096	\$0	\$136	\$0
1132 High School Extracurricular	\$217,479	\$98,872	\$26,215	\$19,042	\$69,031	\$0	\$4,319	\$0
1140 Pre-Kindergarten Programs	\$3,101	\$0	\$0	\$0	\$3,101	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$6,995	\$267	\$21	\$8,707	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$113,836	\$71,427	\$41,869	\$145	\$395	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$251,192	\$141,504	\$109,689	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$34,175	\$23,081	\$4,512	\$45	\$6,538	\$0	\$0	\$0
1291 English Second Language Programs	\$41,241	\$19,273	\$15,254	\$0	\$6,714	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$10,477	\$4,197	\$3,679	\$0	\$2,401	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$22,154	\$9,939	\$2,717	\$9,489	\$19	\$0	\$0	\$0
1400 Summer School Programs	\$46,345	\$27,085	\$7,133	\$3,026	\$9,121	\$0	\$0	\$0
<b>Total Instruction Expenditures</b>	<b>\$908,908</b>	<b>\$417,248</b>	<b>\$218,507</b>	<b>\$40,998</b>	<b>\$229,651</b>	<b>\$0</b>	<b>\$4,505</b>	<b>\$0</b>

**Support Services Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$60,511	\$35,738	\$23,194	\$0	\$1,580	\$0	\$0	\$0
2120 Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$14,309	\$9,717	\$4,592	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$9,402	\$0	\$0	\$0	\$9,402	\$0	\$0	\$0
2240 Instructional Staff Development	\$122,795	\$15,745	\$4,709	\$75,069	\$12,352	\$0	\$14,920	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410 Office of the Principal Services	\$4,922	\$3,750	\$1,172	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$3,243	\$0	\$0	\$0	\$3,243	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$30,432	\$0	\$3,008	\$0	\$0	\$0	\$27,424	\$0
2540 Operation and Maintenance of Plant Services	\$321,080	\$0	\$0	\$178,762	\$50,668	\$91,650	\$0	\$0
2550 Student Transportation Services	\$23,043	\$0	\$0	\$20,272	\$2,771	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660 Technology Services	\$17,952	\$0	\$0	\$14,132	\$3,820	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Support Services Expenditures</b>	<b>\$807,689</b>	<b>\$64,949</b>	<b>\$36,675</b>	<b>\$288,234</b>	<b>\$83,837</b>	<b>\$91,650</b>	<b>\$42,344</b>	<b>\$0</b>

**Enterprise and Community Services Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	\$769,795	\$179,845	\$131,846	\$26,252	\$411,395	\$18,850	\$1,607	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$1,450	\$0	\$0	\$263	\$1,148	\$0	\$40	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$771,245</b>	<b>\$179,845</b>	<b>\$131,846</b>	<b>\$26,515</b>	<b>\$412,542</b>	<b>\$18,850</b>	<b>\$1,647</b>	<b>\$0</b>

**Facilities Acquisition and Construction Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$574,891	\$0	\$0	\$0	\$0	\$574,891	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$574,891</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$574,891</b>	<b>\$0</b>	<b>\$0</b>

**Other Uses Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$27,100	\$0	\$0	\$0	\$0	\$0	\$27,100	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Uses Expenditures</b>	<b>\$27,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,100</b>	<b>\$0</b>

**Grand Total**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
	<b>\$2,889,833</b>	<b>\$662,042</b>	<b>\$385,027</b>	<b>\$355,747</b>	<b>\$728,030</b>	<b>\$685,391</b>	<b>\$75,595</b>	<b>\$0</b>

**2016 - 17 DISTRICT AUDIT EXPENDITURE SUMMARY  
GERVAIS**

**Fund: 300 Debt Service Funds**

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$1,121,227						\$1,121,227	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	\$1,121,227	\$0	\$0	\$0	\$0	\$0	\$1,121,227	\$0
<b>Grand Total</b>	\$1,121,227	\$0	\$0	\$0	\$0	\$0	\$1,121,227	\$0

**2016 - 17 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**GERVAIS**

**Fund: 400 Capital Projects Funds**

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$11,126			\$9,838	\$1,289			
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$11,126</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,838</b>	<b>\$1,289</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$45,000					\$45,000		
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$0</b>
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$56,126</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,838</b>	<b>\$1,289</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$0</b>

**2016 - 17 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**GERVAIS**

**Fund: 700 Trust and Agency Funds**

**Instruction Expenditures**

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0						
1113 Elementary Extracurricular	\$0						
1121 Middle/Junior High Programs	\$0						
1122 Middle/Junior High School Extracurricular	\$0						
1131 High School Programs	\$0						
1132 High School Extracurricular	\$0						
1140 Pre-Kindergarten Programs	\$0						
1210 Programs for the Talented and Gifted	\$0						
1220 Restrictive Programs for Students with Disabilities	\$0						
1250 Less Restrictive Programs for Students with Disabilities	\$0						
1260 Treatment and Habilitation	\$0						
1271 Remediation	\$0						
1272 Title I	\$0						
1280 Alternative Education	\$0						
1291 English Second Language Programs	\$0						
1292 Teen Parent Program	\$0						
1293 Migrant Education	\$0						
1294 Youth Corrections Education	\$0						
1299 Other Programs	\$0						
1300 Adult/Continuing Education Programs	\$0						
1400 Summer School Programs	\$0						
<b>Total Instruction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Support Services Expenditures**

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0						
2120 Guidance Services	\$0						
2130 Health Services	\$0						
2140 Psychological Services	\$0						
2150 Speech Pathology and Audiology Services	\$0						
2160 Other Student Treatment Services	\$0						
2190 Service Direction, Student Support Services	\$0						
2210 Improvement of Instruction Services	\$0						
2220 Educational Media Services	\$0						
2230 Assessment & Testing	\$0						
2240 Instructional Staff Development	\$0						
2310 Board of Education Services	\$0						
2320 Executive Administration Services	\$0						
2410 Office of the Principal Services	\$0						
2490 Other Support Services - School Administration	\$0						
2510 Direction of Business Support Services	\$0						
2520 Fiscal Services	\$0						
2540 Operation and Maintenance of Plant Services	\$0						
2550 Student Transportation Services	\$0						
2570 Internal Services	\$0						
2610 Direction of Central Support Services	\$0						
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0						
2630 Information Services	\$0						
2640 Staff Services	\$0						
2660 Technology Services	\$0						
2670 Records Management Services	\$0						
2690 Other Support Services - Central	\$0						
2700 Supplemental Retirement Program	\$0						
<b>Total Support Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Enterprise and Community Services Expenditures**

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$435		\$64	\$296		\$75	
3200 Other Enterprise Services	\$0						
3300 Community Services	\$378			\$369		\$10	
3500 Custody and Care of Children Services	\$0						
<b>Total Enterprise and Community Services Expenditures</b>	\$814	\$0	\$64	\$665	\$0	\$85	\$0

**Facilities Acquisition and Construction Expenditures**

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0						
4120 Site Acquisition and Development Services	\$0						
4150 Building Acquisition, Construction, and Improvement Services	\$0						
4180 Other Capital Items	\$0						
4190 Other Facilities Construction Services	\$0						
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Other Uses Expenditures**

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0						
5200 Transfers of Funds	\$0						
5300 Apportionment of Funds by ESD	\$0						
5400 PERS UAL Bond Lump Sum	\$0						
<b>Total Other Uses Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Grand Total**

\$814	\$0	\$0	\$64	\$665	\$0	\$85	\$0
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GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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PAULY, ROGERS, AND CO., P.C.  
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October 12, 2017

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

We have audited the basic financial statements of Gervais School District No.1 as of and for the year ended June 30, 2017, and have issued our report thereon dated October 12, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### **Compliance**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of basic financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, 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.**
- **Programs funded from outside sources.**
- **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 District 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.

**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 basic 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 and 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 "Roy R Rogers". The signature is written in a cursive, flowing style.

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

Gervais School District No. 1  
MARION COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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PAULY, ROGERS, AND CO., P.C.  
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October 12, 2017

To the Board of Education  
Gervais School District No. 1  
Marion County, Oregon

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund and the remaining fund information of Gervais School District as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 12, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

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



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October 12, 2017

To the Board of Education  
Gervais School District No. 1  
Marion County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Report on Compliance for Each Major Federal Program**

We have audited Gervais School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2017. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

**Opinion on Each Major Federal Program**

In our opinion, Gervais School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered  
to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Any GAGAS findings disclosed that are required to be reported in  
accordance with the Uniform Guidance?

☐ yes ☒ no

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered  
to be material weaknesses?

☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance  
with the Uniform Guidance?

☐ yes ☒ no

**IDENTIFICATION OF MAJOR PROGRAMS**

**CFDA NUMBER**

**NAME OF FEDERAL PROGRAM CLUSTER**

10.553, 10.555, 10.559

Child Nutrition Cluster (NSLP)

84.027, 84.173

IDEA

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

GERVAIS SCHOOL DISTRICT NO. 1  
MARION COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**SECTION II – FINANCIAL STATEMENT FINDINGS**

NONE

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.