



# NEWBERG

PUBLIC SCHOOLS

INSPIRE. INNOVATE. SUCCEED.

## Annual Financial Report

For the Fiscal Year Ended June 30, 2018



Newberg School District No. 29  
Yamhill County, Oregon

**Newberg School District No. 29J  
Yamhill County, Oregon**

**Financial Report**

**Year Ended June 30, 2018**

Prepared by the  
Business Office

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Dr. Joe Morelock  
Interim Superintendent

Nikki Fowler  
Director of Finance

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NEWBERG SCHOOL DISTRICT NO.29J

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# **INTRODUCTORY SECTION**

NEWBERG SCHOOL DISTRICT NO. 29J  
YAMHILL COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2018

	<u>Term Expires</u>
Todd Thomas, Director	June 30, 2021
Melinda Van Bossuyt, Director	June 30, 2019
Ron Mock, Director	June 30, 2021
Brandy Penner, Director	June 30, 2019
Bob Woodruff, Chair	June 30, 2021
Mindy Allison, Director	June 30, 2019
Lydia Keuler, Director	June 30, 2019

The Board of Directors Receives mail at the address below:

DISTRICT ADMINISTRATION

Dr. Joe Morelock, Interim Superintendent

DISTRICT ADDRESS  
714 East Sixth Street  
Newberg, Oregon 97132

# **FINANCIAL SECTION**



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# **INDEPENDENT AUDITORS' REPORT**

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To the School Board  
Newberg School District No. 29J  
Yamhill County, Oregon

## INDEPENDENT AUDITORS' REPORT

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Newberg School District No. 29J, Newberg, Oregon (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and, the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



### ***Emphasis of Matter***

As described in Note 15 to the financial statements, during the year ended June 30, 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total Other Post-Employment Benefits and Related Ratios Oregon Public Employee Retirement System Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Additionally, accounting principles generally accepted in the United States of America require that the General Fund and Special Projects Fund budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. 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 General Fund and Special Projects Fund budgetary comparison are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



The supplementary information, as listed in the table of contents, 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, as defined in the table of contents, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### **Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

#### **Reports on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2018, on our consideration of the District's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants, 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 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.

*Wilcox Arredondo & Co.*

Certified Public Accountants  
Canby, Oregon  
December 21, 2018

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# **MANAGEMENT'S DISCUSSION AND** **ANALYSIS**





**NEWBERG SCHOOL DISTRICT 29J  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

As management of Newberg School District 29J (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, 2018.

**New Accounting Standards Implemented**

The District implemented Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* (OPEB). This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments to report a liability on the face of the financial statements for the total OPEB liability related to their employees. The implementation of GASB 75 required a restatement of net position as of July 1, 2017, a decrease of \$483,655. Please refer to the Notes to the Financial Statements for further information.

**Financial Highlights**

In the government-wide statements, the assets and deferred outflow of resources of the District exceeded its liabilities and deferred inflows of resources on June 30, 2018 by \$27,357,084. Of this amount, \$52,393,818 represents the District's net investment in capital assets; \$14,020,564 is restricted for debt service and the District's total net position increased by \$6,429,349. Reporting of other post-employment benefits, land acquisition, general obligation bonds and notes payable are reflected in the unrestricted assets of (\$41,376,585).

The District's governmental funds report displays a combined ending fund balance of \$19,202,818 an increase of \$10,899,888 when compared to the prior year.

At the end of the fiscal year, the unassigned fund balance for the General Fund was \$2,473,111 (5.0% of the General Fund Revenues).

**Overview of the Financial Statements**

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

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

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

**NEWBERG SCHOOL DISTRICT 29J  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018**

**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 reported in this statement for some items that will only result in cash flows in future fiscal periods (eg. uncollected taxes and earned but unused vacation leave.)

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

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

The government-wide financial statements can be found on pages 16 and 17 of this report.

**Fund Financial Statements** - The fund financial statements provide 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are Governmental Funds.

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

The District maintains 10 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Federal and State Grants, Debt Services and Capital Projects Funds. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as supplemental information.

The basic governmental fund financial statements are listed on pages 18 and 19 of this report.

**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, the notes to the basic financial statements are listed on pages 22 to 43 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on pages 46 to 50 of this report.

The combining statements, referred to earlier in connection with non-major governmental funds are presented as supplemental information on pages 56 to 59 of this report.

**NEWBERG SCHOOL DISTRICT 29J  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Government-Wide Financial Analysis**

The net position may serve over time as a useful indicator of the District's financial position. In the case of the District, as of June 30, 2018, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,357,084.

Capital assets consist of the District's land, buildings and building improvements, construction in progress, vehicles and equipment and represent about 76% of total assets. The remaining assets consist mainly of cash, investments and receivables.

The District's largest liabilities are for the repayment of General Obligation and Pension Bonds (59%) and the Net Pension Liability (37%). The remaining liabilities (4%) consist primarily of payables on account, salaries and benefits, unearned revenue and accrued interest payable.

The District's Deferred Inflows of Resources consist of net deferred pension costs of \$1,915,765, a gain on the bond refunding of \$95,554 and OPEB or \$102,152.

A portion (\$52,393,818) of the District's Net position reflects its net investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

**Condensed Statement of Net Position**

	<b>Governmental Activities June 30, 2018</b>	<b>Governmental Activities June 30, 2017 *</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 24,296,547	\$ 13,479,276	\$ 10,817,271
Net capital assets	76,023,600	78,488,309	(2,464,709)
Total assets	<u>100,320,147</u>	<u>91,967,585</u>	<u>8,352,562</u>
<b>Deferred Outflows of Resources</b>	<u>13,225,136</u>	<u>15,423,802</u>	<u>(2,198,666)</u>
<b>Liabilities</b>			
Long-term obligations	80,462,416	82,155,019	(1,692,603)
Other liabilities	3,612,312	3,324,025	288,287
Total liabilities	<u>84,074,728</u>	<u>85,479,044</u>	<u>(1,404,316)</u>
<b>Deferred Inflows of Resources</b>	<u>2,113,471</u>	<u>984,608</u>	<u>1,128,863</u>
<b>Net Position</b>			
Net Invested in capital assets,	52,393,818	55,012,833	(2,619,015)
Restricted	16,339,851	5,588,580	10,751,271
Unrestricted	(41,376,585)	(39,673,678)	(1,702,907)
Total Net Position	<u>\$ 27,357,084</u>	<u>\$ 20,927,735</u>	<u>\$ 6,429,349</u>

\* = Restated for GASB 75

**NEWBERG SCHOOL DISTRICT 29J  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018**

During the current fiscal year, the District's net position increased by \$6,429,349. Net investment in capital assets and unrestricted decreased by \$2,619,015 and \$1,702,907 respectively while restricted increased by \$10,751,271. The overall increase in Net position is due to; a net increase in current and other assets of \$10,817,271, a reduction of net capital assets of (\$2,464,709), a reduction in Long Term Debt (\$1,692,603) as related to the annual payment obligations, and an increase of liabilities of \$288,287.

**Governmental Activities -**

	<b>Changes in Net Position</b>		
	<b>Governmental Activities June 30, 2018</b>	<b>Governmental Activities June 30, 2017 *</b>	<b>Increase (Decrease)</b>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 2,246,094	\$ 1,770,685	\$ 475,409
Operating Grants & Contributions	5,439,776	5,219,338	220,438
Total Program Revenues	<u>7,685,870</u>	<u>6,990,023</u>	<u>695,847</u>
General Revenues			
Property Taxes	26,642,921	25,832,928	809,993
State School Fund	31,891,586	30,753,009	1,138,577
Other State and Other Sources	3,528,257	2,160,830	1,367,427
Earnings on Investments	390,789	751,835	(361,046)
Total General Revenues	<u>62,453,553</u>	<u>59,498,602</u>	<u>2,954,951</u>
Total Revenues	<u>70,139,423</u>	<u>66,488,625</u>	<u>3,650,798</u>
<b>Expenses</b>			
Instructional Programs	36,631,027	36,745,778	(114,751)
Support Services	21,250,733	22,133,901	(883,168)
Enterprise and Community Services	2,279,097	2,160,280	118,817
Interest on Long-term Debt	3,549,217	3,702,400	(153,183)
Total Expenses	<u>63,710,074</u>	<u>64,742,359</u>	<u>(1,032,285)</u>
Change in Net Position	6,429,349	1,746,266	4,683,083
<b>Net Position, July 1, previously reported</b>	20,927,735	19,959,499	968,236
<b>Restated</b>	<u>-</u>	<u>(778,030)</u>	<u>778,030</u>
<b>Net Position, End of Year</b>	<u>\$ 27,357,084</u>	<u>\$ 20,927,735</u>	<u>\$ 6,429,349</u>

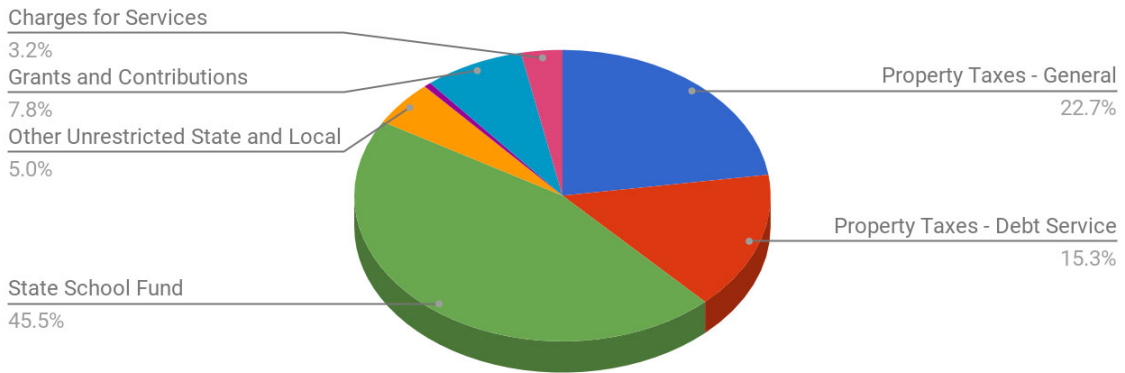
\* restated for GASB 75 and Other Adjustment See Note 15

During the current fiscal year, the District's net position showed an increase of \$6,429,349. Key elements of the change in net position for the year ended June 30, 2018, are as follows:

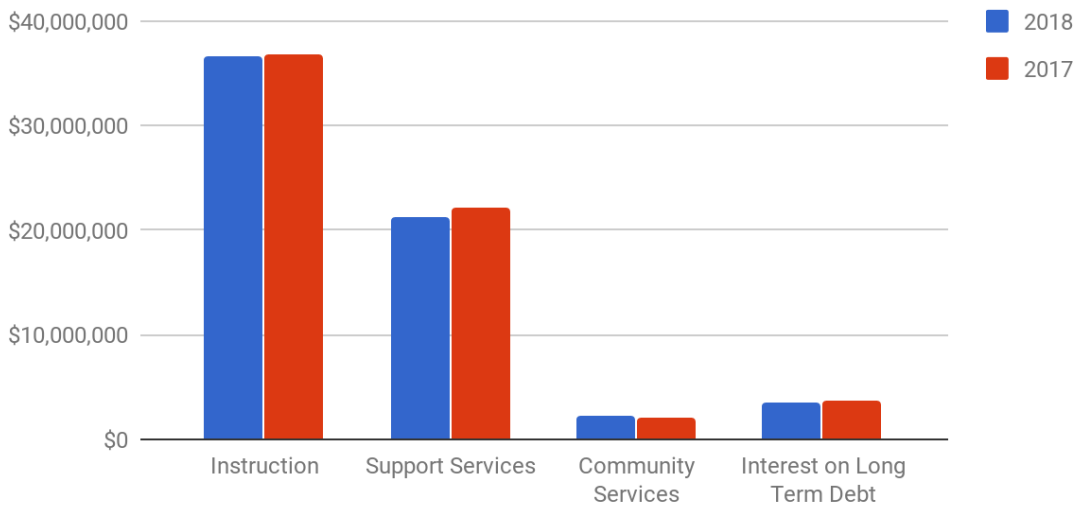
- Total revenues increased by \$3,650,798 or 5.0% over prior year, mainly due to an increase in Property tax revenue of \$809,993, state school fund revenue of \$1,138,557, program revenues of \$695,847 and state and local revenue sources of \$1,367,427, offset by a reduction in investment earnings of (\$361,046).
- Governmental program revenues increased by \$695,847.
- Governmental program expenses decreased by about \$1,032,285.

**NEWBERG SCHOOL DISTRICT 29J  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Revenues by Source - Governmental Funds**



**Program Expenses - Yearly Comparison**



Program Expenses - Yearly Comparison

**Financial Analysis of the District's Funds**

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

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

**NEWBERG SCHOOL DISTRICT 29J  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018**

As of June 30, 2018, the District's governmental funds reported combined ending fund balances of \$19,202,818 an increase of \$10,899,888 in comparison with the prior year. \$2,473,111 (12%) of which constitutes *unassigned ending fund balance* that is available for spending at the District's discretion. An additional \$14,354,936 (74.0%) of fund balance is specifically identified for debt service obligations, \$1,174,938 (6.0%) for Construction related activities (Constriction Excise Tax and Bond Funds), \$890,377 (4.0%) related to student body funds, donations, grants and scholarships, with the remaining 1% of funds assigned to food services and inventoriable items.

**General Fund -** The General Fund is the chief operating fund of the District. As of June 30, 2018, the unassigned fund balance was \$2,473,111. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents 5% of the total General Fund expenditures. The total fund balance increased by \$2,134,128 during the current fiscal year as compared to the prior fiscal year 2015-16 with a reduction of \$863,983. This is due to budget reductions implemented mid-year due in response to a declining enrollment.

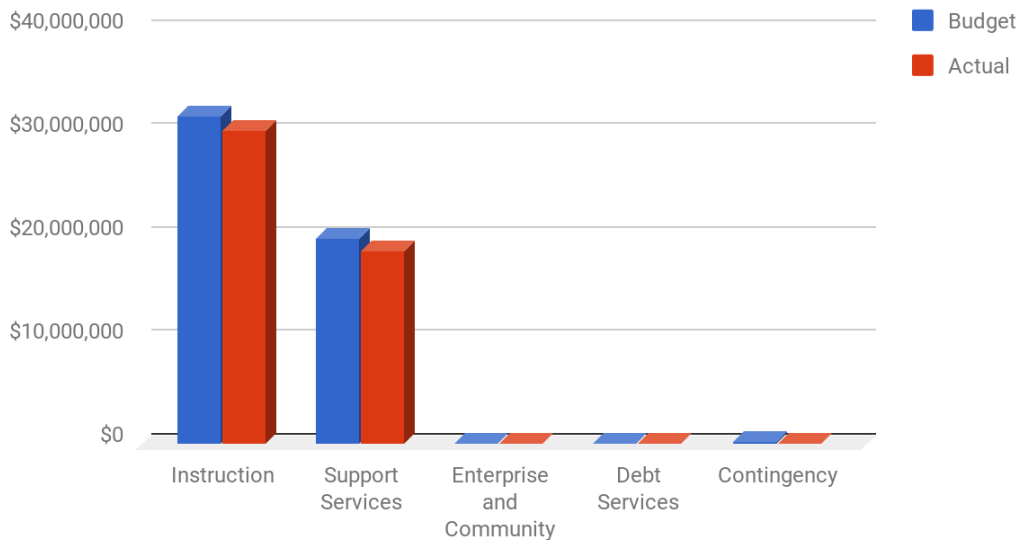
**Debt Service Fund -** The Debt Service Fund has a total fund balance of \$14,354,936 all of which is for the payment of debt service. The net increase in the fund balance during the current year was \$10,583,169 most of the increase is due to a change in recognizing debt service funds set aside in a sinking fund.

**Capital Projects Fund -** The Capital projects Fund has no fund balance of as of June 30, 2018.

**Other Governmental Funds -** Changes to fund balances in the other governmental funds can be attributed to increases in; Construction Excise Tax Fund \$334,251, Student Body Fund \$39,973, Small Scale Energy Loan Fund \$16,649, PERS Debt Fund \$182,060, Private Donations Fund \$33,218 and Scholarship Funds \$1,640. These increases are offset by the Food Service Fund (88,271).

**General Fund Budgetary Highlights -** During the year, as shown in the chart, all Fund expenditures were within budget.

Actual Expenditures to Final Budget 2018



**NEWBERG SCHOOL DISTRICT 29J  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Capital Assets** - The District's investment in capital assets includes land, buildings, building improvements and equipment. As of June 30, 2018 the District invested in \$76,023,600 in capital assets net of depreciation. This decreased by \$2,464,709 during the year as shown in the following table:

**Capital Assets (Net of Depreciation)**

	<b>Governmental Activities June 30, 2018</b>	<b>Governmental Activities June 30, 2017</b>	<b>Increase (Decrease)</b>
Land	\$ 3,862,820	\$ 3,862,820	\$ -
Improvements	1,223,562	1,223,562	-
Buildings Improvements	120,624,521	120,624,521	-
Equipment	2,217,777	2,217,777	-
Accumulated Depreciation	<u>(51,905,080)</u>	<u>(49,441,371)</u>	<u>(2,463,709)</u>
Total assets	<u>\$ 76,023,600</u>	<u>\$ 78,487,309</u>	<u>\$ (2,463,709)</u>

**Long Term Debt** - At the end of the year, the District's total debt outstanding was \$46,759,904, consisting of general obligation debt, limited tax pension bonds, small scale energy loan and capital lease payments.

During the current fiscal year, the District's total debt decreased by \$3,194,426 as a result of scheduled payments made during the year. Please see note 5, Long Term Debt in the *Notes to the Basic Financial Statements* for further information.

**Economic Factors and Next Year's Budget**

The most significant economic factors for the District are the State of Oregon's State School Fund and the assessed value growth of Property Taxes. For the year ended June 30, 2018, the State School Fund - General Support provided 45% of the total District-sponsored program resources and 61% of the District's general fund resources. This is consistent with the prior year. While the State school fund has increased over the last several years, the district has not fully recovered from the economic downturn in 2009-2013.

The 2018-2019 budget relies on K-12 funding level of \$8.2 billion for the 2017-2019 biennium, a projected average daily membership weighted (ADMw) of approximately 5877 and a beginning fund balance of \$1,200,000. The enrollment projections were based on the District's historical growth experience rates over the past couple of years and is critical to our revenue projections, as the state bases the District's revenue share on enrollment.

With the District's 2017-2018 ending fund balance rolled forward to 2018-2019 taking an upturn due the significant cost reductions taken in 2017-18, the District is in a good position to reach their ending fund balance goals developed in the 2017-18 school year.

The education of students is labor intensive, as reflected in the allocation of the financial resources of the district. For the 2018-19 budget, salaries and fringe benefits represent approximately 84% of the General Fund operating budget. The expenditures for salaries and fringe benefits are determined by contractual agreements and staffing policies and guidelines of the board, on the basis of projected enrollment, special student needs, and the conditions of employment established by collective bargaining agreements. The budget anticipates an ending fund balance of \$1,000,000.

**NEWBERG SCHOOL DISTRICT 29J  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018**

The District continues to monitor local, state and federal economic factors and resources along with continual increases in salary and benefits costs (as associated benefit costs are expected to increase again in the next biennium). In addition, the district continues to analyze the ever-changing enrollment numbers to prepare and plan for the next biennium.

The District's Budget Committee and School Board will consider these factors while preparing the District's budget for the 2019-2020 fiscal year budget.

**Requests for Information**

The financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director of Finance at 714 E. Sixth Street, Newberg, Oregon, 97132.

Dr. Joe Morelock  
Superintendent  
Newberg Public Schools

Nikki Fowler  
Director of Finance  
Newberg Public Schools



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# **BASIC FINANCIAL STATEMENTS**

NEWBERG SCHOOL DISTRICT NO. 29J  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities
<b>Assets</b>	
Cash and Investments	\$ 19,645,680
Receivables	
Accounts	2,056,975
Undistributed Tax Collections	259,360
Property Taxes	2,175,680
Inventory, at Cost	103,368
Prepays	55,484
Capital Assets:	
Land - Nondepreciable	3,862,820
Capital Assets, Net of Depreciation	72,160,780
Total Assets	100,320,147
<b>Deferred Outflows of Resources</b>	
Pension Plan	12,969,585
OPEB	255,551
Total Deferred Outflows of Resources	13,225,136
<b>Liabilities</b>	
Accounts Payable	569,659
Accrued Payroll and Payroll Liabilities	2,916,684
Accrued Interest Payable	42,005
Accrued Compensated Absences Payable	83,964
Noncurrent Liabilities	
Obligations Due Within One Year:	
Long-term Debt	18,467,410
Obligations Due in More Than One Year:	
Long-term Debt	28,292,494
Net Pension Liability	31,179,701
Other Postemployment Benefit Obligation	2,522,811
Total Liabilities	84,074,728
<b>Deferred Inflows of Resources</b>	
Gain on Refunding	95,554
Pension Plan	1,915,765
OPEB	102,152
Total Deferred Inflows of Resources	2,113,471
<b>Net Position</b>	
Net Investment in Capital Assets	52,393,818
Restricted for:	
Grant Programs	2,067,860
Debt Service	14,020,564
Scholarships and Donations	251,427
Unrestricted	(41,376,585)
Total Net Position	\$ 27,357,084

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position	
Functions/Programs				
Governmental Activities:				
Instructional Programs	\$ 36,631,027	\$ 1,637,433	\$ 2,751,203	\$ (32,242,391)
Support Services	21,250,733	56,252	1,110,373	(20,084,108)
Enterprise and Community Services	2,279,097	552,409	1,578,200	(148,488)
Interest on Long-term Debt	3,549,217	-	-	(3,549,217)
Total Governmental Activities	\$ 63,710,074	\$ 2,246,094	\$ 5,439,776	(56,024,204)
General Revenues				
				15,925,889
				10,717,032
				31,891,586
				3,528,257
				390,789
				62,453,553
Change in Net Position				6,429,349
Net Position				
				20,927,735
				\$ 27,357,084

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018

ASSETS	General Fund	Federal and State Grants Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Cash and Investments	\$ 10,243,685	\$ 18,799	\$ 8,739,612	\$ 643,584	\$ 19,645,680
Receivables					
Accounts	414,216	-	-	162,479	576,695
Undistributed Tax Collections	150,439	-	108,921	-	259,360
Property Taxes	1,300,323	-	875,357	-	2,175,680
Intergovernmental Receivable	-	1,480,280	-	-	1,480,280
Prepays	55,484	-	-	-	55,484
Due from Other Funds	-	-	5,064,472	1,713,647	6,778,119
Inventory, at Cost	-	-	-	103,368	103,368
Total Assets	<u>\$ 12,164,147</u>	<u>\$ 1,499,079</u>	<u>\$ 14,788,362</u>	<u>\$ 2,623,078</u>	<u>\$ 31,074,666</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 511,981	\$ 33,313	\$ 3,977	\$ 20,388	\$ 569,659
Accrued Payroll and Payroll Liabilities	2,916,684	-	-	-	2,916,684
Due to Other Funds	5,321,317	1,456,802	-	-	6,778,119
Total Liabilities	<u>8,749,982</u>	<u>1,490,115</u>	<u>3,977</u>	<u>20,388</u>	<u>10,264,462</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue from Property Taxes	885,570	-	721,816	-	1,607,386
Total Deferred Inflows of Resources	<u>885,570</u>	<u>-</u>	<u>721,816</u>	<u>-</u>	<u>1,607,386</u>
<b>FUND BALANCES</b>					
Nonspendable	55,484	-	-	103,368	158,852
Restricted for:					
Grant Programs	-	8,964	-	-	8,964
Debt Service	-	-	14,062,569	292,367	14,354,936
Capital Projects	-	-	-	1,174,938	1,174,938
Nutrition Services	-	-	-	150,604	150,604
Scholarships and Donations	-	-	-	251,427	251,427
Student Body Fund	-	-	-	629,986	629,986
Unassigned	2,473,111	-	-	-	2,473,111
Total Fund Balances	<u>2,528,595</u>	<u>8,964</u>	<u>14,062,569</u>	<u>2,602,690</u>	<u>19,202,818</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,164,147</u>	<u>\$ 1,499,079</u>	<u>\$ 14,788,362</u>	<u>\$ 2,623,078</u>	<u>\$ 31,074,666</u>

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2018

Total Fund Balances		\$ 19,202,818
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 127,928,680	
Accumulated depreciation	<u>(51,905,080)</u>	76,023,600
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.		
		1,607,386
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	12,969,585	
Deferred outflows of resources related to OPEB	255,551	
Deferred inflows of resources related to refunding	(95,554)	
Deferred inflows or resources related to pensions	(1,915,765)	
Deferred inflows or resources related to OPEB	<u>(102,152)</u>	11,111,665
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued Interest Payable	(42,005)	
Accrued Compensated Absences Payable	(83,964)	
Long-Term Debt	(46,759,904)	
Net Pension Liability	(31,179,701)	
Net OPEB obligations	<u>(2,522,811)</u>	<u>(80,588,385)</u>
Total Net Position		<u>\$ 27,357,084</u>

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

Revenues	General Fund	Federal and State Grants Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Property Taxes	\$ 16,234,630	\$ -	\$ 10,837,933	\$ -	\$ 27,072,563
Services Provided to Other Funds	-	-	-	3,495,606	3,495,606
Local Sources	508,705	-	474,243	2,758,465	3,741,413
Intermediate Sources	1,796,245	130,371	-	-	1,926,616
State Sources	32,440,890	1,425,743	-	63,117	33,929,750
Federal Sources	-	1,993,482	-	1,514,452	3,507,934
Investment Earnings	172,139	-	169,684	48,966	390,789
Total Revenues	<u>51,152,609</u>	<u>3,549,596</u>	<u>11,481,860</u>	<u>7,880,606</u>	<u>74,064,671</u>
<b>Expenditures</b>					
<b>Current</b>					
Instruction	30,322,556	2,467,476	-	1,478,802	34,268,834
Support Services	18,691,445	1,072,525	-	242,845	20,006,815
Enterprise and Community Services	48	631	-	2,152,379	2,153,058
<b>Debt Service</b>					
Principal	10,724	-	2,180,000	1,003,705	3,194,429
Interest	1,185	-	1,148,775	2,428,185	3,578,145
Total Expenditures	<u>49,025,958</u>	<u>3,540,632</u>	<u>3,328,775</u>	<u>7,305,916</u>	<u>63,201,281</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,126,651</u>	<u>8,964</u>	<u>8,153,085</u>	<u>574,690</u>	<u>10,863,390</u>
Net Changes in Fund Balances	<u>2,126,651</u>	<u>8,964</u>	<u>8,153,085</u>	<u>574,690</u>	<u>10,863,390</u>
Change in Inventory Reserve	-	-	-	36,498	36,498
<b>Fund Balances</b>					
Beginning of Year, Restated	<u>401,944</u>	<u>-</u>	<u>5,909,484</u>	<u>1,991,502</u>	<u>8,302,930</u>
End of Year	<u>\$ 2,528,595</u>	<u>\$ 8,964</u>	<u>\$ 14,062,569</u>	<u>\$ 2,602,690</u>	<u>\$ 19,202,818</u>

See notes to the basic financial statements.

NEWBERG SCHOOL DISTRICT NO. 29J  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

Net Change in Fund Balance	\$	10,863,390
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Less current year depreciation		(2,464,709)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt.</p>		
Less principal repaid		3,194,426
<p>Governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:</p>		
Amortization of Deferred Gain on Refunding	-	23,889
<p>(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.</p>		
		(5,100,252)
<p>In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when due.</p>		
		5,042
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenues in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.</p>		
		(429,642)
<p>Inventory in the Statement of Activities differs from the amount reported in the governmental funds because inventory is recognized as an expenditure in the funds when it is purchased and thus requires the use of current financial resources. In the Statement of Activities inventory is recognized when actually used.</p>		
		36,498
<p>In the Statement of Activities, contributions for other postemployment benefits less than the actuarially determined contribution amount increase the other postemployment benefit obligation. In the governmental funds the entire contribution is recognized as an expenditure. This is the amount by which the obligation increased:</p>		
		247,011
<p>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 expense when earned.</p>		
		53,696
Change in Net Position	\$	6,429,349

See notes to the basic financial statements.



NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Newberg School District No.29J (the District), a municipal corporation governed under the laws of the State of Oregon, is governed by a separately elected seven-member board authorized to transact all business on the District's behalf. The District is the special-purpose primary government exercising financial accountability for all public education within its boundaries. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the 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 districts, which provide service 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.

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Governmental activities are financed primarily through property taxes, income taxes, state support, intergovernmental revenues and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies, or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net position is reported as restricted when constraints placed on the net position use are either externally restricted, imposed by creditors (such as grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

**Fund Financial Statements**

The fund financial statements provide information about the District's funds including those of a fiduciary nature. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

General Fund - This fund accounts for all revenues and expenditures of the District except for those required to be accounted for in another fund. The principal revenue sources are property taxes and state school support.

Federal and State Grants Fund - This fund accounts for the revenues and expenditures of grants restricted for specific educational projects. Principal sources of revenue are federal and State grants.

Debt Service Fund - This fund accounts for the debt service payments on bonded debt. The primary revenue source is property taxes.

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

Additionally, the District reports the following fund types:

Other Governmental Funds – These funds account for the expenditures and revenues of the remaining non-major governmental funds.

**Measurement Focus and Basis of Accounting**

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

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

**Budget**

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America basis for the governmental fund types, except that capital outlay expenditures, including items below the District's capitalization level, are budgeted by function in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires a hearing before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. The District's appropriations lapse at year-end. Expenditures of the various funds were within authorized appropriations for the year ending June 30, 2018 except for the Student Body Fund – Instruction by \$32,840.

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Investments**

The District's cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition are considered to be cash and cash equivalents. Short-term investments are stated at cost, which approximates fair value.

The District's investments consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported a fair value based upon quoted market rates. Changes in fair value of investments are recorded as investment earnings. The LGIP is stated at costs which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

**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 not 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 and 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 Funds 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 and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgement exercised in determining fair value is greatest for instruments categorized as in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**Property Taxes Receivable**

Property taxes are levied and become a lien on all taxable property as of July 1. Collections dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed 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.

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables**

Receivables represent amounts due for unreimbursed expenditures from grantor agencies, interest, and property taxes. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned income. All receivables are due within the next fiscal year and are considered by management to be collectible therefore no allowance for doubtful accounts has been established.

**Retirement Plans**

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

**Supply Inventories**

Inventories are stated at average cost. Donated commodities are stated at fair value. Commodities on hand at year end are recorded as unearned revenues. Inventory is charged as an expense when used in the government wide financial reporting. In the governmental funds inventory is charged as an expense when purchased

**Capital Assets**

Capital assets are recorded at historical cost if purchased or constructed, or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of three years. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Land improvements	20 to 30 years
Building and improvements	5 to 50 years
Equipment	5 to 15 years

**Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-term Debt**

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Bonds payable are reported net of applicable bond premiums, discounts and gain on refunding.

In the fund financial statements bond premiums, discounts and gain on refunding are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Interfund Transactions**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes interfund transfers occurring within governmental activities and interfund receivables and payables.

**Interfund Receivables/Payables**

The District maintains a cash pool that is available for use by all funds. The cash pool account is maintained in the General Fund, while activity between funds utilizing this cash is referred to as Due to/from Other Funds in each fund at the end of the fiscal year in the fund basis financial statements. All interfund loan balances are considered current and are eliminated in the government-wide financial statements

**Net Position**

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

*Net Investment in Capital Assets* – This amount consist of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

*Restricted net position* – This amount is restricted when constraints placed on the net position use are either externally restricted, imposed by creditors (such as grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

*Unrestricted net position* – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

**Fund Balances**

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. The Board authorizes the Superintendent or his/her designee as the official who is authorized to assign amounts. Following are descriptions of fund classifications used by the district:

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balances (Continued)**

*Nonspendable fund balance* includes items not immediately converted to cash, such as prepaid items and inventory.

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the District board. Formal action is represented by board resolution.

*Assigned fund balance* includes amounts that are constrained by the District's intent to use them for a specific purpose but are neither restricted nor committed. Intent is expressed when the Board approves which resources should be "reserved" during the adoption of the annual budget. The District's Director of Finance uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Annual Financial Report.

*Unassigned fund balance* is the residual classification for balances not assigned to another category.

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.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There is a deferred outflow on the Statement of Net Position for the pension and OPEB related deferrals

In addition to liabilities, the district-wide statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government has two types of items, which arise under full accrual accounting in the Statement of Net Position. The Statement of Net Position reports unavailable revenue from a Gain on Refunding resulting from the refunding of long term debt as well as a Net deferred Pension Asset resulting from pension plan and OPEB actuarial valuations and contributions subsequent to the measurement date.

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

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

**2. POOLED CASH AND INVESTMENTS**

A common cash, cash equivalents and investment pool is maintained for all funds. Investment types are restricted by State of Oregon statutes. Authorized investments include general obligations of the United States Government and its agencies, obligations of the State of Oregon, California, Washington, and Idaho that have a rating of AA or better, A-1 commercial paper and bankers acceptance, AA corporate bonds, time deposits, repurchase agreements, and the State of Oregon Treasurer's Local government Investment Pool.

Pooled cash and investments on June 30, 2018 are comprised of the following:

Cash on Hand	\$	1,049
Deposits with Financial Institutions		1,518,484
Local Government Investment Pool		18,126,147
		19,645,680
Total	\$	19,645,680

**Deposits with Financial Institutions**

*Custodial credit risk – Deposits*

Custodial credit risk for deposits is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Insurance and collateral requirements for the deposits are established by federal banking regulations and Oregon law. State statutes require that the District's deposits be covered by the Federal Deposit Insurance Corporation (FDIC) or by a multiple financial institution collateral pool under ORS 295.015 which is administered by the State of Oregon Office of the Treasury.

Deposits with financial institutions include primarily bank demand and money market deposits. The balances in these accounts according to the District's records total \$1,518,484 on June 30, 2018. The bank statement records reflect a balance of \$2,035,645 at year end. Of this amount, \$500,000 is covered by the FDIC's general deposit insurance rules. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of State Treasurer. As a result the District has no exposure to custodial credit risk for deposits with financial institutions.

**Investments**

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool.

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**2. POOLED CASH AND INVESTMENTS (Continued)**

**Investments (Continued)**

As mentioned above Oregon Revised Statutes limit the type of investments. There was compliance with these statutes at June 30, 2018. There is no investment policy that would further limit investment choices.

The State of Oregon Treasurer's Local Government Investment Pool is unrated.

	Average Maturities	Fair Value
Oregon State Treasury Local Government Investment Pool	three month average	\$ 18,126,147

*Concentration of credit risk – investments.* The Oregon State Treasurer's Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Secretary of State and is not required to be categorized by risk. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares. The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the LGIP is a part. It is not registered with the U.S. Securities and Exchange Commission. The Fund currently has no credit rating as assigned by the credit rating agencies. On June 30, 2018 the fund's composite weighted rating was equivalent to S&P's AA ratings. The State's investment policies are governed by statute and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB) and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

**3. RECEIVABLES**

Receivables are comprised of the following:

Property taxes	\$ 2,435,040
Trade and other	<u>2,056,975</u>
	<u>\$ 4,492,015</u>

The receivables are considered fully collectible by management so no allowance for doubtful accounts has been made.



NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**4. CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>
Capital Assets not being Depreciated				
Land	\$ 3,862,820	\$ -	\$ -	\$ 3,862,820
Total	<u>3,862,820</u>	<u>-</u>	<u>-</u>	<u>3,862,820</u>
Capital Assets being Depreciated				
Land Improvements	1,223,562	-	-	1,223,562
Buildings and Improvements	120,624,521	-	-	120,624,521
Equipment	<u>2,217,777</u>	<u>-</u>	<u>-</u>	<u>2,217,777</u>
Total	<u>124,065,860</u>	<u>-</u>	<u>-</u>	<u>124,065,860</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,045,135)	(32,064)	-	(1,077,199)
Buildings and Improvements	(46,533,993)	(2,387,414)	-	(48,921,407)
Equipment	<u>(1,861,243)</u>	<u>(45,231)</u>	<u>-</u>	<u>(1,906,474)</u>
Total	<u>(49,440,371)</u>	<u>(2,464,709)</u>	<u>-</u>	<u>(51,905,080)</u>
Total Capital Assets being Depreciated	<u>74,625,489</u>	<u>(2,464,709)</u>	<u>-</u>	<u>72,160,780</u>
Total Capital Assets, Net	<u>\$ 78,488,309</u>	<u>\$(2,464,709)</u>	<u>\$ -</u>	<u>\$ 76,023,600</u>

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

Instruction	\$ 1,478,825
Support Services	887,295
Enterprise and Community Services	<u>98,589</u>
Total	<u>\$ 2,464,709</u>

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**5. LONG-TERM DEBT**

Bonded debt has been issued for the construction of facilities and payment of unfunded pension costs. Also there is a loan payable for energy conservation. General obligation bonds are payable from ad valorem property taxes, limited tax pension bonds from State sources, and loans payable from local resources.

Changes in long-term debt for the year are as follows:

Issue Date	Issue Amount	Outstanding July 1, 2017	Additions	Reductions	Outstanding June 30, 2018	Due Within One Year	Interest Rates
General Obligation Bonds:							
06/28/11	\$ 15,000,000	\$ 15,000,000	\$ -	\$ -	\$ 15,000,000	\$ 15,000,000	2.0% - 4.0%
03/17/05	33,645,000	10,110,000	-	2,180,000	7,930,000	2,455,000	3.0% - 5.35%
		<u>25,110,000</u>	<u>-</u>	<u>2,180,000</u>	<u>22,930,000</u>	<u>17,455,000</u>	
Limited Tax Pension Obligation Bonds:							
03/01/03	34,639,019	24,072,547	-	942,425	23,130,122	938,007	4.12%
		<u>24,072,547</u>	<u>-</u>	<u>942,425</u>	<u>23,130,122</u>	<u>938,007</u>	
Other Loans							
02/01/12	1,001,591	738,454	-	61,277	677,177	63,298	3.25%
04/29/15	55,594	33,329	-	10,724	22,605	11,105	3.50%
		<u>771,783</u>	<u>-</u>	<u>72,001</u>	<u>699,782</u>	<u>74,403</u>	
Total G.O, Pension and Other		<u>49,954,330</u>	<u>-</u>	<u>3,194,426</u>	<u>46,759,904</u>	<u>18,467,410</u>	
Net Pension Liability		29,584,266	1,595,435	-	31,179,701		
Net OPEB Obligation		<u>2,616,423</u>	<u>-</u>	<u>93,612</u>	<u>2,522,811</u>		
Total long-term debt		<u>\$ 82,155,019</u>	<u>\$ 1,595,435</u>	<u>\$ 3,288,038</u>	<u>\$ 80,462,416</u>		

Future debt service requirements are as follows:

Year Ending June 30,	Capital Lease Payable	General Obligation Bonds	Limited Tax Pension Bonds	Small Scale Energy Loan	Total	Interest
2019	\$ 11,105	\$ 17,455,000	\$ 938,007	\$ 63,298	\$ 18,467,410	\$ 3,626,284
2020	11,500	2,660,000	933,606	65,386	3,670,492	3,079,428
2021	-	2,815,000	927,024	67,543	3,809,567	3,117,144
2022	-	-	923,674	69,772	993,446	3,153,439
2023	-	-	922,811	72,073	994,884	3,347,002
2024-2028	-	-	18,485,000	339,105	18,824,105	3,090,524
	<u>\$ 22,605</u>	<u>\$ 22,930,000</u>	<u>\$ 23,130,122</u>	<u>\$ 677,177</u>	<u>\$ 46,759,904</u>	<u>\$ 19,413,821</u>

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**6. INTERFUND RECEIVABLES/PAYABLES**

The interfund balances between funds represent cash advanced to pay current obligations.

	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 5,321,317
Federal & State Grants	-	1,456,802
Debt Service	5,064,472	-
Nonmajor Funds		
Food Service Fund	64,156	-
Scholarship Fund	152,982	-
Private Donations Fund	102,683	-
Student Body Fund	1,698	-
PERS Bond Debt Service Fund	169,094	-
Small Scale Energy Debt Service Fund	80,942	-
Construction Excise Tax Fund	1,142,092	-
	<u>\$ 6,778,119</u>	<u>\$ 6,778,119</u>
Total	<u>\$ 6,778,119</u>	<u>\$ 6,778,119</u>

**7. OPERATING LEASES**

Various copy machines are leased. Approximate future minimum rental commitments under these agreements are as follows:

Fiscal Year Ending June 30,	Amount
2019	\$ 64,192
2020	64,192
2021	647
Total	<u>\$ 129,031</u>

The total rental expense under these or similar leases was approximately \$155,858 for the year ended June 30, 2018.

**8. PENSION PLAN**

**Plan Description**

The District participates in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan. OPERS provides retirement, disability, and death benefits to plan members and their beneficiaries.

All benefits of OPERS are established by the Oregon Legislature pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. The plan complies with Internal Revenue Service rules prescribed in 401(a). The Oregon Legislature has delegated the authority to the Public Employees Retirement Board (PERB) to administer and manage the system. OPERS issues a publicly available financial report that can be obtained at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**8. PENSION PLAN (Continued)**

OPERS prepares their financial statements in accordance with GASB statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPERS is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The 1995 Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

**a. Tier One/Tier Two Retirement Benefit Plan (Chapter 238).**

**Pension Benefits**

The PERS retirement allowance is payable monthly for life. It may be selected from thirteen 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 (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

**Death Benefits**

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**8. PENSION PLAN (Continued)**

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

**Disability Benefits**

A member with ten 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 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 when determining the monthly benefit.

**Benefit Changes after Retirement**

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**b. OPSRP Pension Program (Chapter 238A).**

**Pension Benefits.**

The OPSRP Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. For general service employees benefits are calculated with the following formula: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

**Death Benefits**

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

**Disability Benefits**

A member who has accrued ten 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.

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
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**8. PENSION PLAN (Continued)**

**Benefit Changes after Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**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. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The District made lump sum payments to establish side accounts in 2003, which reduces the District rates below the standard School District Pool rates. The District's contractually required contribution rate for the year ended June 30, 2018 was 11.69% of eligible payroll for Tier 1/Tier 2 members and .63% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2018 were \$2,506,331 excluding amounts to fund employer specific liabilities. \$3,495,606 was charged for the year ended June 30, 2018 as PERS benefit expenditures to be used for bond payments as they become due. In addition, \$1,707,567 in employee contributions were paid by the district for the year ended June 30, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2018, the District reported a net pension liability of \$31,179,701 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers, actuarially determined. At June 30, 2017 the District's proportion was .2313%. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual experience	\$ 1,507,864	\$ -
Changes in assumptions	5,683,503	-
Net difference between projected and actual earnings on pension plan investments	321,224	-
Changes in proportion	3,414,382	-
Changes between employer Contributions and proportionate share of contributions	37,591	1,915,765
District contributions subsequent to the measurement date	2,005,021	-
Total	<u>\$ 12,969,585</u>	<u>\$ 1,915,765</u>

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**8. PENSION PLAN (CONTINUED)**

\$2,005,021 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an addition of the net pension liability in the year ended June 30, 2019. Other amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

		Pension Expense
June 30, 2018	\$	1,890,575
June 30, 2019		4,410,382
June 30, 2020		3,082,444
June 30, 2021		(454,549)
June 30, 2022		119,947

**Actuarial Methods and Assumptions:**

**Actuarial Valuations**

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the projected unit credit 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 (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution 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 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

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
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

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**8. PENSION PLAN (CONTINUED)**

Actuarial assumptions:	
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increases	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
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/0.15% in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

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

**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 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			OIC Target
Debt Securities			20.0
Public Equity			37.5
Private Equity			17.5
Real Estate			12.5
Alternative Equity			12.5
Total			100.0



NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**8. PENSION PLAN (CONTINUED)**

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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. 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

[http://www.oregon.gov/pers/docs/financial\\_reports/2017\\_cafr.pdf](http://www.oregon.gov/pers/docs/financial_reports/2017_cafr.pdf).

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign	13.13	6.73
Emerging Foreign	4.12	7.25
Non-US Small Cap	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds-	2.50	4.64
Hedge Fund – Event	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Assumed inflation - Mean		2.50

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**8. PENSION PLAN (CONTINUED)**

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.**

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability (asset)	\$ 53,135,903	\$ 31,179,701	\$ 12,820,250

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. The effect of OPERS on the District's net position has been determined on the same basis used by OPERS.

**Changes in Plan Provisions Effecting the Roll Forward**

There are no changes in actuarial methods, allocation, and assumption since the December 31, 2015 actuarial valuation.

**9. OTHER POSTEMPLOYMENT BENEFITS**

**Postemployment Health Care Benefits**

Plan Description – The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision benefit to eligible employees and their dependents. There are active and retired members in the plan. Benefits for members are established through the respective collective bargaining agreements.

The District follows ORS 243.303 which stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claim costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of the retiree healthcare premiums represents the District's implicit employer contribution also referred to as an "implicit rate subsidy."

The District has not established an irrevocable trust or equivalent arrangement to account for the plan.

Funding Policy – There is no obligation on the part of the District to fund these benefits in advance. The benefit from this program is paid by retired employees on a self-pay basis and the required contributions is based on projected pay-as-you go financing requirements.

Total OPEB Liability – The District's total OPEB liability of \$2,522,811 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date.

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Postemployment Health Care Benefits (Continued)**

*Actuarial Assumptions and Other Inputs* - The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Measurement date	June 30, 2017
Actuarial cost method	Entry Age Normal, level percent of salary.
Actuarial assumptions:	
Discount rate	3.58% per year, based on all years discounted at municipal bond rate.
Inflation rate	2.50% per year
Salary increases	3.50% per year
Healthcare cost trend rates	5.5% for 2017-18. Rate of 6.75% to 4.25% beginning in 2020.
Mortality rates	Based on the RP 2000, generational combined active/healthy annuitant, set back 24 months, and were calculated by adjusting the rates by 60% for male participants and 35% for female participants.
Turnover rates	As developed for the valuation of benefits under Oregon PERS and vary by years of service.
Disability rates	Not Used
Retirement rates	As developed for the valuation of benefits under Oregon PERS and vary by employee age.

Changes in the Total OPEB Liability:

Balance at June 30, 2017	\$ 2,616,423
Service cost	212,308
Interest	76,881
Change in assumptions	(118,628)
Benefit payments	(264,173)
	<hr/>
Balance at June 30, 2018	<u>\$ 2,522,811</u>

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Postemployment Health Care Benefits (Continued)**

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	\$ 102,152
Benefit payments	<u>255,551</u>	<u>-</u>
Total	<u>\$ 255,551</u>	<u>\$ 102,152</u>

Amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense in subsequent years as follows

	<u>Expense</u>
June 30, 2018	\$ (16,476)
June 30, 2019	(16,476)
June 30, 2020	(16,476)
June 30, 2021	(16,476)
June 30, 2022	(16,476)
Thereafter	(19,772)

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* - The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.58 percent) or one percentage point higher (4.58 percent) than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB Liability	\$ 2,686,637	\$ 2,522,811	\$ 2,369,164

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate* - The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,306,368	\$ 2,522,811	\$ 2,775,717

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

**10. RISK MANAGEMENT**

The District is exposed 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. The District is insured with Property & Casualty Coverage for Education, a property and liability risk pool for school entities in Oregon and pays an annual premium for its property, crime, public liability, boiler and machinery, difference in conditions, excess earthquake, foreign liability, errors and omission coverage, builders risk coverage and Oregon contractor's license bonds. The District also carries worker's compensation coverage through SAIF. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The District's coverage in all areas remains consistent with prior years.

**11. PROPERTY TAX LIMITATIONS**

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5 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 or local option taxes.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. This reduction limits future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and bond issues.

**12. CONTINGENT LIABILITIES**

The amounts of grant revenue reflected in the basic financial statements are subject to audit and adjustment by grantor agencies, principally the federal government. Any costs which are questioned or recommended to be disallowed which ultimately result in disallowed claims may become a liability of the District. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although District management expects such amounts, if any, to be immaterial.

The District is dependent on the State of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the State level, future funding for school district may be reduced. The ultimate effect of this possible reduction in funding on the District's future operations is not yet determinable.

**13. Property Tax Abatements**

The District's property tax revenues were reduced by \$27,420 under historic property and housing for low income rental agreements by other municipalities within the District's boundaries

**14. New Accounting Standards Implemented**

For the fiscal year ended June 30, 2018 the District implemented GASB statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses for postemployment benefits other than pensions.

The implementation of GASB Statement 75 resulted in the restatement of the beginning net position of the governmental activities in the government-wide financial statements. See prior period restatement note number 15.

NEWBERG SCHOOL DISTRICT NO. 29J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2018

**15. Prior Period Restatements**

During the year, the District adopted GASB 75 as described in the previous notes. The District discovered that the the bond sinking fund cash account was omitted from the financial statements and that this cash was used to pay down the 2011B Bond in error. These restatements had the following effect on the net position/fund balance of the District:

Net Position at June 30, 2017	\$	21,705,765
Change in reporting OPEB liability - GASB 75		(483,655)
2011B bond understated		(2,525,750)
Bond sinking cash account understated		2,231,375
		2,231,375
Net Position at June 30, 2017, Restated	\$	20,927,735
Fund Balance at June 30, 2017 - Governmental Funds	\$	6,071,555
Bond sinking cash account understated		2,231,375
		2,231,375
Fund Balance at June 30, 2017- Governmental Funds, Restated	\$	8,302,930

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**REQUIRED**  
**SUPPLEMENTARY INFORMATION**



NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF CHANGES IN TOTAL OTHER  
POST EMPLOYMENT BENEFITS AND RELATED RATIOS  
June 30, 2018

	<u>June 30, 2018</u>
OPEB Liability - Medical Benefit	
Total OPEB Liability - Beginning	\$ 2,616,423
Service Cost	212,308
Interest	76,881
Changes in Assumptions	(118,628)
Benefit Payments	<u>(264,173)</u>
Net Change in Total OPEB Liability	<u>(93,612)</u>
Total Liability - End of Year	<u>\$ 2,522,811</u>
Covered Payroll	\$ 29,387,985
Total OPEB Liability as Percentage of Covered Payroll	8.58%

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

NEWBERG SCHOOL DISTRICT NO. 29J  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 JUNE 30, 2018

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year Ended	(a) District's Proportion of the net pension Liability (NPL)	(b) District's Proportionate Share of the Net Pension Liability (NPL)	(c) District's Covered Payroll	(b/c) NPL as a Percentage of covered Payroll	Plan Fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.1600%	\$ 8,060,204	\$ 24,424,906	33.00%	92.00%
June 30, 2015	0.1600%	(3,580,180)	24,424,906	(14.70)%	103.60%
June 30, 2016	0.1700%	10,004,093	25,226,359	39.66%	91.88%
June 30, 2017	0.2000%	29,584,266	28,122,605	105.20%	80.50%
June 30, 2018	0.2300%	31,179,701	28,611,077	108.98%	83.12%

The amounts presented each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

SCHEDULE OF DISTRICT CONTRIBUTIONS

Fiscal Year Ended	Statutorily required contribution	Contributions in relation to the statutorily required Contribution	Contribuiton deficiency (excess)	District's Covered payroll	Contributions as a percent of covered payroll
June 30, 2014	\$ 1,838,786	\$ 1,838,786	\$ -	\$ 24,424,906	7.53%
June 30, 2015	1,869,367	1,869,367	-	25,226,359	7.41%
June 30, 2016	904,981	904,981	-	28,122,605	3.22%
June 30, 2017	784,807	784,807	-	28,611,077	2.74%
June 30, 2018	2,506,331	2,506,331	-	29,387,985	8.53%

NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources	\$ 16,673,000	\$ 16,673,000	\$ 16,687,083	\$ 14,083
Intermediate Sources	1,955,000	1,955,000	1,796,245	(158,755)
State Sources	32,422,615	31,696,665	32,440,890	744,225
Earnings on Investments	50,000	50,000	172,139	122,139
Total Revenues	<u>51,100,615</u>	<u>50,374,665</u>	<u>51,096,357</u>	<u>721,692</u>
Expenditures				
Instruction *	32,441,332	31,715,382	30,322,556	1,392,826
Support Services *	19,948,764	19,936,854	18,677,231	1,259,623
Enterprise and Community Services *	2,500	2,500	48	2,452
Debt Service *	-	11,910	11,909	1
Contingency *	746,019	208,019	-	208,019
Total Expenditures	<u>53,138,615</u>	<u>51,874,665</u>	<u>49,011,744</u>	<u>2,862,921</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,038,000)</u>	<u>(1,500,000)</u>	<u>2,084,613</u>	<u>3,584,613</u>
Other Financing Sources (Uses)				
Transfers In	538,000	-	-	-
Total Other Financing Sources (Uses)	<u>538,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,500,000)	(1,500,000)	2,084,613	3,584,613
Fund Balance				
Beginning of Year	<u>1,500,000</u>	<u>1,500,000</u>	<u>372,395</u>	<u>(1,127,605)</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>2,457,008</u>	<u>\$ 2,457,008</u>
* Legally adopted appropriation level				
Reconciliation to Governmental Ending Fund Balance Special Revenue Fund			<u>71,587</u>	
Total Governmental Funds			<u>\$ 2,528,595</u>	

NEWBERG SCHOOL DISTRICT NO. 29J  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - FEDERAL & STATE GRANTS FUND  
 YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Intermediate Sources	\$ 155,904	\$ 155,904	\$ 130,371	\$ (25,533)
State Sources	655,806	1,380,806	1,425,743	44,937
Federal Sources	2,877,247	2,877,247	1,993,482	(883,765)
Total Revenues	<u>3,688,957</u>	<u>4,413,957</u>	<u>3,549,596</u>	<u>(864,361)</u>
Expenditures				
Instruction *	2,414,031	3,139,031	2,467,476	671,555
Support Services *	1,170,691	1,170,691	1,072,525	98,166
Enterprise and Community Services *	104,235	104,235	631	103,604
Total Expenditures	<u>3,688,957</u>	<u>4,413,957</u>	<u>3,540,632</u>	<u>873,325</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>8,964</u>	<u>8,964</u>
Fund Balance				
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,964</u>	<u>\$ 8,964</u>

\* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018

**1. OTHER POSTEMPLOYMENT BENEFITS**

The schedule of funding progress for other postemployment benefits will eventually present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**2. EMPLOYEE RETIREMENT PENSION BENEFITS.**

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB information found at:

<https://www.oregon.gov/pers/EMP/Pages/gasb-68.aspx>

Changes in Assumptions

A summary of key changes implemented since the December 31, 2014 valuation are described in the Oregon Public Retirement System's GASB 68 disclosure information which can be found at:

<https://www.oregon.gov/pers/EMP/Pages/gasb-68.aspx>

Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at:

[https://www.oregon.gov/pers/docs/2014\\_experience\\_study\\_9-23-15.pdf](https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf)

**3. BUDGET**

A budget is prepared and legally adopted for the General Fund, and Special Projects Fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America basis for the governmental fund types, proprietary fund type and private purpose trust fund type. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearing before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, there was one amendment to the budget in the General Fund and one amendment in the Special Projects Fund. Appropriations lapse at the end of each fiscal year.

# **SUPPLEMENTARY INFORMATION**

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## **DEBT SERVICE FUND**



NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2018

Revenues	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues from Local Sources				
Property Taxes				
Current Year	\$ 8,387,250	\$ 8,387,250	\$ 10,512,977	\$ 2,125,727
Prior Year	250,000	250,000	273,093	23,093
Penalties and Interest on Taxes	-	-	51,863	51,863
Earnings on Investments	22,000	22,000	169,684	147,684
Other Miscellaneous Local Sources	2,515,400	3,030,800	474,243	(2,556,557)
Total Revenues	<u>11,174,650</u>	<u>11,690,050</u>	<u>11,481,860</u>	<u>(208,190)</u>
Expenditures				
Debt Service				
Redemption of Principal	2,180,000	2,180,000	2,180,000	-
Interest	7,352,100	7,867,500	1,148,775	6,718,725
Total Debt Service*	<u>9,532,100</u>	<u>10,047,500</u>	<u>3,328,775</u>	<u>6,718,725</u>
Total Expenditures	<u>9,532,100</u>	<u>10,047,500</u>	<u>3,328,775</u>	<u>6,718,725</u>
Net Change in Fund Balance	1,642,550	1,642,550	8,153,085	6,510,535
Fund Balance				
Beginning of Year, Restated	<u>357,450</u>	<u>357,450</u>	<u>5,909,484</u>	<u>5,552,034</u>
End of Year	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 14,062,569</u>	<u>\$ 12,062,569</u>

\* Legally adopted appropriation level

**OTHER MAJOR GOVERNMENTAL FUNDS**

NEWBERG SCHOOL DISTRICT NO. 29J  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

	Special Revenue Funds			
	Food Service Fund	Scholarship Fund	Private Donations Fund	Student Body Fund
<b>ASSETS</b>				
Cash and Investments	\$ 30	\$ -	\$ (500)	\$ 622,755
Receivables				
Accounts	102,840	-	-	5,533
Inventory, at Cost	103,368	-	-	-
Due from Other Funds	64,156	152,982	102,683	1,698
<b>Total Assets</b>	<b>\$ 270,394</b>	<b>\$ 152,982</b>	<b>\$ 102,183</b>	<b>\$ 629,986</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 16,422	\$ -	\$ 3,738	\$ -
<b>Total Liabilities</b>	16,422	-	3,738	-
<b>FUND BALANCES</b>				
Nonspendable	103,368	-	-	-
Restricted	150,604	152,982	98,445	629,986
<b>Total Fund Balances</b>	253,972	152,982	98,445	629,986
<b>Total Liabilities     and Fund Balances</b>	<b>\$ 270,394</b>	<b>\$ 152,982</b>	<b>\$ 102,183</b>	<b>\$ 629,986</b>

Debt Service Funds

<u>PERS Bond Debt Service Fund</u>	<u>Small Scale Energy Loan Debt Service Fund</u>	<u>Construction Excise Tax Fund</u>	<u>Total</u>
\$ 35,357	\$ -	\$ (14,058)	\$ 643,584
-	6,974	47,132	162,479
-	-	-	103,368
<u>169,094</u>	<u>80,942</u>	<u>1,142,092</u>	<u>1,713,647</u>
<u>\$ 204,451</u>	<u>\$ 87,916</u>	<u>\$ 1,175,166</u>	<u>\$ 2,623,078</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228</u>	<u>\$ 20,388</u>
<u>-</u>	<u>-</u>	<u>228</u>	<u>20,388</u>
-	-	-	103,368
<u>204,451</u>	<u>87,916</u>	<u>1,174,938</u>	<u>2,499,322</u>
<u>204,451</u>	<u>87,916</u>	<u>1,174,938</u>	<u>2,602,690</u>
<u>\$ 204,451</u>	<u>\$ 87,916</u>	<u>\$ 1,175,166</u>	<u>\$ 2,623,078</u>

NEWBERG SCHOOL DISTRICT NO. 29J  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - NONMAJOR FUNDS  
 YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	Food Service Fund	Scholarship Fund	Private Donations Fund	Student Body Fund
<b>Revenues</b>				
Local Sources	\$ 552,409	\$ 2,640	\$ 87,755	\$ 1,487,813
State Sources	63,117	-	-	-
Federal Sources	1,514,452	-	-	-
Earnings on Investments	-	-	-	-
Total Revenues	<u>2,129,978</u>	<u>2,640</u>	<u>87,755</u>	<u>1,487,813</u>
<b>Expenditures</b>				
Current				
Instruction	-	-	30,962	1,447,840
Support Services	-	-	23,575	-
Debt Service	-	-	-	-
Enterprise and Community Services	2,151,379	1,000	-	-
Total Expenditures	<u>2,151,379</u>	<u>1,000</u>	<u>54,537</u>	<u>1,447,840</u>
Net Change in Fund Balances	(21,401)	1,640	33,218	39,973
Change in Inventory Reserve	36,498	-	-	-
<b>Fund Balances</b>				
Beginning of Year	<u>238,875</u>	<u>151,342</u>	<u>65,227</u>	<u>590,013</u>
End of Year	<u>\$ 253,972</u>	<u>\$ 152,982</u>	<u>\$ 98,445</u>	<u>\$ 629,986</u>

Debt Service Funds				
PERS Bond Debt Service Fund	Small Scale Energy Loan Debt Service Fund	Capital Projects Fund	Construction Excise Tax Fund	Total
\$ 3,495,606	\$ 100,973	\$ -	\$ 526,875	\$ 6,254,071
-	-	-	-	63,117
-	-	-	-	1,514,452
34,020	-	-	14,946	48,966
<u>3,529,626</u>	<u>100,973</u>	<u>-</u>	<u>541,821</u>	<u>7,880,606</u>
-	-	-	-	1,478,802
-	-	11,700	207,570	242,845
3,347,566	84,324	-	-	3,431,890
-	-	-	-	2,152,379
<u>3,347,566</u>	<u>84,324</u>	<u>11,700</u>	<u>207,570</u>	<u>7,305,916</u>
182,060	16,649	(11,700)	334,251	574,690
-	-	-	-	36,498
<u>22,391</u>	<u>71,267</u>	<u>11,700</u>	<u>840,687</u>	<u>1,991,502</u>
<u>\$ 204,451</u>	<u>\$ 87,916</u>	<u>\$ -</u>	<u>\$ 1,174,938</u>	<u>\$ 2,602,690</u>

NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2018

Revenues	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues from Local Sources				
Sales	\$ 596,100	\$ 596,100	\$ 552,409	\$ (43,691)
Total Local Sources	596,100	596,100	552,409	(43,691)
Revenues from State Sources				
State School Fund Support	20,000	20,000	18,918	(1,082)
Other State Grants	16,100	16,100	44,199	28,099
Total State Sources	36,100	36,100	63,117	27,017
Revenues from Federal Sources				
National School Lunch Program	1,496,563	1,496,563	1,369,715	(126,848)
U.S.D.A. Donated Commodities	149,000	149,000	144,737	(4,263)
Total Federal Sources	1,645,563	1,645,563	1,514,452	(131,111)
Total Revenues	2,277,763	2,277,763	2,129,978	(147,785)
Expenditures				
Enterprise and Community Services *	2,372,763	2,372,763	2,151,379	221,384
Total Expenditures	2,372,763	2,372,763	2,151,379	221,384
Net Change in Fund Balance	(95,000)	(95,000)	(21,401)	73,599
Fund Balance				
Beginning of Year	95,000	95,000	172,005	77,005
End of Year	\$ -	\$ -	150,604	\$ 150,604
Reserved for Inventory			103,368	
Fund Balance, Ending			\$ 253,972	

\* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - SCHOLARSHIP FUND  
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
Revenues				
Revenues from Local Sources				
Community Service Activities	\$ 1,000	\$ 1,000	\$ 2,640	\$ 1,640
Total Local Sources	<u>1,000</u>	<u>1,000</u>	<u>2,640</u>	<u>1,640</u>
Expenditures				
Instruction *	2,500	2,500	-	2,500
Enterprise and Community Services *	<u>4,500</u>	<u>4,500</u>	<u>1,000</u>	<u>3,500</u>
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>1,000</u>	<u>6,000</u>
Net Change in Fund Balance	(6,000)	(6,000)	1,640	7,640
Fund Balance				
Beginning of Year	<u>126,000</u>	<u>126,000</u>	<u>151,342</u>	<u>25,342</u>
End of Year	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 152,982</u>	<u>\$ 32,982</u>

\* Legally adopted appropriation level



NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - PRIVATE DONATIONS FUND  
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
Revenues				
Revenues from Local Sources				
Community Service Activities	\$ 200,000	\$ 200,000	\$ 87,755	\$ (112,245)
Total Local Sources	<u>200,000</u>	<u>200,000</u>	<u>87,755</u>	<u>(112,245)</u>
Expenditures				
Instruction *	150,000	150,000	30,962	119,038
Support Services *	120,000	120,000	23,575	96,425
Enterprise and Community Service *	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>280,000</u>	<u>280,000</u>	<u>54,537</u>	<u>225,463</u>
Net Change in Fund Balance	(80,000)	(80,000)	33,218	113,218
Fund Balance				
Beginning of Year	<u>80,000</u>	<u>80,000</u>	<u>65,227</u>	<u>(14,773)</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,445</u>	<u>\$ 98,445</u>

\* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - STUDENT BODY FUND  
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
Revenues				
Revenues from Local Sources				
Community Service Activities	<u>\$ 1,075,000</u>	<u>\$ 1,075,000</u>	<u>\$ 1,487,813</u>	<u>\$ 412,813</u>
Total Local Sources	<u>1,075,000</u>	<u>1,075,000</u>	<u>1,487,813</u>	<u>412,813</u>
Expenditures				
Instruction *	<u>1,415,000</u>	<u>1,415,000</u>	<u>1,447,840</u>	<u>(32,840)</u>
Total Expenditures	<u>1,415,000</u>	<u>1,415,000</u>	<u>1,447,840</u>	<u>(32,840)</u>
Net Change in Fund Balance	(340,000)	(340,000)	39,973	379,973
Fund Balance				
Beginning of Year	<u>340,000</u>	<u>340,000</u>	<u>590,013</u>	<u>250,013</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 629,986</u>	<u>\$ 629,986</u>

\* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - PERS BOND DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
Revenues				
Revenues from Local Sources				
Earnings on Investments	\$ 5,000	\$ 5,000	\$ 34,020	\$ 29,020
Service Provided to Other Funds	<u>3,342,566</u>	<u>3,342,566</u>	<u>3,495,606</u>	<u>153,040</u>
Total Local Sources	<u>3,347,566</u>	<u>3,347,566</u>	<u>3,529,626</u>	<u>182,060</u>
Expenditures				
Debt Service *	<u>3,347,566</u>	<u>3,347,566</u>	<u>3,347,566</u>	<u>-</u>
Total Expenditures	<u>3,347,566</u>	<u>3,347,566</u>	<u>3,347,566</u>	<u>-</u>
Net Change in Fund Balance	-	-	182,060	182,060
Fund Balance				
Beginning of Year	<u>-</u>	<u>-</u>	<u>22,391</u>	<u>22,391</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,451</u>	<u>\$ 204,451</u>

\* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - SMALL SCALE ENERGY LOAN SERVICE FUND  
 YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Revenues from Local Sources				
Extracurricular Activities	\$ 84,325	\$ 84,325	\$ 100,973	\$ 16,648
Total Local Sources	84,325	84,325	100,973	16,648
Expenditures				
Debt Service *	84,325	84,325	84,324	1
Total Expenditures	84,325	84,325	84,324	1
Net Change in Fund Balance	-	-	16,649	16,649
Fund Balance				
Beginning of Year	-	-	71,267	71,267
End of Year	\$ -	\$ -	\$ 87,916	\$ 87,916

\* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
 YEAR ENDED JUNE 30, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
Revenues				
Local Sources	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Expenditures				
Support Services *	5,000	12,700	11,700	1,000
Total Expenditures	<u>5,000</u>	<u>12,700</u>	<u>11,700</u>	<u>1,000</u>
Net Change in Fund Balance	(3,000)	(10,700)	(11,700)	(1,000)
Fund Balance				
Beginning of Year	<u>3,000</u>	<u>10,700</u>	<u>11,700</u>	<u>1,000</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - CONSTRUCTION EXCISE TAX FUND  
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
Revenues				
Revenues from Local Sources				
Earnings on Investments	\$ 1,000	\$ 1,000	\$ 14,946	\$ 13,946
Construction Excise Taxes	500,000	500,000	526,875	26,875
Total Revenues	<u>501,000</u>	<u>501,000</u>	<u>541,821</u>	<u>40,821</u>
Expenditures				
Support Services *	<u>1,670,000</u>	<u>1,670,000</u>	<u>207,570</u>	<u>1,462,430</u>
Total Expenditures	<u>1,670,000</u>	<u>1,670,000</u>	<u>207,570</u>	<u>1,462,430</u>
Net Change in Fund Balance	(1,169,000)	(1,169,000)	334,251	1,503,251
Fund Balance				
Beginning of Year	<u>1,169,000</u>	<u>1,169,000</u>	<u>840,687</u>	<u>(328,313)</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,174,938</u>	<u>\$ 1,174,938</u>

\* Legally adopted appropriation level

NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Revenues from Local Sources				
Rentals	\$ 26,000	\$ 31,000	\$ 56,252	\$ 25,252
Total Local Sources	26,000	31,000	56,252	25,252
Expenditures				
Instruction *	32,500	32,500	-	32,500
Support Services *	15,000	20,000	14,214	5,786
Enterprise and Community Services *	-	-	-	-
Total Expenditures	47,500	52,500	14,214	38,286
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,500)	(21,500)	42,038	63,538
Fund Balance				
Beginning of Year	21,500	21,500	29,549	8,049
End of Year	\$ -	\$ -	\$ 71,587	\$ 71,587

\* Legally adopted appropriation level

# **OTHER FINANCIAL SCHEDULES**



NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF PROPERTY TAX TRANSACTIONS  
YEAR ENDED JUNE 30, 2018

GENERAL FUND

Tax Roll Year	Beginning Balance and 2017-2018 Levy	Less Discounts	Net Adjustments	Add Interest	Collections	Balance June 30, 2018
2017-2018	\$ 16,312,676	\$ 421,880	\$ (66,976)	\$ 8,575	\$ 15,376,667	\$ 447,153
2016-2017	481,023	(4)	1,870	14,962	200,136	282,761
2015-2016	248,439	(6)	3,417	18,286	97,814	154,048
2014-2015	163,809	(6)	(735)	19,278	62,481	100,599
2013-2014	108,466	(5)	177	13,099	35,016	73,632
and prior	252,015	(4)	(694)	7,245	9,195	242,130
	<u>\$ 17,566,428</u>	<u>\$ 421,855</u>	<u>\$ (62,941)</u>	<u>\$ 81,445</u>	<u>15,781,309</u>	<u>\$ 1,300,323</u>
Undistributed tax collections, June 30, 2018					414,753	
Undistributed tax collections, June 30, 2017					(59,441)	
Interest and and other taxes in lieu					98,009	
Revenue turned over to the General Fund					<u>\$ 16,234,630</u>	

DEBT SERVICE FUND

Tax Roll Year	Beginning Balance and 2017-2018 Levy	Less Discounts	Net Adjustments	Interest	Collections	Balance June 30, 2018
2017-2018	\$ 11,016,417	\$ 284,898	\$ (45,210)	\$ 5,793	\$ 10,384,238	\$ 302,071
2016-2017	347,533	(3)	(14,980)	10,292	137,673	194,883
2015-2016	183,845	(3)	(6,795)	12,844	68,696	108,357
2014-2015	103,798	(4)	(3,018)	11,808	39,366	61,418
2013-2014	67,299	(3)	(2,209)	7,860	21,029	44,064
and prior	179,261	(3)	(8,368)	5,186	6,330	164,566
	<u>\$ 11,898,153</u>	<u>\$ 284,882</u>	<u>\$ (80,580)</u>	<u>\$ 53,783</u>	<u>10,657,332</u>	<u>\$ 875,359</u>
Undistributed tax collections, June 30, 2018					153,541	
Undistributed tax collections, June 30, 2017					(39,019)	
Interest and and other taxes in lieu					66,079	
Revenue turned over to the Debt Service Fund					<u>\$ 10,837,933</u>	

**2017 - 18 DISTRICT AUDIT REVENUE SUMMARY**  
**Newberg School District**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
<b>Revenue from Local Sources</b>							
1110 Ad Valorem Taxes Levied by District	\$16,165,060		\$10,786,070				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax				\$526,875			
1190 Penalties and Interest on Taxes							
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$241,708	\$2,640	\$255,566	\$14,946			
1600 Food Service		\$550,227					
1700 Extracurricular Activities	\$70,500	\$1,262,757					
1800 Community Services Activities	\$2,301	\$8,514					
1910 Rentals	\$45,148	\$56,252					
1920 Contributions and Donations From Private Sources		\$162,946					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies	\$168,151						
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$2,476						
1970 Services Provided Other Funds			\$3,495,606				
1980 Fees Charged to Grants	\$88,576						
1990 Miscellaneous	\$75,301	\$143,534	\$575,216				
<b>Total Revenue from Local Sources</b>	\$16,859,222	\$2,186,870	\$15,112,459	\$541,821	\$0	\$0	\$0
<b>Revenue from Intermediate Sources</b>							
2101 County School Funds	\$18,022						
2102 Education Service District Apportionment	\$1,778,224	\$27,327					
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources							
2200 Restricted Revenue		\$97,050					
2800 Revenue in Lieu of Taxes		\$5,994					
2900 Revenue for/on Behalf of the District							
<b>Total Revenue from Intermediate Sources</b>	\$1,796,245	\$130,371	\$0	\$0	\$0	\$0	\$0
<b>Revenue from State Sources</b>							
3101 State School Fund - General Support	\$31,891,556						
3102 State School Fund - School Lunch Match		\$18,918					
3103 Common School Fund	\$540,882						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid	\$5,652						
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid	\$2,800	\$1,469,942					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
<b>Total Revenue from State Sources</b>	\$32,440,890	\$1,488,860	\$0	\$0	\$0	\$0	\$0
<b>Revenue from Federal Sources</b>							
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State		\$3,363,198					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees							
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$144,737					
<b>Total Revenue from Federal Sources</b>	\$0	\$3,507,935	\$0	\$0	\$0	\$0	\$0
<b>Revenue from Other Sources</b>							
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers							
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$372,395	\$1,008,136	\$6,003,143	\$852,387			
<b>Total Revenue from Other Sources</b>	\$372,395	\$1,008,136	\$6,003,143	\$852,387	\$0	\$0	\$0
<b>Grand Totals</b>	\$51,468,752	\$8,322,172	\$21,115,602	\$1,394,208	\$0	\$0	\$0

**2017 - 18 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**Newberg School District**

**Fund: 100**

<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 Primary, K-3	\$11,541,305	\$7,242,969	\$3,865,810	\$326,527	\$105,999				
1113 Elementary Extracurricular	\$0								
1121 Middle/Junior High Programs	\$4,625,114	\$2,849,045	\$1,540,085	\$178,171	\$56,371		\$1,442		
1122 Middle/Junior High School Extracurricular	\$16,250	\$12,224	\$4,026						
1131 High School Programs	\$5,744,540	\$3,584,289	\$1,833,081	\$196,237	\$122,600		\$8,332		
1132 High School Extracurricular	\$663,813	\$428,305	\$131,843	\$50,567	\$40,233		\$12,864		
1140 Pre-Kindergarten Programs	\$0								
1210 Programs for the Talented and Gifted	\$3,309			\$39	\$3,270				
1220 Restrictive Programs for Students with Disabilities	\$1,596,391	\$862,592	\$596,000	\$131,926	\$5,872				
1250 Less Restrictive Programs for Students with Disabilities	\$3,536,604	\$2,163,172	\$1,330,902	\$39,446	\$3,084				
1260 Early Intervention	\$237,314	\$112,190	\$82,253	\$42,756	\$116				
1271 Remediation	\$36,867	\$27,657	\$9,210						
1272 Title I	\$0								
1280 Alternative Education	\$1,273,518	\$737,160	\$454,783	\$73,857	\$6,863		\$855		
1291 English Second Language Programs	\$1,045,991	\$624,548	\$409,620	\$8,824	\$2,849		\$150		
1292 Teen Parent Program	\$2,271	\$1,652	\$619						
1293 Migrant Education	-\$731		-\$648	-\$83					
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>\$30,322,556</b>	<b>\$18,645,804</b>	<b>\$10,257,583</b>	<b>\$1,048,267</b>	<b>\$347,258</b>	<b>\$0</b>	<b>\$23,643</b>	<b>\$0</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	\$438,943	\$234,039	\$161,366	\$43,107	\$431				
2120 Guidance Services	\$1,535,328	\$1,026,397	\$506,464	\$2,376	\$91				
2130 Health Services	\$96,916	\$60,923	\$31,479	\$1,641	\$2,874				
2140 Psychological Services	\$12,944			\$11,685	\$1,260				
2150 Speech Pathology and Audiology Services	\$826,879	\$528,917	\$292,177	\$564	\$5,220				
2160 Other Student Treatment Services	\$0								
2190 Service Direction, Student Support Services	\$253,849	\$161,607	\$90,287	\$1,455	\$500				
2210 Improvement of Instruction Services	\$209,064	\$141,231	\$66,347	\$1,043	\$443				
2220 Educational Media Services	\$463,069	\$247,119	\$186,192	\$4,544	\$25,213				
2230 Assessment & Testing	\$251,148	\$123,315	\$72,133	\$54,225	\$1,475				
2240 Instructional Staff Development	\$281,245	\$51,615	\$141,048	\$69,048	\$539		\$18,995		
2310 Board of Education Services	\$398,590			\$61,990	\$1,941		\$334,659		
2320 Executive Administration Services	\$498,039	\$330,808	\$149,326	\$12,022	-\$616		\$6,499		
2410 Office of the Principal Services	\$3,588,123	\$2,249,935	\$1,263,558	\$43,530	\$23,591		\$7,509		
2490 Other Support Services - School Administration	\$0								
2510 Direction of Business Support Services	\$0								
2520 Fiscal Services	\$529,533	\$310,624	\$175,956	\$16,870	\$7,304		\$18,778		
2540 Operation and Maintenance of Plant Services	\$4,553,354	\$1,698,740	\$1,171,727	\$1,416,763	\$262,494		\$3,630		
2550 Student Transportation Services	\$2,600,184	\$39,030	\$19,668	\$2,541,485					
2570 Internal Services	\$166,199	\$31,066	\$24,502	\$110,632					
2610 Direction of Central Support Services	\$0								
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0								
2630 Information Services	\$154,406	\$76,709	\$36,639	\$38,662	\$2,071		\$325		
2640 Staff Services	\$533,312	\$317,387	\$150,174	\$49,683	\$1,285		\$14,784		
2660 Technology Services	\$1,286,106	\$489,080	\$271,138	\$110,581	\$406,927		\$8,380		
2670 Records Management Services	\$0								
2690 Other Support Services - Central	\$0								
2700 Supplemental Retirement Program	\$0								
<b>Total Support Services Expenditures</b>	<b>\$18,677,231</b>	<b>\$8,118,545</b>	<b>\$4,810,180</b>	<b>\$4,591,905</b>	<b>\$743,042</b>	<b>\$0</b>	<b>\$413,559</b>	<b>\$0</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								
3200 Other Enterprise Services	\$0								
3300 Community Services	\$48				\$48				
3500 Custody and Care of Children Services	\$0								
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$48</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48</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								
4120 Site Acquisition and Development Services	\$0								
4150 Building Acquisition, Construction, and Improvement Services	\$0								
4190 Other Facilities Construction Services	\$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>\$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	\$11,909							\$11,909	
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>\$11,909</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,909</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$49,011,744</b>	<b>\$26,764,349</b>	<b>\$15,067,763</b>	<b>\$5,640,172</b>	<b>\$1,090,348</b>	<b>\$0</b>	<b>\$449,111</b>	<b>\$0</b>	<b>\$0</b>

**2017 - 18 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**Newberg School District**

**Fund: 200**

<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 Primary, K-3	\$104,675	\$26,065	\$4,161	\$53,122	\$21,326			
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$102,110				\$102,110			
1121 Middle/Junior High Programs	\$5,000			\$5,000				
1122 Middle/Junior High School Extracurricular	\$160,116				\$160,116			
1131 High School Programs	\$749,974	\$434,753	\$256,265	\$31,930	\$27,025			
1132 High School Extracurricular	\$1,185,615	\$4,123	\$170		\$1,181,322			
1140 Pre-Kindergarten Programs	\$300			\$300				
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$600,353	\$359,383	\$182,578	\$54,606	\$3,651		\$135	
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$24,803	\$12,484	\$12,187	\$133				
1271 Remediation	\$0							
1272 Title I	\$729,790	\$435,243	\$268,637	\$6,400	\$19,510			
1280 Alternative Education	\$5,958			\$242	\$5,716			
1291 English Second Language Programs	\$161,013	\$79,140	\$47,098	\$34,726	\$50			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$116,572	\$69,535	\$31,372	\$15,173	\$491			
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>\$3,946,278</b>	<b>\$1,420,726</b>	<b>\$802,468</b>	<b>\$201,631</b>	<b>\$1,521,317</b>	<b>\$0</b>	<b>\$135</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	\$310,432	\$189,532	\$120,333	\$566				
2120 Guidance Services	\$0							
2130 Health Services	\$661				\$541		\$120	
2140 Psychological Services	\$3,240	\$3,240						
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$36,334			\$3,492	\$77		\$32,766	
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$549			\$521			\$29	
2240 Instructional Staff Development	\$649,575	\$374,981	\$216,418	\$51,022	\$513		\$6,641	
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$46,167			\$45,000	\$1,167			
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$55,452						\$55,452	
2540 Operation and Maintenance of Plant Services	\$7,902			\$7,902				
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>\$1,110,314</b>	<b>\$567,753</b>	<b>\$336,752</b>	<b>\$108,503</b>	<b>\$2,298</b>	<b>\$0</b>	<b>\$95,008</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	\$2,151,379	\$572,967	\$415,370	\$21,818	\$1,108,917	\$2,615	\$29,693	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$1,631			\$1,023			\$609	
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$2,153,011</b>	<b>\$572,967</b>	<b>\$415,370</b>	<b>\$22,840</b>	<b>\$1,108,917</b>	<b>\$2,615</b>	<b>\$30,302</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							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$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							
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>\$7,209,602</b>	<b>\$2,561,446</b>	<b>\$1,554,590</b>	<b>\$332,974</b>	<b>\$2,632,532</b>	<b>\$2,615</b>	<b>\$125,444</b>	<b>\$0</b>

**2017 - 18 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**Newberg School District**

**Fund: 300**

<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 Primary, K-3	\$0							
1112 Intermediate Programs	\$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 Early Intervention	\$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
<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	\$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
<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							
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
<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							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<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	\$6,760,665						\$6,760,665	
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>	\$6,760,665	\$0	\$0	\$0	\$0	\$0	\$6,760,665	\$0
<b>Grand Total</b>	<b>\$6,760,665</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,760,665</b>	<b>\$0</b>

**2017 - 18 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**Newberg School District**

**Fund: 400**

<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 Primary, K-3	\$0							
1112 Intermediate Programs	\$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 Early Intervention	\$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
<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	\$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	\$69,439			\$69,439				
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	\$40,223			\$40,223				
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	\$109,608				\$109,608			
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	\$219,270	\$0	\$0	\$109,662	\$109,608	\$0	\$0	\$0
<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							
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
<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							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<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							
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	\$0
<b>Grand Total</b>	<b>\$219,270</b>	<b>\$0</b>	<b>\$0</b>	<b>\$109,662</b>	<b>\$109,608</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

NEWBERG SCHOOL DISTRICT NO. 29J  
 SUPPLEMENTAL INFORMATION AS REQUIRED  
 BY THE OREGON DEPARTMENT OF EDUCATION  
 Year Ended June 30, 2018

A. Energy bill for Heating - **All Funds:**  
 Please enter your expenditures for electricity  
 & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 768,873
Function 2550	-

B. Replacement Equipment - **General Fund:**  
 Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

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

**AUDIT COMMENTS AND**  
**DISCLOSURES**  
**REQUIRED BY STATE**  
**REGULATIONS**



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## INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of Newberg School District No. 29J (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 21, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- 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 except for the following:

1. Budgets. Expenditures exceeded appropriations in the Student Body Fund for Instruction function by \$32,840.

### OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.



**Purpose of this Report**

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

*Wilcox Arredondo & Co.*

Certified Public Accountants  
Canby, Oregon  
December 21, 2018

# **GRANT COMPLIANCE SECTION**

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To the School Board  
Newberg School District No. 29J  
Yamhill County, Oregon

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF THE 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Newberg School District No. 29J (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 entity's 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 District's financial statements are free from material misstatement, we performed tests of its 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wilcox Arredondo & Co.*

Certified Public Accountants  
Canby, Oregon  
December 31, 2018



To the School Board  
Newberg School District No. 29J  
Yamhill 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 Newberg School District No. 29J's (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 District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's 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 the District's 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 the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the 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, 2018.





## Report on Internal Control over Compliance

Management of the District 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 the District's 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 the District's 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 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.

This 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.

*Wilcox Arredondo & Co.*

Certified Public Accountants  
Canby, Oregon  
December 21, 2018

NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/ Program Title	Grant Period	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Expenditures
<b><u>U.S. Department of Education</u></b>				
Passed through Oregon State Department of Education				
Title IA - Part A - Grants to Local Educational Agencies	07/01/17-09/30/18	84.010	45648	\$ 773,700
Title III - English Language Acquisition	07/01/17-09/30/18	84.365	44235	30,824
Title IIA - Improving Teacher Quality	07/01/17-09/30/18	84.367	45864	110,385
IDEA, Part B, Special Education	07/01/17-09/30/18	84.027	45219	623,657
IDEA, Part B, Special Education	07/01/17-09/30/18	84.027	41575	2,690
IDEA, Part B, Special Education	07/01/17-09/30/18	84.027	46492	7,957
IDEA, Part B, Special Education	07/01/17-06/30/18	84.027	45061	549
IDEA, Part B, Special Education	07/01/17-06/30/18	84.027	44447	4,915
				<u>639,768</u>
Special Education - Preschool Grants	07/01/17-09/30/18	84.173	45458	3,097
Total Special Education Cluster				<u>642,865</u>
Title IC, Migrant Education	07/01/16-09/30/17	84.011	43684	83,242
Passed through Willamette Education Service District				
Title IC, Migrant Education	07/01/16-06/30/17	84.011	N/A	352,465
Total Title IC, Migrant Education				<u>435,707</u>
<b>Total U.S. Department of Education</b>				<b><u>1,993,481</u></b>
<b><u>U.S. Department of Agriculture</u></b>				
Passed through Oregon State Department of Education				
National School Breakfast Program	07/01/17-06/30/18	10.553	N/A	301,540
Commodities	07/01/17-06/30/18	10.555	N/A	144,737
National School Lunch Program	07/01/17-06/30/18	10.555	N/A	966,293
Total National School Lunch				<u>1,111,030</u>
Summer Food Program	07/01/17-06/30/18	10.559	N/A	75,970
Total Child Nutrition Cluster				<u>1,488,540</u>
Fresh Fruit and Vegetable Program	07/01/17-06/30/18	10.582	46334	25,913
<b>Total U.S. Department of Agriculture</b>				<b><u>1,514,453</u></b>
<b>Total Federal Awards</b>				<b><u>\$ 3,507,934</u></b>

NEWBERG SCHOOL DISTRICT NO. 29J  
NOTES RELATIVE TO THE SCHEDULE OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Newberg School District No. 29J (District) programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

**2. SUMMARY OF SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*) wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. INDIRECT COST RATE**

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance due to the fact that the District has a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.

**4. SUBRECIPIENTS**

The District had no subrecipients.

NEWBERG SCHOOL DISTRICT NO. 29J  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2018

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	Yes	No ✓
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes	None reported ✓
Noncompliance material to financial statements noted?	Yes	No ✓

**Federal Awards:**

Internal control over major programs:		
Material weakness(es) identified?	Yes	No ✓
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes	None reported ✓
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 516(a)?	Yes	No ✓

**Identification of major programs:**

<u>NAME OF PROGRAM OR CLUSTER</u>	<u>CFDA NUMBER(S)</u>
Title 1A – Part A	84.010
Dollar threshold used to distinguish between type A and B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes ✓      No

NEWBERG SCHOOL DISTRICT NO. 29J  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2018

**SECTION II - FINANCIAL STATEMENT FINDINGS - NONE**

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS – NONE**

**SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS - NONE**