



CORBETT SCHOOL DISTRICT NO. 39  
Multnomah County, Oregon

Financial Report

Year Ended June 30, 2016

ADMINISTRATION

Randy Trani, Superintendent/Clerk

35800 E. Historic Columbia River Highway  
Corbett, Oregon 97019

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CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON  
June 30, 2016

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BOARD OF DIRECTORS

MARGUERITE PERRY	June 30, 2019
MICHELLE VO	June 30, 2017
BOB BUTTKE	June 30, 2017
DAVID GORMAN – VICE CHAIR	June 30, 2017
LACEY AUBLE	June 30, 2019
TODD MICKALSON –CHAIR	June 30, 2017
KATEY KINNEAR	June 30, 2019

All board members receive mail at the address below

ADMINISTRATION

Randy Trani  
35800 E Historic Columbia River Hwy  
Corbett, OR 97019

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CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

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CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

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INDEPENDENT AUDITORS' REPORT



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To the School Board  
Corbett School District No. 39  
Multnomah County, Oregon

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Corbett School District No. 39 (the District), Multnomah County, Oregon, as of and for the year ended June 30, 2016, 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. 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, 2016, and the respective change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress for Other Postemployment Benefits and 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 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 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 supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as defined in the table of contents, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **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 22, 2016, 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.

Certified Public Accountants  
Canby, Oregon  
December 22, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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BASIC FINANCIAL STATEMENTS



CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Statement of Net Position  
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 2,813,353
Property Taxes Receivable	142,507
Accounts Receivable	231,612
Supply Inventories	2,617
Capital Assets, Net	<u>7,150,661</u>
Total Assets	<u>10,340,750</u>
Deferred Outflows of Resources	
Pension Plan	<u>1,826,132</u>
Liabilities	
Accounts Payable	148,714
Accrued Payroll & Withholdings	713,990
Long-Term Liabilities:	
Due Within One Year	170,936
Due in More Than One Year	1,846,683
Other Postemployment Benefit Obligation	266,515
Proportionate share of net pension liability	<u>4,224,234</u>
Total Liabilities	<u>7,371,072</u>
Deferred Inflows of Resources	
Pension Plan	<u>885,495</u>
Net position	
Net Investment in Capital Assets	5,133,042
Restricted for Debt Service	46,226
Restricted for Other Uses	258,833
Unrestricted	<u>(1,527,786)</u>
Total Net Position	<u>\$ 3,910,315</u>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Statement of Activities  
Year Ended June 30, 2016

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Instruction	\$ 10,448,222	\$ 401,435	\$ 269,284	\$ (9,777,503)
Support Services	4,297,765	-	-	(4,297,765)
Enterprise and Community Services	300,615	83,784	102,217	(114,614)
Facilities Acquisition & Improvement	7,700	-	-	(7,700)
Interest on Long-Term Debt	86,604	-	-	(86,604)
Total Governmental Activities	\$ 15,140,906	\$ 485,219	\$ 371,501	(14,284,186)
General Revenues				
Property Taxes				1,724,155
State Support				7,925,184
Rents				4,236
Unrestricted Intermediate and Local Sources				291,214
Earnings on Investments				21,316
Total General Revenues				9,966,105
Change in Net Position				(4,318,081)
Net Position, Beginning of Year, Restated				8,228,396
Net Position, End of Year				\$ 3,910,315

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Balance Sheet - Governmental Funds  
June 30, 2016

	GENERAL FUND	OTHER NONMAJOR	TOTALS
<b>ASSETS:</b>			
Cash and Investments	\$ 2,519,561	\$ 293,792	\$ 2,813,353
Receivables:			
Taxes	119,351	23,156	142,507
Accounts	125,043	106,569	231,612
Inventory	-	2,617	2,617
Due from Other Funds	95,868	-	95,868
	<u>2,859,823</u>	<u>426,134</u>	<u>3,285,957</u>
Total Assets	<u>\$ 2,859,823</u>	<u>\$ 426,134</u>	<u>\$ 3,285,957</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 148,714	\$ -	\$ 148,714
Payroll Liabilities	713,990	-	713,990
Due to Other Funds	-	95,868	95,868
	<u>862,704</u>	<u>95,868</u>	<u>958,572</u>
Total Liabilities	<u>862,704</u>	<u>95,868</u>	<u>958,572</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable Revenue - Property Taxes	110,033	22,590	132,623
	<u>110,033</u>	<u>22,590</u>	<u>132,623</u>
Total Deferred Inflows of Resources	<u>110,033</u>	<u>22,590</u>	<u>132,623</u>
<b>Fund Balance:</b>			
Nonspendable	-	2,617	2,617
Restricted for			
Food Services	-	59,902	59,902
Student Activity	-	85,704	85,704
Federal Programs	-	7,726	7,726
Energy Projects	-	28,819	28,819
Debt Service	-	46,226	46,226
Capital Projects	-	76,682	76,682
Committed to			
Bus Replacement	1,091	-	1,091
Early Retirement	13,195	-	13,195
Unassigned	1,872,800	-	1,872,800
	<u>1,887,086</u>	<u>307,676</u>	<u>2,194,762</u>
Total Fund Balance	<u>1,887,086</u>	<u>307,676</u>	<u>2,194,762</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,859,823</u>	<u>\$ 426,134</u>	<u>\$ 3,285,957</u>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Reconciliation of Governmental Funds  
Balance Sheet to Statement of Net Position

June 30, 2016

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Total Fund Balances	\$	2,194,762
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Capital Assets, Net		7,150,661
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Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.

Unearned Revenue - Property Taxes		132,623
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The proportionate share of the net pension liability is not reported as a liability in the governmental funds.		(4,224,234)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred outflows of resources related to pensions	1,826,132	
Deferred inflows or resources related to pensions	<u>(885,495)</u>	940,637

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

COPS	\$ (862,780)	
Loans	(614,839)	
Bonds Payable	(540,000)	
Other Post Employment Benefits	<u>(266,515)</u>	<u>(2,284,134)</u>

Total Net Position	\$	<u><u>3,910,315</u></u>
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CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2016

	GENERAL FUND	OTHER NONMAJOR	TOTALS
<b>REVENUES:</b>			
Local Sources:			
Taxes	\$ 1,716,475	\$ 7,492	\$ 1,723,967
Earnings on Investments	20,992	324	21,316
Other Local Sources	244,044	344,522	588,566
Intermediate Sources	192,103	-	192,103
State Sources	7,920,902	4,282	7,925,184
Federal Sources	4,119	367,382	371,501
	<u>10,098,635</u>	<u>724,002</u>	<u>10,822,637</u>
Total Revenues			
<b>EXPENDITURES:</b>			
Current:			
Instruction	7,362,257	495,150	7,857,407
Support Services	3,472,412	-	3,472,412
Enterprise and Community Services	-	269,935	269,935
Facilities Acquisition and Construction	-	7,700	7,700
Debt Service			
Principal	173,456	-	173,456
Interest	86,604	-	86,604
Capital Outlay			
Support Services	75,057	-	75,057
Facilities Acquisition and Construction	212,177	-	212,177
	<u>11,381,963</u>	<u>772,785</u>	<u>12,154,748</u>
Total Expenditures			
Excess of Revenues Over, (Under) Expenditures	<u>(1,283,328)</u>	<u>(48,783)</u>	<u>(1,332,111)</u>
Other Financing Sources, (Uses)			
Loan Proceeds	212,177	-	212,177
Transfers In	37,000	120,000	157,000
Transfers Out	(135,000)	(22,000)	(157,000)
	<u>114,177</u>	<u>98,000</u>	<u>212,177</u>
Total Other Financing Sources, (Uses)			
Net Change in Fund Balance	(1,169,151)	49,217	(1,119,934)
Beginning Fund Balance	<u>3,056,237</u>	<u>258,459</u>	<u>3,314,696</u>
Ending Fund Balance	<u>\$ 1,887,086</u>	<u>\$ 307,676</u>	<u>\$ 2,194,762</u>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2016

Net Change in Fund Balance	\$	(1,119,934)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital Asset Additions, Net	\$ 287,234	
Depreciation Expense, Net	<u>(284,798)</u>	2,436
<p>Long-term debt proceeds are reported as other financing sources while payments to fiscal agent are reported as other financing uses in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities while payments to fiscal agent increases assets. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.</p>		
Loan Proceeds	(212,177)	
Repayments	<u>173,456</u>	(38,721)
<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>		
		(3,127,421)
<p>Compensated absences and early retirement obligations are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences and early retirement obligations are recognized as an expenditure when earned.</p>		
Accrued Vacation		
Early Retirement Stipend		
Early Retirement Obligation		(34,629)
<p>Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead recorded as deferred revenue. They are, however, recorded as revenues in the Statement of Activities</p>		
		<u>188</u>
Change in Net Position	\$	<u><u>(4,318,081)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS



CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Corbett School District No. 39 is a municipal corporation governed by an elected seven-member board. The District qualifies as a primary government since it has a separate elected 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 - Fund Accounting

Government-Wide Financial Statements (GWFS)

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, 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the governmental-wide financial statements.

Net position is reported 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. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund - This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are state sources, property taxes and earnings on investments. Expenditures are made for instruction and support services.

Financial statements for periods beginning after June 15, 2010 must report as Special Revenue funds only those which have a substantial portion of revenue inflows from restricted or committed revenue sources. The following funds are combined into the General Fund because the primary revenue source is transfers from the General Fund or there is no revenue to report.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bus Replacement Fund - The Bus Replacement Fund accounts for all financial resources and expenditures related to the purchase of new buses. The principal revenue source is a transfer in from the General Fund.

Early Retirement Fund - The Early Retirement Fund accounts for all financial resources and expenditures related to the retirees. The principal revenue source is a transfer from the General Fund.

Measurement Focus and Basis of Accounting

Government-wide are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, 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 assets 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.

Budgets

A budget is prepared and legally adopted for each governmental fund type and the fiduciary fund on the modified accrual basis of accounting in the main program categories as required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that the property taxes received after year-end are not considered budgetary resources in the funds.

The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, Other Uses - Debt Service and Interfund Transfers, and Operating Contingency. Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances that could not be determined at the time the budget was adopted. Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts and final budget amounts for a supplemental budget approved by the board. All expenditures were within authorized appropriations except for the Federal Programs fund which overspent the Instruction appropriation by \$4,367.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

The District considers investments with maturities of three months or less when purchased to be cash equivalents.

Investments in the State of Oregon Treasurer's Local Government Investment Pool (LGIP) are stated at cost which approximates fair value. Fair value in the LGIP is the same as the value of its pool shares. Other investments with maturities greater than three months at the time of purchase are stated at cost which approximates fair value.

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 included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The Governor appoints the members of the Oregon Investment Council and the Oregon Short Term Fund Board. The OSTF issues a separate independent financial statement which can be obtained at The Office of the State Treasurer, 350 Winter Street NE, Suite 100, Salem, Oregon. The credit quality rating of this pool is unrated.

Property Taxes Receivable

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

Uncollected real and personal property taxes are reflected on the statement of net assets and the balance sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

Supply Inventories

School food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in the District's inventories at USDA wholesale value. The District accounts for the inventory based on the consumption method. Under the consumption method, inventory is recorded when purchased and expenditures/expenses are recorded when inventory items are used. Donated commodities consumed during the year are reported as revenues and expenditures.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: Building and Improvements over 10 to 50 years, and Vehicles and Equipment over 5 to 30 years.

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 Payables and Receivables

The receipt and payment of monies through one central checking account, as well as transfers between funds, result in interfund payables and receivables until cash is transferred from one fund to the other. These amounts represent current assets and liabilities and are reported as due to or due from other funds.

Retirement Plans

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

Post Employment Benefits

Eligible administrative and certified employees who elect early retirement are entitled to either payment of group medical premiums or receiving a stipend up to a specified maximum limit for a specified number of months. Such costs are recorded as expenses in the Early Retirement Fund and funded as premiums become due or stipends paid.

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 are paid as a result of employee resignation or separation.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net position comprise the various net earnings from operations, non operating revenues, expenses and contributions of capital. Net positions are classified in the following three categories:

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

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances

Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributor or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District Board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District's Board. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purpose for which amounts in any of those unrestricted fund balance classifications can be used.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources for pension related amounts in the statement of net position.

CORBETT SCHOOL DISTRICT NO. 39  
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Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 then. The District reports deferred inflows of resources for pension related amounts in the statement of net position. The District also reports deferred inflows of resources for unavailable revenue from property taxes on the governmental funds balance sheet.

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. CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and investments." In addition, cash and investments are separately held by several of the District's funds.

At June 30, 2016, the District's cash and investments are comprised of the following:

Demand Deposits					\$ 238,833
Investments					2,574,520
					<u>\$ 2,813,353</u>

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 \$238,833 on June 30, 2016. The bank statement records reflect a balance of \$349,154 at year end. Of this amount, \$250,000 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.

CORBETT SCHOOL DISTRICT NO. 39  
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For the Year ended June 30, 2016

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

*Interest Rate Risk – Investments* – The District’s policy is to follow state statutes governing cash management. Statutes authorize the District to invest in banker’s acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer’s Local Government Investment Pool.

*Custodial 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, 2016 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).

As of June 30, 2016 and for the year then ended, the District was in compliance with the State of Oregon statutes regarding investments as discussed under Note 1.

**3. ACCOUNTS/GRANTS RECEIVABLE**

Special revenue fund grants receivable is comprised of claims for reimbursement of costs under various federal and state grant programs. Amounts are periodically reviewed for collectability. At June 30, 2016, no allowance for doubtful accounts is considered necessary.

**4. CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2016 are as follows:

	Balance			Balance
	July 1, 2015	Additions	Deletions	June 30, 2016
Capital Assets not being depreciated:				
Land (non depreciable)	\$ 222,277	\$ -	\$ -	\$ 222,277
Capital assets being depreciated:				
Buildings and improvements	10,641,094	75,057	-	10,716,151
Equipment	295,349	-	-	295,349
Vehicles	1,099,763	212,177	-	1,311,940
Total capital assets being depreciated	12,036,206	287,234	-	12,323,440
Less accumulated depreciation for:				
Buildings and improvements	(4,286,214)	(222,666)	-	(4,508,880)
Equipment	(166,842)	(12,941)	-	(179,783)
Vehicles	(657,202)	(49,191)	-	(706,393)
Total accumulated depreciation	(5,110,258)	(284,798)	-	(5,395,056)
Total capital assets being depreciated, net	6,925,948	2,436	-	6,928,384
Total capital assets, net	\$ 7,148,225	\$ 2,436	\$ -	\$ 7,150,661

CORBETT SCHOOL DISTRICT NO. 39  
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Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

**4. CAPITAL ASSETS (CONTINUED)**

Depreciation was allocated to the functions as follows:

Instruction										\$	196,511
Supporting services											76,895
Community services											11,392
Total										\$	<u>284,798</u>

**5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2016 is as follows

				Due from Other Funds	Due to Other Funds
Major Governmental Funds					
General Fund				\$ 95,868	\$ -
Federal Programs				-	95,868
Totals				<u>\$ 95,868</u>	<u>\$ 95,868</u>

The outstanding balances between funds results from grant awards which require the expenditure of funds prior to reimbursement, causing a negative cash balances until reimbursement is received. This transaction records negative cash balances.

Interfund transfers were made to provide resources as follows:

				Transfers In	Transfers Out
General Fund				\$ 22,000	\$ 135,000
Food Service Fund				90,000	-
Capital Projects Fund				30,000	-
Energy Projects Fund				-	22,000
Early Retirement Fund				15,000	-
Totals				<u>\$ 157,000</u>	<u>\$ 157,000</u>

**6. PENSION PLAN**

Plan Description

The District participates in the Oregon Public Employees Retirement System (OPERS), a single 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).



CORBETT SCHOOL DISTRICT NO. 39  
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Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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6. 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:

- 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.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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6. PENSION PLAN (CONTINUED)

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.

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, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The District's contractually required contribution rate for the year ended June 30, 2016 was 22.33% of eligible payroll for Tier 1/Tier 2 members and 17.64% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2016 were \$1,134,275.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

**6. PENSION PLAN (CONTINUED)**

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

At June 30, 2016, the District reported a liability of \$4,224,234 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The District's proportion of the net pension liability was based on 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, 2015 the District's proportion was 0.074%.

For the year ended June 30, 2016, the District recognized a pension expense of \$4,271,668. At June 30, 2016, the District reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 227,792	\$ -
Net difference between projected and actual earnings on investments	-	885,495
Changes in proportion	123,507	-
Differences between employer contributions and proportionate share of contributions	349,560	-
Contributions subsequent to the measurement date	1,125,273	-
<b>Net deferred outflow (inflow) of resources</b>	<b>\$ 1,826,132</b>	<b>\$ 885,495</b>

\$1,125,273 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported 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:

Amortization Period Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 1,290,649	\$ 422,500
2018	165,376	422,500
2019	165,376	422,500
2020	151,979	(382,005)
2021	52,752	-
	<b>\$ 1,826,132</b>	<b>\$ 885,495</b>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

**6. PENSION PLAN (CONTINUED)**

Actuarial Methods and Assumptions:

*Actuarial Valuations.* The employer contribution rates effective July 1, 2015, through June 30, 2017, 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.

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
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
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 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 AA, 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 (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

CORBETT SCHOOL DISTRICT NO. 39  
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Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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**6. PENSION PLAN (CONTINUED)**

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

*Assumed Asset Allocation*

<b>Asset Class/Strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

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

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

**6. PENSION PLAN (CONTINUED)**

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

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 7.75 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 (6.75 percent) or 1-percentage point higher (8.75% percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability (asset)	\$ 10,191,032	\$ 4,224,234	\$ (807,580)

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.

CORBETT SCHOOL DISTRICT NO. 39  
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Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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6. PENSION PLAN (CONTINUED)

Changes in Plan Provisions Effecting the Roll Forward

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compare to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.75%, which will be effective January 1, 2016.

7. EARLY RETIREMENT PLAN

When a supervisory/confidential employee qualifies for retirement under the provisions of the Oregon Public Employees Retirement System (PERS), an early retirement program is offered, which provides a monthly payment of one-twelfth of one and one-half percent (1.5%) of the last annual salary for each full year of service to the District to a maximum of twelve percent (12%). These payments shall be paid to the retiree for a maximum period of forty-eight (48) months in accordance with the following conditions:

The employee must be retired and receiving benefits under PERS.

Monthly "Early Retirement Payments" shall be terminated as of the end of the calendar month in which the retired employee dies, qualifies for Social Security benefits, or when a total of forty-eight (48) payments have been made, whichever comes first. In the event the employee fails to perform his/her obligation, this agreement becomes null and void. Exceptions may be granted by the Board for circumstances beyond the retiree's control.

In order to qualify for benefits, the employee must have completed at least ten (10) consecutive years of service, in the District.

An employee planning to take early retirement must give notice to the Superintendent at least ninety (90) calendar days prior to his/her retirement date.

Full medical and dental single-party coverage will be provided, not to exceed the rate set in the current certified contract, for the retiree for forty-eight (48) consecutive months. The retiree may continue his/her coverage through the District Plan at his/her own expense until age 65. The retiree will have the option of purchasing additional coverage for his/her spouse.

When a teacher retires under the provisions of PERS, the District shall offer the option of an early retirement program which provides a monthly payment of \$300 for a maximum period of forty-eight (48) months, in accordance with the following conditions:

The teacher must be retired and receiving PERS.

Monthly "Early Retirement Payments" shall be terminated as of the end of the of the calendar month in which the retired employee dies, qualifies for Social Security benefits, or when a total of forty-eight (48) payments have been made, whichever comes first.

In order to qualify for benefits, the teacher must have completed at least ten (10) consecutive years of service, in the District.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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7. EARLY RETIREMENT PLAN (CONTINUED)

A teacher planning to take early retirement must give notice to the Superintendent at least ninety (90) calendar days prior to his/her retirement date.

Full medical and dental single-party coverage will be provided. The teacher will have the option of purchasing additional coverage for his/her spouse.

Alternatively, a teacher eligible under the conditions stated above who is retiring prior to age 58 may elect to receive a monthly stipend only, to be paid over a period of 48 to 96 months as requested by the retiree. The monthly stipend would be calculated as follows:

The single-party medical and dental insurance premium as of the date of retirement plus \$300;  
Multiplied by 48:  
Divided by number of months (from 48 to 96) requested by the retiree.

As of June 30, 2016, no employee is receiving benefits under the Plan which is paid through the Early Retirement Fund. An annual contribution is made by the General Fund based on the need to fund the benefit. The expense incurred for the year ended June 30, 2016 was \$0. There has not been an actuarial determination as to estimated liabilities related to this plan.

8. LONG-TERM OBLIGATIONS

Certificates of Participation

On February 7, 2012 the District entered into a financing agreement to accept \$1,000,000 of Qualified School Construction Bond (QSCB) proceeds from the Oregon Department of Education. The \$1,000,000 is being used for the remodel of the Springdale School. In addition the District had certificates of participation from 2001 originally issued for \$250,000.

On October 30, 2012, the District entered into a financing agreement to accept \$650,000 of Certificate of participation notes from Oregon School board Association to remodel the Springdale School.

Loans

On November 4, 2011 the District received a loan in the amount of \$583,136 from the State of Oregon Department of Energy through their Small Scale Local Energy Loan Program (SELP). The proceeds from the loan are going to make energy efficient updates through-out the District.

On November 20, 2015 the District received two loans from Santander Bank in the amount of \$106,944 and \$105,233 respectively. The proceeds from the loan were used to purchase two 2016 Blue Bird School Buses.



CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

**8. LONG-TERM OBLIGATIONS (CONTINUED)**

Long-term obligation activity for the year ended June 30, 2016 is as follows:

	Original Issue	Outstanding July 1, 2015	Issued	Redeemed and Matured	Outstanding June 30, 2016	Interest Rate(s)
2001 COP	\$ 250,000	\$ 100,000	\$ -	\$ 15,000	\$ 85,000	3.75-5.40%
2012 QSCB	1,000,000	833,335	-	55,555	777,780	3.50%
2012C COP	650,000	565,000	-	25,000	540,000	.4 - 4.0%
2012 SELP Loan	583,136	480,565	-	33,690	446,875	3.50%
Bus Loan 1	106,944	-	106,944	22,285	84,659	2.50%
Bus Loan 2	105,233	-	105,233	21,928	83,305	2.50%
Total		\$ 1,978,900	\$ 212,177	\$ 173,458	2,017,619	
			Less: Current Portion		(170,936)	
					\$ 1,846,683	

Future maturities are as follows:

Ended June 30,	Certificates of Participation	SELP Loan	Bus Loans	Total Principal	Interest	Total
2017	\$ 95,555	34,931	40,450	170,936	87,962	\$ 258,898
2018	100,555	36,173	41,461	178,189	84,446	262,635
2019	100,556	37,460	42,498	180,514	80,720	261,234
2020	105,556	38,762	43,555	187,873	76,898	264,771
2021	105,556	40,171	-	145,727	72,533	218,260
2022-2026	437,780	223,314	-	661,094	320,441	981,535
2027-2031	412,222	36,064	-	448,286	217,394	665,680
2032	45,000	-	-	45,000	1,800	46,800
	\$ 1,402,780	\$ 446,875	\$ 167,964	\$ 2,017,619	\$ 942,194	\$ 2,959,813

All long-term debt obligations are payable from the General Fund.

**9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is reflected in the Statement of Net Assets on the accrual basis, and is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year ending June 30, 2016, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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

	Year Ended June 30,		
	2016	2015	2014
Annual required contribution	\$ 38,462	\$ 56,660	\$ 54,744
Interest on net OPEB obligation	9,275	7,894	6,318
Adjustments to annual required contribution	(8,282)	(7,049)	(5,641)
Annual OPEB cost	39,455	57,505	55,421
Contributions made	(4,824)	(22,979)	(16,016)
Increase in net OPEB obligation	34,631	34,526	39,405
Net OPEB obligation - beginning of year	231,884	197,358	157,953
Net OPEB obligation - end of year	<u>\$ 266,515</u>	<u>\$ 231,884</u>	<u>\$ 197,358</u>
Percentage of ARC contributed	13%	41%	29%

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

Fiscal Year	Annual OPEB Cost	Contributions	Percentage of annual OPEB cost contributed	Net OPEB obligation
2014	\$ 55,421	\$ 16,016	29%	\$ 197,358
2015	\$ 57,505	\$ 22,979	40%	\$ 231,884
2016	\$ 39,455	\$ 4,824	12%	\$ 266,515

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, claim cost, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the most recent actuarial valuation as of July 1, 2015, the Projected Unit Credit Actuarial Cost Method has been used to determine contribution levels for the Plan. Contribution levels comprise two components: Normal Cost and Amortization Payments. Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal portion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses). The projected annual rate of wage inflation is 3.5 percent compounded annually. The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll over an open period of 30 years.

**Funding Status and Funding Progress** – As of July 1, 2015, the date of the District's valuation, the plan is 0% funded and the unfunded actuarial accrued liability was \$277,630. Covered payroll (annual payroll of active employees covered by the plan) was not available. The ratio of unfunded actuarial accrued liability to covered payroll was not available.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements  
For the Year ended June 30, 2016

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9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Retirement Health Insurance Account

Plan Description

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

Funding Policy

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59 percent of annual covered payroll for Tier One and Two employees, and 0.49 percent for OPSRP employees. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years. The District's contributions to RHIA are included in the retirement PERS contributions.

10. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2016 have not been conducted. Accordingly, the District's compliance with grant requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the District expects such amounts to be immaterial.

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



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REQUIRED SUPPLEMENTARY DATA

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Funding Progress - Other Post Employment Benefits

Year Ended June 30, 2016

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Valuation Date	Actuarial Values of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 409,822	\$ 409,822	-	3,796,142	10.80%
7/1/2012	\$ -	\$ 383,943	\$ 383,943	-	4,248,255	9.00%
7/1/2015	\$ -	\$ 277,630	\$ 277,630	-	TBD	TBD

TBD = To be Determined

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Required Supplementary Information  
Oregon Public Employees Retirement System  
Year Ended June 30, 2016

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	0.0664%	\$ 3,387,503	3,993,964	84.82%	91.97%
June 30, 2015	0.0664%	(1,504,660)	3,993,964	-37.67%	103.60%
June 30, 2016	0.0736%	4,224,234	5,589,997	75.57%	91.90%

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	Contribution deficiency (excess)	District's Covered payroll	Contributions as a percent of covered payroll
June 30, 2014	\$ 607,540	\$ 607,540	\$ -	3,993,964	15.21%
June 30, 2015	1,088,481	1,088,481	-	3,993,964	27.25%
June 30, 2016	1,125,273	1,125,273	-	5,589,997	20.13%

These schedules are presented to illustrate information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.



CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Year Ended June 30, 2016

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES:</b>				
Local Sources	\$ 1,762,900	\$ 1,765,700	\$ 1,981,511	\$ 215,811
Intermediate Sources	181,000	181,000	192,103	11,103
State Sources	8,463,414	7,915,255	7,920,902	5,647
Federal Sources	-	-	4,119	4,119
<b>Total Revenues</b>	<u>10,407,314</u>	<u>9,861,955</u>	<u>10,098,635</u>	<u>(236,680)</u>
<b>EXPENDITURES:</b>				
Instruction	7,245,224	7,626,197 (1)	7,362,257	263,940
Support Services	3,553,276	3,623,828 (1)	3,542,989	80,839
Facility and Acquisition and Construction	-	212,177 (1)	212,177	-
Debt Service				
Principal	130,000	173,457 (1)	173,456	1
Interest	86,000	86,604 (1)	86,604	-
Operating Contingency	600,000	39,916 (1)	-	39,916
<b>Total Expenditures</b>	<u>11,614,500</u>	<u>11,762,179</u>	<u>11,377,483</u>	<u>384,696</u>
Excess of Revenues Over, (Under) Expenditures	<u>(1,207,186)</u>	<u>(1,900,224)</u>	<u>(1,278,848)</u>	<u>621,376</u>
<b>OTHER FINANCIAL SOURCES, (USES)</b>				
Loan Proceeds	-	212,177	212,177	-
Transfers In	22,000	22,000	22,000	-
Transfers Out	(70,000)	(135,000) (1)	(135,000)	-
<b>Total Other Financing Sources, (Uses)</b>	<u>(48,000)</u>	<u>99,177</u>	<u>99,177</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(1,255,186)</u>	<u>(1,801,047)</u>	<u>(1,179,671)</u>	<u>621,376</u>
<b>Beginning Fund Balance</b>	<u>2,800,000</u>	<u>3,052,471</u>	<u>3,052,471</u>	<u>-</u>
<b>Ending Fund Balance</b>	<u>\$ 1,544,814</u>	<u>\$ 1,251,424</u>	<u>\$ 1,872,800</u>	<u>\$ 621,376</u>

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB #54

Ending Fund Balance	
Bus Replacement Fund	1,091
Early Retirement Fund	13,195
	<u>14,286</u>
	<u>\$ 1,887,086</u>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

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1. OTHER POST EMPLOYMENT 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/section/er\\_general\\_information/gasb-68.aspx](https://www.oregon.gov/pers/EMP/Pages/section/er_general_information/gasb-68.aspx)

CHANGES IN ASSUMPTIONS

A summary of key changes implemented since the December 31, 2013 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/section/er\\_general\\_information/gasb-68.aspx](https://www.oregon.gov/pers/EMP/Pages/section/er_general_information/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. GENERAL FUND

The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget are based on legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of these differences is provided at the bottom of this schedule.

The District has two funds that are separate funds for budget appropriation, but are included in the government financial statements under General Fund. Transfers from the General Fund (budgetary basis) are the primary source of inflows for these two funds.

4. BUDGET

A budget is prepared and legally adopted for the General 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.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

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4. BUDGET (CONTINUED)

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 supplemental budget in the General Fund. Appropriations lapse at the end of each fiscal year.

SUPPLEMENTARY DATA

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Combining Balance Sheet  
Major Governmental Fund - General Fund  
June 30, 2016

	GENERAL FUND	BUS REPLACEMENT FUND	EARLY RETIREMENT FUND	TOTALS
<b>ASSETS:</b>				
Cash and Investments	\$ 2,505,275	\$ 1,091	\$ 13,195	\$ 2,519,561
Receivables:				
Taxes	119,351	-	-	119,351
Accounts	125,043	-	-	125,043
Due from Other Funds	95,868	-	-	95,868
<b>Total Assets</b>	<b>\$ 2,845,537</b>	<b>\$ 1,091</b>	<b>\$ 13,195</b>	<b>\$ 2,859,823</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 148,714	\$ -	\$ -	\$ 148,714
Payroll Liabilities	713,990	-	-	713,990
<b>Total Liabilities</b>	<b>862,704</b>	<b>-</b>	<b>-</b>	<b>862,704</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Property Taxes	110,033	-	-	110,033
<b>Total Deferred Inflows of Resources</b>	<b>110,033</b>	<b>-</b>	<b>-</b>	<b>110,033</b>
<b>FUND BALANCES</b>				
Committed	-	1,091	13,195	14,286
Unassigned	1,872,800	-	-	1,872,800
<b>Total Fund Balance</b>	<b>1,872,800</b>	<b>1,091</b>	<b>13,195</b>	<b>1,887,086</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 2,845,537</b>	<b>\$ 1,091</b>	<b>\$ 13,195</b>	<b>\$ 2,859,823</b>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Major Governmental Fund - General Fund  
Year Ended June 30, 2016

	GENERAL FUND	BUS REPLACEMENT FUND	EARLY RETIREMENT FUND	TOTALS
<b>REVENUES:</b>				
Local Sources	\$ 1,981,511	\$ -	\$ -	\$ 1,981,511
Intermediate Sources	192,103	-	-	192,103
State Sources	7,920,902	-	-	7,920,902
Federal Sources	4,119	-	-	4,119
<b>Total Revenues</b>	<b>10,098,635</b>	<b>-</b>	<b>-</b>	<b>10,098,635</b>
<b>EXPENDITURES:</b>				
Instruction	7,362,257	-	-	7,362,257
Support Services	3,542,989	-	4,480	3,547,469
Facility and Acquisition and Construction	212,177	-	-	212,177
Debt Service				
Principal	173,456	-	-	173,456
Interest	86,604	-	-	86,604
<b>Total Expenditures</b>	<b>11,377,483</b>	<b>-</b>	<b>4,480</b>	<b>11,381,963</b>
Excess of Revenues Over, (Under) Expenditures	(1,278,848)	-	(4,480)	(1,283,328)
<b>OTHER FINANCING SOURCES, (USES)</b>				
Loan Proceeds	212,177	-	-	212,177
Transfers In	22,000	-	15,000	37,000
Transfers Out	(135,000)	-	-	(135,000)
<b>Total Other Financing Sources, (Uses)</b>	<b>(113,000)</b>	<b>-</b>	<b>15,000</b>	<b>(15,000)</b>
<b>Total Other Financing Sources (Uses)</b>	<b>99,177</b>	<b>-</b>	<b>15,000</b>	<b>114,177</b>
<b>Net Change in Fund Balance</b>	<b>(1,179,671)</b>	<b>-</b>	<b>10,520</b>	<b>(1,169,151)</b>
Beginning Fund Balance	3,052,471	1,091	2,675	3,056,237
<b>Ending Fund Balance</b>	<b>\$ 1,872,800</b>	<b>\$ 1,091</b>	<b>\$ 13,195</b>	<b>\$ 1,887,086</b>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Year Ended June 30, 2016

<u>BUS REPLACEMENT FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
From Other Sources	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Facilities Acquisition & Construction	-	-	-	-
Excess of Revenues Over, (Under) Expenditures	-	-	-	-
Other Financing Sources, (Uses):				
Transfers In	25,000	25,000	-	(25,000)
Total Other Financing Sources, -Uses	25,000	25,000	-	(25,000)
Net Change in Fund Balance	25,000	25,000	-	(25,000)
Beginning Fund Balance	26,051	26,051	1,091	(24,960)
Ending Fund Balance	\$ 51,051	\$ 51,051	\$ 1,091	\$ (49,960)

(1) Appropriation Level

NOTE: This fund's activities have been combined with the General Fund activities in accordance with GASB #54 due to its financial resources being derived primarily from General Fund Transfers.

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Year Ended June 30, 2016

<u>EARLY RETIREMENT FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources:				
Earnings on Investments	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Support Services:	15,000	15,000 (1)	4,480	10,520
Excess of Revenues Over, -Under Expenditures	(15,000)	(15,000)	(4,480)	(10,520)
Other Financing Sources, (Uses):				
Transfers In	15,000	15,000	15,000	-
Net Change in Fund Balance	-	-	10,520	(10,520)
Beginning Fund Balance	-	-	2,675	2,675
Ending Fund Balance	\$ -	\$ -	\$ 13,195	\$ 13,195

(1) Appropriation Level

NOTE: This fund's activities have been combined with the General Fund activities in accordance with GASB #54 due to its financial resources being derived primarily from General Fund Transfers.



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NONMAJOR GOVERNMENTAL FUNDS

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Combining Balance Sheet - All Non-Major Governmental Funds  
June 30, 2016

	SPECIAL REVENUE FUNDS						TOTAL
	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	FEDERAL PROGRAMS	ENERGY PROJECTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	
<b>ASSETS:</b>							
Cash and Investments	\$ 56,927	\$ 85,704	\$ -	\$ 28,819	\$ 45,660	\$ 76,682	\$ 293,792
Receivables:							
Taxes	-	-	-	-	23,156	-	23,156
Accounts Receivable	2,975	-	103,594	-	-	-	106,569
Inventory	2,617	-	-	-	-	-	2,617
Total Assets	<u>\$ 62,519</u>	<u>\$ 85,704</u>	<u>\$ 103,594</u>	<u>\$ 28,819</u>	<u>\$ 68,816</u>	<u>\$ 76,682</u>	<u>\$ 426,134</u>
<b>LIABILITIES:</b>							
Due to Other Funds	-	-	95,868	-	-	-	95,868
Total Liabilities	<u>-</u>	<u>-</u>	<u>95,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,868</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable Revenue - Property Taxes	-	-	-	-	22,590	-	22,590
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,590</u>	<u>-</u>	<u>22,590</u>
<b>FUND BALANCES</b>							
Fund Balances:							
Nonspendable	2,617	-	-	-	-	-	2,617
Restricted	59,902	85,704	7,726	28,819	46,226	76,682	305,059
Total Fund Balances	<u>62,519</u>	<u>85,704</u>	<u>7,726</u>	<u>28,819</u>	<u>46,226</u>	<u>76,682</u>	<u>307,676</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 62,519</u>	<u>\$ 85,704</u>	<u>\$ 103,594</u>	<u>\$ 28,819</u>	<u>\$ 68,816</u>	<u>\$ 76,682</u>	<u>\$ 426,134</u>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
All Non-Major Governmental Funds  
Year Ended June 30, 2016

	SPECIAL REVENUE FUNDS						TOTAL
	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	FEDERAL PROGRAMS	ENERGY PROJECTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	
REVENUES:							
Local Sources:	\$ 83,784	\$ 229,471	\$ -	\$ 31,267	\$ 7,816	\$ -	\$ 352,338
State Sources:	4,282	-	-	-	-	-	4,282
Federal Sources:	102,217	-	265,165	-	-	-	367,382
<b>Total Revenues</b>	<b>190,283</b>	<b>229,471</b>	<b>265,165</b>	<b>31,267</b>	<b>7,816</b>	<b>-</b>	<b>724,002</b>
EXPENDITURES:							
Current:							
Instruction	-	229,985	265,165	-	-	-	495,150
Enterprise and Community Services	269,935	-	-	-	-	-	269,935
Facilities Acquisition and Construction	-	-	-	-	-	7,700	7,700
<b>Total Expenditures</b>	<b>269,935</b>	<b>229,985</b>	<b>265,165</b>	<b>-</b>	<b>-</b>	<b>7,700</b>	<b>772,785</b>
Excess of Revenues Over, (Under) Expenditures	(79,652)	(514)	-	31,267	7,816	(7,700)	(48,783)
Other Financing Sources, (Uses):							
Transfers In	90,000	-	-	-	-	30,000	120,000
Transfers (Out)	-	-	-	(22,000)	-	-	(22,000)
<b>Total Other Financing Sources (Uses)</b>	<b>90,000</b>	<b>-</b>	<b>-</b>	<b>(22,000)</b>	<b>-</b>	<b>30,000</b>	<b>98,000</b>
<b>Net Change in Fund Balance</b>	<b>10,348</b>	<b>(514)</b>	<b>-</b>	<b>9,267</b>	<b>7,816</b>	<b>22,300</b>	<b>49,217</b>
Beginning Fund Balance	52,171	86,218	7,726	19,552	38,410	54,382	258,459
<b>Ending Fund Balance</b>	<b>\$ 62,519</b>	<b>\$ 85,704</b>	<b>\$ 7,726</b>	<b>\$ 28,819</b>	<b>\$ 46,226</b>	<b>\$ 76,682</b>	<b>\$ 307,676</b>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Year Ended June 30, 2016

	<u>FOOD SERVICE FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ 110,000	\$ 110,000	\$ 83,784	\$ (26,216)
State Sources	2,800	2,800	4,282	1,482
Federal Sources	150,000	75,000	102,217	27,217
Total Revenues	<u>262,800</u>	<u>187,800</u>	<u>190,283</u>	<u>2,483</u>
EXPENDITURES:				
Enterprise and Community Services:	<u>275,006</u>	<u>290,006</u>	<u>269,935</u>	<u>20,071</u>
Excess of Revenues Over, (Under) Expenditures	<u>(12,206)</u>	<u>(102,206)</u>	<u>(79,652)</u>	<u>22,554</u>
Other Financing Sources, (Uses):				
Transfers In	<u>-</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Net Change in Fund Balance	(12,206)	(12,206)	10,348	22,554
Beginning Fund Balance	<u>180,000</u>	<u>180,000</u>	<u>52,171</u>	<u>(127,829)</u>
Ending Fund Balance	<u>\$ 167,794</u>	<u>\$ 167,794</u>	<u>\$ 62,519</u>	<u>\$ (105,275)</u>

(1) Appropriation Level

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Year Ended June 30, 2016

STUDENT ACTIVITY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 400,000	\$ 400,000	\$ 229,471	\$ (170,529)
EXPENDITURES:				
Instruction	400,000	400,000 (1)	229,985	170,015
Net Change in Fund Balance	-	-	(514)	(514)
Beginning Fund Balance	81,000	81,000	86,218	5,218
Ending Fund Balance	\$ 81,000	\$ 81,000	\$ 85,704	\$ 4,704

(1) Appropriation Level

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Year Ended June 30, 2016

<u>FEDERAL PROGRAMS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
From Federal Sources:	\$ 256,000	\$ 261,335	\$ 265,165	\$ 3,830
EXPENDITURES:				
Instruction	255,463	260,798 (1)	265,165	(4,367)
Total Expenditures	255,463	260,798	265,165	(4,367)
Net Change in Fund Balance	537	537	-	(537)
Beginning Fund Balance	-	-	7,726	7,726
Ending Fund Balance	<u>\$ 537</u>	<u>\$ 537</u>	<u>\$ 7,726</u>	<u>\$ 7,189</u>

(1) Appropriation Level

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Year Ended June 30, 2016

<u>ENERGY PROJECTS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 18,000	\$ 18,000	\$ 31,267	\$ 13,267
EXPENDITURES:				
Facilities Acquisition & Construction	-	- (1)	-	-
Excess of Revenues Over, (Under) Expenditures	18,000	18,000	31,267	13,267
Other Financing Sources, (Uses):				
Transfers (Out)	(22,000)	(22,000) (1)	(22,000)	-
Net Change in Fund Balance	(4,000)	(4,000)	9,267	13,267
Beginning Fund Balance	13,000	13,000	19,552	6,552
Ending Fund Balance	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 28,819</u>	<u>\$ 19,819</u>

(1) Appropriation Level



CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Year Ended June 30, 2016

<u>DEBT SERVICE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ -	\$ -	\$ 7,816	\$ 7,816
EXPENDITURES:				
Debt Service	-	- (1)	-	-
Net Change in Fund Balance	-	-	7,816	7,816
Beginning Fund Balance	-	-	38,410	38,410
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,226</u>	<u>\$ 46,226</u>
(1) Appropriation Level				

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Year Ended June 30, 2016

<u>CAPITAL PROJECTS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Facilities Acquisition & Construction	110,000	110,000 (1)	7,700	102,300
Other Financing Sources, (Uses):				
Transfers In	30,000	30,000	30,000	-
Net Change in Fund Balance	(80,000)	(80,000)	22,300	102,300
Beginning Fund Balance	80,000	80,000	54,382	(25,618)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,682</u>	<u>\$ 76,682</u>

(1) Appropriation Level

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OTHER SCHEDULES

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Revenues by Function - All Funds  
Year Ended June 30, 2016

<b>Revenue from Local Sources</b>	<b>General</b>	<b>Special Rev</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Internal Service</b>	<b>Trust/Agency</b>
1110 Ad Valorem Taxes Levied by District	1,716,475		7,492			
1120 Local Option Ad Valorem Taxes Levied by						
1190 Penalties and Interest on Taxes	300					
1200 Rev from Local Gov't Units Other Than Districts						
1310 Regular Day School Tuition						
1311 Tuition from Individuals	171,918					
1312 Tuition from Other Districts						
1320 Adult/Continuing Education Tuition						
1330 Summer School Tuition						
1400 Transportation Fees	505					
1500 Earnings on Investments	20,992		324			
1600 Food Service		83,784				
1700 Extracurricular Activities	46	229,471				
1800 Community Services Activities						
1910 Rentals	3,810					
1920 Contributions and Donations From Private	426					
1930 Rental or Lease Payments From Private						
1940 Services Provided Other Local Education						
1950 Textbook Sales and Rentals						
1960 Recovery of Prior Years' Expenditure						
1970 Services Provided Other Funds						
1980 Fees Charged to Grants						
1990 Miscellaneous	67,039	31,267				
<b>Total Revenue from Local Sources</b>	<b>\$1,981,511</b>	<b>\$344,522</b>	<b>\$7,816</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Intermediate Sources</b>	<b>General</b>	<b>Special Rev</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Internal Service</b>	<b>Trust/Agency</b>
2101 County School Funds	817					
2102 Education Service District Apportionment	180,000					
2105 Natural Gas, Oil, and Mineral Receipts						
2199 Other Intermediate Sources						
2200 Restricted Revenue	11,286					
2800 Revenue in Lieu of Taxes						
2900 Revenue for/on Behalf of the District						
<b>Total Revenue from Intermediate Sources</b>	<b>\$192,103</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from State Sources</b>	<b>General</b>	<b>Special Rev</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Internal Service</b>	<b>Trust/Agency</b>
3101 State School Fund - General Support	7,648,116					
3102 State School Fund - School Lunch Match		1,797				
3103 Common School Fund	162,156					
3105 State School Fund						
3199 Other Unrestricted Grants-in-Aid	618					
3204 Driver Education						
3222 SSF Transportation Equipment						
3299 Other Restricted Grants-in-Aid	110,012	2,485				
3800 Revenue in Lieu of Taxes						
3900 Revenue for/on Behalf of the District						
<b>Total Revenue from State Sources</b>	<b>\$7,920,902</b>	<b>\$4,282</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Federal Sources</b>	<b>General</b>	<b>Special Rev</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Internal Service</b>	<b>Trust/Agency</b>
4100 Unrestricted Rev. Dir. Federal Government						
4300 Restr. Rev. Federal Government						
4500 Restricted Rev. Federal Gov. Through State	4,119	367,382				
4700 Grants-In-Aid Fed. Gov. Thru Interm. Agencies						
4801 Federal Forest Fees						
4802 Impact Aid to School Districts for Operation (PL						
4803 Coos Bay Wagon Road Funds						
4899 Other Revenue in Lieu of Taxes						
4900 Revenue for/on Behalf of the District	0					
<b>Total Revenue from Federal Sources</b>	<b>\$4,119</b>	<b>\$367,382</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Other Sources</b>	<b>General</b>	<b>Special Rev</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Internal Service</b>	<b>Trust/Agency</b>
5100 Long Term Debt Financing Sources	212,177					
5200 Interfund Transfers	22,000	105,000		30,000		
5300 Sale (Loss) from Fixed Asset Disposal						
5400 Resources - Beginning Fund Balance	3,052,471	169,432	38,410	54,383		
<b>Total Revenue from Other Sources</b>	<b>\$3,286,648</b>	<b>\$274,432</b>	<b>\$38,410</b>	<b>\$84,383</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Totals</b>	<b>\$13,385,283</b>	<b>\$990,618</b>	<b>\$46,226</b>	<b>\$84,383</b>	<b>\$0</b>	<b>\$0</b>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object  
Year Ended June 30, 2016

GENERAL FUND								
<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Primary, K-3	2,562,621	1,586,025	857,976	15,754	98,377	1,184	3,305	
1112 Intermediate Programs	315				315			
1113 Elementary Extracurricular	0							
1121 Middle/Junior High Programs	1,268,412	849,726	383,987	-1,147	31,557		4,289	
1122 Middle/Junior High School Extracurricular	52,033	41,610	6,554	823	160		2,886	
1131 High School Programs	1,900,000	1,195,299	567,804	51,824	82,561		2,512	
1132 High School Extracurricular	298,070	214,389	32,360	19,591	4,712		27,018	
1140 Pre-Kindergarten Programs	146,030	79,505	56,711	4,706	5,108			
1210 Programs for the Talented and Gifted	0							
1220 Restrictive Programs for Students with Disabilities	82			82				
1250 Less Restrictive Programs for Students with Disabilities	1,025,786	569,864	378,740	50,827	24,252	214	1,889	
1260 Early Intervention	0							
1271 Remediation	100				100			
1272 Title I	-751			-751				
1280 Alternative Education	32,637	2,698	767	28,505	667			
1291 English Second Language Programs	76,922	55,412	17,869	1,608	1,755		278	
1299 Other Programs	0							
1300 Adult/Continuing Education Programs	0							
1400 Summer School Programs	0							
<b>Total Instruction Expenditures</b>	<b>\$7,362,257</b>	<b>\$4,594,528</b>	<b>\$2,302,768</b>	<b>\$171,822</b>	<b>\$249,564</b>	<b>\$1,398</b>	<b>\$42,177</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	\$49,996	1,400	1,763	46,358	239		236	
2120 Guidance Services	\$17,190	2,377	696	3,054	3,850		7,213	
2130 Health Services	\$35,758	19,532	9,080	3,809	2,517		820	
2210 Improvement of Instruction Services	\$77,068	51,965	21,194	359	470		3,080	
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$58,358	4,887	1,240		47,606		4,625	
2240 Instructional Staff Development	\$37,699			37,510	189			
2310 Board of Education Services	\$229,938		44,082	36,950	4,039		144,867	
2320 Executive Administration Services	\$445,852	266,907	140,628	25,535	7,966		4,816	
2410 Office of the Principal Services	\$681,363	410,276	245,905	4,253	13,382	220	7,327	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$322,782	139,298	89,075	26,746	9,167		58,496	
2540 Operation and Maintenance of Plant Services	\$861,439	293,854	183,347	329,003	53,608		1,627	
2550 Student Transportation Services	\$543,922	241,274	209,499	50,695	42,651		-197	
Direction of Central Support Services	\$0							
2570 Internal Services	\$36,002			30,893	973		4,136	
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$145,253	50,000	14,279	4,271	65,151	2,260	9,292	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$3,542,620</b>	<b>\$1,481,770</b>	<b>\$960,788</b>	<b>\$599,436</b>	<b>\$251,808</b>	<b>\$2,480</b>	<b>\$246,338</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							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<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							
4150 Building Acquisition, Construction, and Improvement Services	\$212,177					\$212,177		
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction</b>	<b>\$212,177</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$212,177</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	\$260,435						\$260,435	
5200 Transfers of Funds	\$135,000							\$135,000
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$395,435</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$260,435</b>	<b>\$135,000</b>
<b>Grand Total</b>	<b>\$11,512,489</b>	<b>\$6,076,298</b>	<b>\$3,263,556</b>	<b>\$771,258</b>	<b>\$501,372</b>	<b>\$216,055</b>	<b>\$548,950</b>	<b>\$135,000</b>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object  
Year Ended June 30, 2016

SPECIAL REVENUE FUND								
<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$107,865				\$107,865			
1131 High School Programs	\$121,949				\$121,949			
1132 High School Extracurricular	\$170	\$158	\$12					
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	\$134,986	\$77,802	\$51,126	\$6,058				
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$130,177	\$68,155	\$34,435	\$27,587				
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$495,147</b>	<b>\$146,115</b>	<b>\$85,573</b>	<b>\$33,645</b>	<b>\$229,814</b>	<b>\$0</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	\$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							
Direction of Central Support 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	\$4,479		\$4,479					
<b>Total Support Services Expenditures</b>	<b>\$4,479</b>	<b>\$0</b>	<b>\$4,479</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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	\$269,935	\$38,161	\$24,487	\$6,647	\$198,733		\$1,907	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services</b>	<b>\$269,935</b>	<b>\$38,161</b>	<b>\$24,487</b>	<b>\$6,647</b>	<b>\$198,733</b>	<b>\$0</b>	<b>\$1,907</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			\$0		\$0		
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction</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	\$22,000							\$22,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$22,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,000</b>
<b>Grand Total</b>	<b>\$791,561</b>	<b>\$184,276</b>	<b>\$114,539</b>	<b>\$40,292</b>	<b>\$428,547</b>	<b>\$0</b>	<b>\$1,907</b>	<b>\$22,000</b>

CORBETT SCHOOL DISTRICT NO. 39  
 MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object  
 Year Ended June 30, 2016

<b>DEBT SERVICE FUND</b>					
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 600</b>
5100 Debt Service	\$0				\$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
<b>Grand Total</b>	\$0	\$0	\$0	\$0	\$0



CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object  
Year Ended June 30, 2016

<b>CAPITAL PROJECTS FUND</b>								
<b>Facilities Acquisition and Construction</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	0							
4150 Building Acquisition, Construction,	7,700			0	0	7,700	0	
4190 Other Facilities Construction	0							
<b>Total Facilities Acquisition and</b>	<b>\$7,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,700</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$0			\$0		\$0		
5200 Transfers of Funds	0			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>\$7,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,700</b>	<b>\$0</b>	<b>\$0</b>

CORBETT SCHOOL DISTRICT NO. 39  
MULTNOMAH COUNTY, OREGON

Supplemental Information  
Required by the Oregon Department of Education  
Year Ended June 30, 2016

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A. Energy bills for heating - All Funds:

	<u>Objects 325 and 326</u>
Function 2540	\$ 127,513
Function 2550	665

B. Replacement of equipment - General Fund:

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

Exclude these functions:

				<u>Amount</u>
1113, 1122 & 1132	Co-curricular Activities	4150	Construction	\$ 511
1140	Pre-kindergarten	2550	Pupil Transportation	
1300	Continuing Education	3100	Food Service	
1400	Summer School	3300	Community Services	

CORBETT SCHOOL DISTRICT  
MULTNOMAH, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL C.F.D.A. NUMBER	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION		
Passed through Oregon Department of Education:		
Title 1	84.010	\$ 102,469
IDEA Part B, Section 611	84.027	130,949
IDEA Part B, Section 619	84.173	4,037
Title IIA	84.367	<u>27,710</u>
TOTAL U. S. DEPARTMENT OF EDUCATION		<u>265,165</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through Oregon Department of Education:		
Commodities	10.555	5,908
National School Lunch Program	10.555	73,836
National School Breakfast Program	10.553	22,473
Passed through Marion County:		
Federal Forest Fees	N/A	<u>4,119</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE		<u>106,336</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 371,501</u>

AUDITORS' COMMENTS AND DISCLOSURES REQUIRED  
BY STATE REGULATION

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INDEPENDENT AUDITORS' REPORT  
REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the Corbett School District No. 39, Multnomah County, Oregon (the District) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 22, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the 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 except for the following items:

1. Budgets: expenditures in the Federal Programs fund exceeded appropriations by \$4,367.
2. Public Contracts and Purchasing: the district did not get the required bids related to the purchase of equipment.
3. State School Fund Factors and Calculations:
  - a. multiple errors were noted in the District's reporting of teachers years of experience.
  - b. multiple instances were noted of attendance being reported incorrectly by the district.

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.

*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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

We noted certain matters that we reported to the District in a separate letter issued letter to management.

### **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.

Certified Public Accountants  
Canby, Oregon  
December 22, 2016

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