

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

Financial Report

Year Ended June 30, 2017

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, 2017

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, 2017, 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, 2017, 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 20, 2017, on our consideration of the District's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 20, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CORBETT SCHOOL DISTRICT NO. 39
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the year ended June 30, 2017

Our discussion and analysis of Corbett School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the District's Financial Statements, which follows this MD&A.

NEW ACCOUNTING STANDARDS IMPLEMENTED

The District implemented Governmental Accounting Standards Boards (GASB) Statement 68, which reflects financial transactions not previously reported in the District financial statements. The new GASB statements require a liability for pension obligations, known as the net pension liability (NPL), to be recognized on the balance sheets of the plan of the participating employers'. Similarly, a pension expense (PE) will be recognized on the income statement. The result of implementing GASB 68 reflects negatively on the District's net position. The recent Oregon Supreme Court rulings overturning the 2013 PERS reforms substantially increased the aforementioned liability.

Readers are encouraged to examine the fund balance and the total net position increase to gain an accurate picture of the District's solvency and trended financials in comparison to last year.

FINANCIAL HIGHLIGHTS

- At June 30, 2017, the District's assets exceeded its liabilities by \$1,761,098.
- The District's net position decreased by \$2,149,217 during 2016-17.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School District's annual report consists of a series of financial statements that show information for the District as a whole. The Statement of Net Position and the Statement of Activities provides information about the activities of the District as a whole and presents a longer-term view of the District's finances. Our fund financial statements are included later in the financial report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the District's overall financial health. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant fund, the general fund.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

These statements present information on the District's finances in a manner similar to private sector businesses. One of the most important questions asked about the District is, "Is the District as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information on the District as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position shows the District's assets and liabilities, with the difference between the two reported as net position. All capital assets and long-term liabilities, and general government functions, are shown in the Statement of Net Position.

The Statement of Activities shows revenues, expenses, and the change in net position for the District as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function.

FUND FINANCIAL STATEMENTS

Governmental funds account for the same functions as are reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the government statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets, liabilities and net position were as follows:

Net Position at Fiscal Year-End For the Year Ended June 30, 2017 and 2016

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>	<u>Change</u>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>		
Assets				
Current and other assets	\$ 3,926,367	\$ 3,190,089	\$ 736,278	23.1%
Capital assets	6,987,972	7,150,661	(162,689)	-2.3%
Total Assets	<u>10,914,339</u>	<u>10,340,750</u>	<u>573,589</u>	5.5%
Deferred Outflows of Resources	<u>8,127,896</u>	<u>1,826,132</u>	<u>6,301,764</u>	
Liabilities				
Current and other liabilities	2,209,163	862,704	1,346,459	156.1%
Long-Term liabilities	15,071,974	6,508,368	8,563,606	131.6%
Total Liabilities	<u>17,281,137</u>	<u>7,371,072</u>	<u>9,910,065</u>	134.4%
Deferred Inflows of Resources	<u>-</u>	<u>885,495</u>	<u>(885,495)</u>	
Net Position:				
Invested in capital assets, net of related debt	5,141,289	5,133,042	8,247	0.2%
Restricted for debt service			-	
Restricted for debt service	51,015	46,226	4,789	10.4%
Restricted for other uses	201,489	258,833	(57,344)	-22.2%
Unrestricted	<u>(3,632,695)</u>	<u>(1,527,786)</u>	<u>(2,104,909)</u>	137.8%
Total Net Position	<u>\$ 1,761,098</u>	<u>\$ 3,910,315</u>	<u>\$ (2,149,217)</u>	-55.0%

The District's revenues and expenses for fiscal year 2016-17, were as follows:

**Changes in Net Position
For the Year Ended June 30, 2017 and 2016**

	Governmental Activities		Increase	
	June 30, 2017	June 30, 2016	(Decrease)	Change
Revenues:				
Program Revenues:				
Charges for services	\$ 543,597	\$ 485,219	\$ 58,378	12.0%
Operating grants and contributions	342,519	371,501	(28,982)	-7.8%
General Revenues:				
Property Taxes	1,778,640	1,724,155	54,485	3.2%
State School Fund - General Fund	8,661,443	7,925,184	736,259	9.3%
Other State and Local Sources	353,572	291,214	62,358	21.4%
Miscellaneous	33,953	25,552	8,401	32.9%
Total Revenues	11,713,724	10,822,825	890,899	8.2%
Expenses:				
Instruction Support Services	9,361,793	10,448,222	(1,086,429)	-10.4%
Support Services	4,059,734	4,297,765	(238,031)	-5.5%
Community Services	353,452	300,615	52,837	17.6%
Facilities Acquisition	-	7,700	(7,700)	-100.0%
Interest on Long-Term Debt	87,962	86,604	1,358	1.6%
Total Expenses	13,862,941	15,140,906	(1,277,965)	-8.4%
Change in Net Position	(2,149,217)	(4,318,081)	2,168,864	-50.2%
Net Position - July 1	3,910,315	8,228,396	(4,318,081)	
Net position - June 30	\$ 1,761,098	\$ 3,910,315	\$ (2,149,217)	-55.0%

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2017, total fund balance of the governmental funds was \$1,581,685 (governmental fund balance includes unassigned balance of \$1,310,609). These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

CAPITAL ASSETS

At June 30, 2017, the District had \$6,987,972 invested in broad range of capital assets, including land, building, equipment and vehicles. The changes in capital assets for 2016-17 are due to the depreciation of capital assets, as well as the purchase of land and building improvements

DEBT ADMINISTRATION

As of June 30, 2017, the District had \$2,143,690 in long term debt. The district's debt consists of a Certificates of Participation (2001 and 2012), a QSCB Loan (2012), and a SELP Loan from the Oregon Department of Energy (2012), two bus loans, as well other post-employment benefits.

2016-17 BUDGET

The budget for 2016-17 has total appropriations of \$12,620,246. Operating resources and uses are expected to remain flat in the current year.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information please contact Corbett School District, as follows:

Dr. Randy Trani, Superintendent
Corbett School District
35800 E. Historic Columbia River Highway
Corbett, Oregon 97019

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BASIC FINANCIAL STATEMENTS

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 3,239,193
Property Taxes Receivable	146,604
Accounts Receivable	530,193
Supply Inventories	5,377
Prepays	5,000
Capital Assets, Net	<u>6,987,972</u>
Total Assets	<u>10,914,339</u>
Deferred Outflows of Resources	
Pension Plan	<u>8,127,896</u>
Liabilities	
Accounts Payable	1,191,218
Accrued Payroll & Withholdings	1,017,945
Long-Term Liabilities:	
Due Within One Year	173,189
Due in More Than One Year	1,673,494
Other Postemployment Benefit Obligation	297,007
Proportionate share of net pension liability	<u>12,928,284</u>
Total Liabilities	<u>17,281,137</u>
Net position	
Net Investment in Capital Assets	5,141,289
Restricted for Debt Service	51,015
Restricted for Other Uses	201,489
Unrestricted	<u>(3,632,695)</u>
Total Net Position	<u>\$ 1,761,098</u>

See notes to the basic financial statements.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Instruction	\$ 9,361,793	\$ 438,926	\$ 220,922	\$ (8,701,945)
Support Services	4,059,734	-	-	(4,059,734)
Enterprise and Community Services	353,452	104,671	121,597	(127,184)
Interest on Long-Term Debt	87,962	-	-	(87,962)
Total Governmental Activities	<u>\$ 13,862,941</u>	<u>\$ 543,597</u>	<u>\$ 342,519</u>	<u>(12,976,825)</u>
General Revenues				
Property Taxes				1,778,640
State Support				8,661,443
Rents				2,955
Unrestricted Intermediate and Local Sources				350,617
Earnings on Investments				<u>33,953</u>
Total General Revenues				<u>10,827,608</u>
Change in Net Position				(2,149,217)
Net Position, Beginning of Year				<u>3,910,315</u>
Net Position, End of Year				<u>\$ 1,761,098</u>

See notes to the basic financial statements.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Balance Sheet - Governmental Funds
June 30, 2017

	GENERAL FUND	OTHER NONMAJOR	TOTALS
ASSETS:			
Cash and Investments	\$ 3,001,659	\$ 237,534	\$ 3,239,193
Receivables:			
Taxes	126,667	19,937	146,604
Accounts	323,797	206,396	530,193
Prepaid Expense	5,000	-	5,000
Inventory	-	5,377	5,377
Due from Other Funds	187,207	-	187,207
	<u>187,207</u>	<u>-</u>	<u>187,207</u>
Total Assets	<u>\$ 3,644,330</u>	<u>\$ 469,244</u>	<u>\$ 4,113,574</u>
LIABILITIES			
Accounts Payable	\$ 1,186,600	\$ 4,618	\$ 1,191,218
Payroll Liabilities	1,017,945	-	1,017,945
Due to Other Funds	-	187,207	187,207
	<u>-</u>	<u>187,207</u>	<u>187,207</u>
Total Liabilities	<u>2,204,545</u>	<u>191,825</u>	<u>2,396,370</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	115,981	19,538	135,519
	<u>115,981</u>	<u>19,538</u>	<u>135,519</u>
Total Deferred Inflows of Resources	<u>115,981</u>	<u>19,538</u>	<u>135,519</u>
Fund Balance:			
Nonspendable	-	5,377	5,377
Restricted for			
Food Services	-	6,846	6,846
Student Activity	-	81,515	81,515
Federal Programs	-	7,725	7,725
Energy Projects	-	28,721	28,721
Debt Service	-	51,015	51,015
Capital Projects	-	76,682	76,682
Committed to			
Early Retirement	13,195	-	13,195
Unassigned	1,310,609	-	1,310,609
	<u>1,310,609</u>	<u>-</u>	<u>1,310,609</u>
Total Fund Balance	<u>1,323,804</u>	<u>257,881</u>	<u>1,581,685</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,644,330</u>	<u>\$ 469,244</u>	<u>\$ 4,113,574</u>

See notes to the basic financial statements.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Reconciliation of Governmental Funds
Balance Sheet to Statement of Net Position

June 30, 2017

Total Fund Balances	\$	1,581,685
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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		6,987,972
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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		135,519
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The proportionate share of the net pension liability is not reported as a liability in the governmental funds.		(12,928,284)
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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		8,127,896
--	--	-----------

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	\$	(792,225)	
Loans		(539,458)	
Bonds Payable		(515,000)	
Other Post Employment Benefits		(297,007)	(2,143,690)

Total Net Position	\$	<u>1,761,098</u>
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See notes to the basic financial statements.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	GENERAL FUND	OTHER NONMAJOR	TOTALS
REVENUES:			
Local Sources:			
Taxes	\$ 1,771,661	\$ 4,083	\$ 1,775,744
Earnings on Investments	33,246	707	33,953
Other Local Sources	325,770	421,258	747,028
Intermediate Sources	150,141	-	150,141
State Sources	8,654,293	7,150	8,661,443
Federal Sources	-	342,519	342,519
	<u>10,935,111</u>	<u>775,717</u>	<u>11,710,828</u>
Total Revenues			
EXPENDITURES:			
Current:			
Instruction	7,478,809	518,519	7,997,328
Support Services	3,725,686	-	3,725,686
Enterprise and Community Services	-	341,993	341,993
Debt Service			
Principal	170,936	-	170,936
Interest	87,962	-	87,962
	<u>11,463,393</u>	<u>860,512</u>	<u>12,323,905</u>
Total Expenditures			
Excess of Revenues Over, (Under) Expenditures	<u>(528,282)</u>	<u>(84,795)</u>	<u>(613,077)</u>
Other Financing Sources, (Uses)			
Transfers In	26,091	60,000	86,091
Transfers Out	(61,091)	(25,000)	(86,091)
	<u>(35,000)</u>	<u>35,000</u>	<u>-</u>
Total Other Financing Sources, (Uses)			
Net Change in Fund Balance	(563,282)	(49,795)	(613,077)
Beginning Fund Balance	<u>1,887,086</u>	<u>307,676</u>	<u>2,194,762</u>
Ending Fund Balance	<u>\$ 1,323,804</u>	<u>\$ 257,881</u>	<u>\$ 1,581,685</u>

See notes to the basic financial statements.

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, 2017

Net Change in Fund Balance		\$ (613,077)
Amounts reported for governmental activities in the statement of activities are different because:		
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:		
Capital Asset Additions, Net	\$ 123,774	
Depreciation Expense, Net	<u>(286,463)</u>	(162,689)
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.		
Repayments		170,936
(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.		
		(1,516,791)
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.		
Early Retirement Obligation		(30,492)
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		
		<u>2,896</u>
Change in Net Position		<u>\$ (2,149,217)</u>

See notes to the basic financial statements.

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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, 2017

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, 2017

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. Expenditures exceeded appropriations in the General Fund in the Instruction function by \$262,482 and in the Support Services function by \$241,300. In the Food Service Fund, expenditures exceeded appropriations by \$33,893 in the Enterprise and Community Services function.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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, 2017

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, 2017

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
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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 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, 2017, the District's cash and investments are comprised of the following:

Demand Deposits	\$ 112,950
Investments	<u>3,126,243</u>
	<u>\$ 3,239,193</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 \$112,950 on June 30, 2017. The bank statement records reflect a balance of \$236,023 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
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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, 2017 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, 2017 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, 2017, no allowance for doubtful accounts is considered necessary.

4. CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets not being depreciated:				
Land (non depreciable)	\$ 222,277	\$ 55,725	\$ -	\$ 278,002
Capital assets being depreciated:				
Buildings and improvements	10,716,151	68,049	-	10,784,200
Equipment	295,349	-	-	295,349
Vehicles	1,311,940	-	(26,307)	1,285,633
Total capital assets being depreciated	12,323,440	68,049	(26,307)	12,365,182
Less accumulated depreciation for:				
Buildings and improvements	(4,508,880)	(226,247)	-	(4,735,127)
Equipment	(179,783)	(12,217)	-	(192,000)
Vehicles	(706,393)	(47,999)	26,307	(728,085)
Total accumulated depreciation	(5,395,056)	(286,463)	26,307	(5,655,212)
Total capital assets being depreciated, net	6,928,384	(218,414)	-	6,709,970
Total capital assets, net	\$ 7,150,661	\$ (162,689)	\$ -	\$ 6,987,972

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

4. CAPITAL ASSETS (CONTINUED)

Depreciation was allocated to the functions as follows:

Instruction	\$ 197,659
Supporting services	77,345
Community services	11,459
Total	<u>\$ 286,463</u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds		
General Fund	\$ 187,207	\$ -
Non Major Funds		
Food Service Fund	-	24,590
Federal Programs	-	162,617
Totals	<u>\$ 187,207</u>	<u>\$ 187,207</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:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 26,091	\$ 61,091
Food Service Fund	60,000	-
Energy Projects Fund	-	25,000
Totals	<u>\$ 86,091</u>	<u>\$ 86,091</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.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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, 2017

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, 2017 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, 2017 were \$1,222,683.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

6. PENSION PLAN (CONTINUED)

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

At June 30, 2017, the District reported a liability of \$12,928,284 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. 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, 2016 the District's proportion was 0.086%.

For the year ended June 30, 2017, the District recognized a pension expense of \$2,643,267. At June 30, 2017, 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	\$ 427,724	\$ -
Changes in Assumptions	2,757,292	-
Net difference between projected and actual earnings on investments	2,554,087	-
Changes in proportion	770,715	-
Differences between employer contributions and proportionate share of contributions	506,539	-
Contributions subsequent to the measurement date	1,111,539	-
Net deferred outflow (inflow) of resources	<u>\$ 8,127,896</u>	<u>\$ -</u>

\$1,111,539 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
2018	\$ 1,359,901	\$ -
2019	1,359,901	-
2020	2,288,168	-
2021	1,736,514	-
2022	271,873	-
	<u>\$ 7,016,357</u>	<u>\$ -</u>

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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

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

Assumed Asset Allocation

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

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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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, 2017

6. PENSION PLAN (CONTINUED)

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Micro Cap US Equities	1.31%	7.01%
Small Cap US Equities	1.31%	6.99%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.5%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds – Diversified	2.50%	4.64%
Hedge Fund – Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Assumed Inflation - Mean		2.50%

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability (asset)	\$ 20,874,869	\$ 12,928,284	\$ 6,286,330

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
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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.

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.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

7. EARLY RETIREMENT PLAN

As of June 30, 2017, 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, 2017 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 2017 Blue Bird School Buses.

Long-term obligation activity for the year ended June 30, 2017 is as follows:

	Original Issue	Outstanding July 1, 2016	Issued	Redeemed and Matured	Outstanding June 30, 2017	Interest Rate(s)
2001 COP	\$ 250,000	\$ 85,000	\$ -	\$ 15,000	\$ 70,000	3.50-5.75%
2012 QSCB	1,000,000	777,780	-	55,555	722,225	3.50%
2012C COP	650,000	540,000	-	25,000	515,000	.4 - 4.0%
2012 SELP Loan	583,136	446,875	-	34,931	411,944	3.50%
Bus Loan 1	106,944	84,659	-	20,389	64,270	2.50%
Bus Loan 2	105,233	83,305	-	20,061	63,244	2.50%
Total		<u>\$ 2,017,619</u>	<u>\$ -</u>	<u>\$ 170,936</u>	1,846,683	
			Less: Current Portion		(173,189)	
					<u>\$ 1,673,494</u>	

All long-term debt obligations are payable from the General Fund. Future maturities are as follows:

Ended June 30,	Certificates of Participation	SELP Loan	Bus Loans	Total Principal	Interest	Total
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	85,556	41,600	-	127,156	69,167	196,323
2023-2027	442,780	217,778	-	660,558	307,094	967,652
2028-2032	366,666	-	-	366,666	163,375	530,041
	<u>\$ 1,307,225</u>	<u>\$ 411,944</u>	<u>\$ 127,514</u>	<u>\$ 1,846,683</u>	<u>\$ 854,233</u>	<u>\$ 2,700,916</u>

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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, 2017, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	Year Ended June 30,		
	2017	2016	2015
Annual required contribution	\$ 39,808	\$ 38,462	\$ 56,660
Interest on net OPEB obligation	10,661	9,275	7,894
Adjustments to annual required contribution	(9,518)	(8,282)	(7,049)
Annual OPEB cost	40,951	39,455	57,505
Contributions made	(10,459)	(4,824)	(22,979)
Increase in net OPEB obligation	30,492	34,631	34,526
Net OPEB obligation - beginning of year	266,515	231,884	197,358
Net OPEB obligation - end of year	<u>\$ 297,007</u>	<u>\$ 266,515</u>	<u>\$ 231,884</u>
Percentage of ARC contributed	26%	13%	41%

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
2015	\$ 57,505	\$ 22,979	40%	\$ 231,884
2016	\$ 39,455	\$ 4,824	12%	\$ 266,515
2017	\$ 40,951	\$ 10,459	26%	\$ 297,007

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.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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

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.

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.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2017

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, 2017 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.

11. PROPERTY TAX LIMITATIONS

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

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

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

13. NEW ACCOUNTING STANDARDS IMPLEMENTED

For the fiscal year ended June 30, 2017, the District implemented the following new accounting standards:

GASB Statement No. 77 "Tax Abatement Disclosures." The statement establishes accounting and reporting guidance on tax abatement agreements for governments. The statement is effective for fiscal years beginning after December 15, 2015. The District anticipates no financial impact as a result of implementing this statement.

GASB Statement No. 79 "Certain External Investment Pools and Pool Participants." This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The statement is effective for fiscal years beginning after December 15, 2015. The District anticipates no financial impact as a result of implementing this statement.

REQUIRED SUPPLEMENTARY DATA

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Funding Progress - Other Post Employment Benefits

Year Ended June 30, 2017

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, 2017

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	3,993,964	105.77%	91.90%
June 30, 2017	0.0861%	12,928,284	5,589,997	231.28%	90.00%

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%
June 30, 2017	1,111,539	1,111,539	-	6,565,768	16.93%

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, 2017

<u>GENERAL FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 1,937,000	\$ 1,937,000	\$ 2,130,677	\$ 193,677
Intermediate Sources	191,000	191,000	150,141	(40,859)
State Sources	8,471,783	8,471,783	8,654,293	182,510
Total Revenues	10,599,783	10,599,783	10,935,111	(335,328)
EXPENDITURES:				
Instruction	7,216,327	7,216,327 (1)	7,478,809	(262,482)
Support Services	3,484,386	3,484,386 (1)	3,725,686	(241,300)
Debt Service				
Principal	170,936	170,936 (1)	170,936	-
Interest	87,963	87,963 (1)	87,962	1
Operating Contingency	500,000	500,000 (1)	-	500,000
Total Expenditures	11,459,612	11,459,612	11,463,393	(3,781)
Excess of Revenues Over, (Under) Expenditures	(859,829)	(859,829)	(528,282)	331,547
OTHER FINANCIAL SOURCES, (USES)				
Transfers In	71,091	72,317	26,091	46,226
Transfers Out	(60,000)	(60,000) (1)	(60,000)	-
Total Other Financing Sources, (Uses)	11,091	12,317	(33,909)	46,226
Net Change in Fund Balance	(848,738)	(847,512)	(562,191)	285,321
Beginning Fund Balance	1,300,000	1,872,800	1,872,800	-
Ending Fund Balance	\$ 451,262	\$ 1,025,288	\$ 1,310,609	\$ 285,321

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB #54

Ending Fund Balance	
Early Retirement Fund	13,195
	<u>\$ 1,323,804</u>

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to Required Supplementary Information
For the Year Ended June 30, 2017

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

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

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

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, 2017

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. See the Budgets section of Note 1 in the Notes to the Financial Statements for additional budget information.

SUPPLEMENTARY DATA

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Combining Balance Sheet
Major Governmental Fund - General Fund
June 30, 2017

	GENERAL FUND	BUS REPLACEMENT FUND	EARLY RETIREMENT FUND	TOTALS
ASSETS:				
Cash and Investments	\$ 2,988,464	\$ -	\$ 13,195	\$ 3,001,659
Receivables:				
Taxes	126,667	-	-	126,667
Accounts	323,797	-	-	323,797
Prpaid Expenses	5,000	-	-	5,000
Due from Other Funds	187,207	-	-	187,207
Total Assets	<u>\$ 3,631,135</u>	<u>\$ -</u>	<u>\$ 13,195</u>	<u>\$ 3,644,330</u>
LIABILITIES				
Accounts Payable	\$ 1,186,600	\$ -	\$ -	\$ 1,186,600
Payroll Liabilities	1,017,945	-	-	1,017,945
Total Liabilities	<u>2,204,545</u>	<u>-</u>	<u>-</u>	<u>2,204,545</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Property Taxes	115,981	-	-	115,981
Total Deferred Inflows of Resources	<u>115,981</u>	<u>-</u>	<u>-</u>	<u>115,981</u>
FUND BALANCES				
Committed	-	-	13,195	13,195
Unassigned	1,310,609	-	-	1,310,609
Total Fund Balance	<u>1,310,609</u>	<u>-</u>	<u>13,195</u>	<u>1,323,804</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,631,135</u>	<u>\$ -</u>	<u>\$ 13,195</u>	<u>\$ 3,644,330</u>

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, 2017

	GENERAL FUND	BUS REPLACEMENT FUND	EARLY RETIREMENT FUND	TOTALS
REVENUES:				
Local Sources	\$ 2,130,677	\$ -	\$ -	\$ 2,130,677
Intermediate Sources	150,141	-	-	150,141
State Sources	8,654,293	-	-	8,654,293
Total Revenues	10,935,111	-	-	10,935,111
EXPENDITURES:				
Instruction	7,478,809	-	-	7,478,809
Support Services	3,725,686	-	-	3,725,686
Debt Service				
Principal	170,936	-	-	170,936
Interest	87,962	-	-	87,962
Total Expenditures	11,463,393	-	-	11,463,393
Excess of Revenues Over, (Under) Expenditures	(528,282)	-	-	(528,282)
OTHER FINANCING SOURCES, (USES)				
Transfers In	26,091	-	-	26,091
Transfers Out	(60,000)	(1,091)	-	(61,091)
Total Other Financing Sources (Uses)	(33,909)	(1,091)	-	(35,000)
Net Change in Fund Balance	(562,191)	(1,091)	-	(563,282)
Beginning Fund Balance	1,872,800	1,091	13,195	1,887,086
Ending Fund Balance	\$ 1,310,609	\$ -	\$ 13,195	\$ 1,323,804

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Year Ended June 30, 2017

	<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 Out	(1,091)	(1,091)	(1,091)	-
Net Change in Fund Balance	(1,091)	(1,091)	(1,091)	-
Beginning Fund Balance	1,091	1,091	1,091	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(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, 2017

	<u>EARLY RETIREMENT FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources:				
Earnings on Investments	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Support Services:	-	- (1)	-	-
Excess of Revenues Over, -Under Expenditures	-	-	-	-
Other Financing Sources, (Uses):				
Transfers Out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	13,196	13,195	(1)
Ending Fund Balance	<u>\$ -</u>	<u>\$ 13,196</u>	<u>\$ 13,195</u>	<u>\$ (1)</u>

(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, 2017

	SPECIAL REVENUE FUNDS						
	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	FEDERAL PROGRAMS	ENERGY PROJECTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS:							
Cash and Investments	\$ -	\$ 81,515	\$ -	\$ 28,721	\$ 50,616	\$ 76,682	\$ 237,534
Receivables:							
Taxes	-	-	-	-	19,937	-	19,937
Accounts Receivable	32,938	-	173,458	-	-	-	206,396
Inventory	5,377	-	-	-	-	-	5,377
Total Assets	<u>\$ 38,315</u>	<u>\$ 81,515</u>	<u>\$ 173,458</u>	<u>\$ 28,721</u>	<u>\$ 70,553</u>	<u>\$ 76,682</u>	<u>\$ 469,244</u>
LIABILITIES:							
Accounts Payable	\$ 1,502	\$ -	\$ 3,116	\$ -	\$ -	\$ -	\$ 4,618
Due to Other Funds	24,590	-	162,617	-	-	-	187,207
Total Liabilities	<u>26,092</u>	<u>-</u>	<u>165,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,825</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue - Property Taxes	-	-	-	-	19,538	-	19,538
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,538</u>	<u>-</u>	<u>19,538</u>
FUND BALANCES							
Fund Balances:							
Nonspendable	5,377	-	-	-	-	-	5,377
Restricted	6,846	81,515	7,725	28,721	51,015	76,682	252,504
Total Fund Balances	<u>12,223</u>	<u>81,515</u>	<u>7,725</u>	<u>28,721</u>	<u>51,015</u>	<u>76,682</u>	<u>257,881</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 38,315</u>	<u>\$ 81,515</u>	<u>\$ 173,458</u>	<u>\$ 28,721</u>	<u>\$ 70,553</u>	<u>\$ 76,682</u>	<u>\$ 469,244</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, 2017

	SPECIAL REVENUE FUNDS						
	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	FEDERAL PROGRAMS	ENERGY PROJECTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES:							
Local Sources:	\$ 104,671	\$ 291,686	\$ -	\$ 24,902	\$ 4,789	\$ -	\$ 426,048
State Sources:	5,429	-	1,721	-	-	-	7,150
Federal Sources:	121,597	-	220,922	-	-	-	342,519
Total Revenues	231,697	291,686	222,643	24,902	4,789	-	775,717
EXPENDITURES:							
Current:							
Instruction	-	295,875	222,644	-	-	-	518,519
Enterprise and Community Services	341,993	-	-	-	-	-	341,993
Total Expenditures	341,993	295,875	222,644	-	-	-	860,512
Excess of Revenues Over, (Under) Expenditures	(110,296)	(4,189)	(1)	24,902	4,789	-	(84,795)
Other Financing Sources, (Uses):							
Transfers In	60,000	-	-	-	-	-	60,000
Transfers (Out)	-	-	-	(25,000)	-	-	(25,000)
Total Other Financing Sources (Uses)	60,000	-	-	(25,000)	-	-	35,000
Net Change in Fund Balance	(50,296)	(4,189)	(1)	(98)	4,789	-	(49,795)
Beginning Fund Balance	62,519	85,704	7,726	28,819	46,226	76,682	307,676
Ending Fund Balance	\$ 12,223	\$ 81,515	\$ 7,725	\$ 28,721	\$ 51,015	\$ 76,682	\$ 257,881

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Year Ended June 30, 2017

	<u>FOOD SERVICE FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ 80,000	\$ 80,000	\$ 104,671	\$ 24,671
State Sources	6,100	6,100	5,429	(671)
Federal Sources	143,000	143,000	121,597	(21,403)
Total Revenues	<u>229,100</u>	<u>229,100</u>	<u>231,697</u>	<u>2,597</u>
EXPENDITURES:				
Enterprise and Community Services:	<u>303,100</u>	<u>303,100 (1)</u>	<u>341,993</u>	<u>(38,893)</u>
Excess of Revenues Over, (Under)				
Expenditures	<u>(74,000)</u>	<u>(74,000)</u>	<u>(110,296)</u>	<u>(36,296)</u>
Other Financing Sources, (Uses):				
Transfers In	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Net Change in Fund Balance	(14,000)	(14,000)	(50,296)	(36,296)
Beginning Fund Balance	<u>14,000</u>	<u>62,518</u>	<u>62,519</u>	<u>1</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 48,518</u>	<u>\$ 12,223</u>	<u>\$ (36,295)</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, 2017

STUDENT ACTIVITY FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 400,000	\$ 400,000	\$ 291,686	\$ (108,314)
EXPENDITURES:				
Instruction	400,000	400,000 (1)	295,875	104,125
Net Change in Fund Balance	-	-	(4,189)	(4,189)
Beginning Fund Balance	86,218	85,704	85,704	-
Ending Fund Balance	<u>\$ 86,218</u>	<u>\$ 85,704</u>	<u>\$ 81,515</u>	<u>\$ (4,189)</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, 2017

	<u>FEDERAL PROGRAMS FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
From State Sources	\$ -	\$ -	\$ 1,721	\$ 1,721
From Federal Sources:	<u>275,217</u>	<u>275,217</u>	<u>220,922</u>	<u>(54,295)</u>
Total Revenues	<u>275,217</u>	<u>275,217</u>	<u>222,643</u>	<u>(52,574)</u>
EXPENDITURES:				
Instruction	<u>275,217</u>	<u>275,217 (1)</u>	<u>222,644</u>	<u>52,573</u>
Total Expenditures	<u>275,217</u>	<u>275,217</u>	<u>222,644</u>	<u>52,573</u>
Net Change in Fund Balance	-	-	(1)	(1)
Beginning Fund Balance	-	7,726	7,726	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ 7,726</u>	<u>\$ 7,725</u>	<u>\$ (1)</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, 2017

	<u>ENERGY PROJECTS FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 23,000	\$ 23,000	\$ 24,902	\$ 1,902
EXPENDITURES:				
Facilities Acquisition & Construction	-	- (1)	-	-
Excess of Revenues Over, (Under) Expenditures	<u>23,000</u>	<u>23,000</u>	<u>24,902</u>	<u>1,902</u>
Other Financing Sources, (Uses):				
Transfers (Out)	<u>(25,000)</u>	<u>(25,000) (1)</u>	<u>(25,000)</u>	<u>-</u>
Net Change in Fund Balance	(2,000)	(2,000)	(98)	1,902
Beginning Fund Balance	<u>25,000</u>	<u>28,819</u>	<u>28,819</u>	<u>-</u>
Ending Fund Balance	<u>\$ 23,000</u>	<u>\$ 26,819</u>	<u>\$ 28,721</u>	<u>\$ 1,902</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, 2017

	<u>DEBT SERVICE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,789</u>	<u>\$ 4,789</u>
EXPENDITURES:				
Debt Service	<u>-</u>	<u>- (1)</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over, (Under) Expenditures	<u>-</u>	<u>-</u>	<u>4,789</u>	<u>4,789</u>
OTHER FINANCIAL SOURCES, (USES)				
Transfers Out	<u>(45,000)</u>	<u>(46,226) (1)</u>	<u>-</u>	<u>46,226</u>
Total Other Financial Sources, (Uses)	<u>(45,000)</u>	<u>(46,226)</u>	<u>-</u>	<u>46,226</u>
Net Change in Fund Balance	<u>(45,000)</u>	<u>(46,226)</u>	<u>4,789</u>	<u>4,789</u>
Beginning Fund Balance	<u>45,000</u>	<u>46,226</u>	<u>46,226</u>	<u>-</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 51,015</u></u>	<u><u>\$ 4,789</u></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, 2017

	<u>CAPITAL PROJECTS FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:				
Facilities Acquisition & Construction	<u>50,000</u>	<u>50,000 (1)</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balance	(50,000)	(50,000)	-	50,000
Beginning Fund Balance	<u>50,000</u>	<u>76,683</u>	<u>76,682</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 26,683</u>	<u>\$ 76,682</u>	<u>\$ 49,999</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, 2017

Revenue from Local Sources	General	Special Rev	Debt Service	Capital Projects	Internal Service	Trust/Agency
1110 Ad Valorem Taxes Levied by District	1,771,143		4,083			
1120 Local Option Ad Valorem Taxes Levied by						
1190 Penalties and Interest on Taxes	518					
1200 Rev from Local Gov't Units Other Than Districts						
1310 Regular Day School Tuition						
1311 Tuition from Individuals	144,745					
1312 Tuition from Other Districts						
1320 Adult/Continuing Education Tuition						
1330 Summer School Tuition						
1400 Transportation Fees						
1500 Earnings on Investments	33,246		707			
1600 Food Service		104,671				
1700 Extracurricular Activities	2,495	291,686				
1800 Community Services Activities						
1910 Rentals	2,955					
1920 Contributions and Donations From Private	198					
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	175,370	24,902				
Total Revenue from Local Sources	\$2,130,670	\$421,259	\$4,790	\$0	\$0	\$0
Revenue from Intermediate Sources	General	Special Rev	Debt Service	Capital Projects	Internal Service	Trust/Agency
2101 County School Funds						
2102 Education Service District Apportionment	150,000					
2105 Natural Gas, Oil, and Mineral Receipts						
2199 Other Intermediate Sources						
2200 Restricted Revenue	141					
2800 Revenue in Lieu of Taxes						
2900 Revenue for/on Behalf of the District						
Total Revenue from Intermediate Sources	\$150,141	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources	General	Special Rev	Debt Service	Capital Projects	Internal Service	Trust/Agency
3101 State School Fund - General Support	8,358,592					
3102 State School Fund - School Lunch Match		1,727				
3103 Common School Fund	159,931					
3105 State School Fund						
3199 Other Unrestricted Grants-in-Aid	40,755					
3204 Driver Education						
3222 SSF Transportation Equipment						
3299 Other Restricted Grants-in-Aid	95,015	5,423				
3800 Revenue in Lieu of Taxes						
3900 Revenue for/on Behalf of the District						
Total Revenue from State Sources	\$8,654,293	\$7,150	\$0	\$0	\$0	\$0
Revenue from Federal Sources	General	Special Rev	Debt Service	Capital Projects	Internal Service	Trust/Agency
4100 Unrestricted Rev. Dir. Federal Government						
4300 Restr. Rev. Federal Government						
4500 Restricted Rev. Federal Gov. Through State		342,519				
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					
Total Revenue from Federal Sources	\$0	\$342,519	\$0	\$0	\$0	\$0
Revenue from Other Sources	General	Special Rev	Debt Service	Capital Projects	Internal Service	Trust/Agency
5100 Long Term Debt Financing Sources						
5200 Interfund Transfers	26,091	60,000				
5300 Sale (Loss) from Fixed Asset Disposal						
5400 Resources - Beginning Fund Balance	1,872,800	199,056	46,226	76,683		
Total Revenue from Other Sources	\$1,898,891	\$259,056	\$46,226	\$76,683	\$0	\$0
Grand Totals	\$12,833,995	\$1,029,984	\$51,016	\$76,683	\$0	\$0

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object
Year Ended June 30, 2017

GENERAL FUND								
Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	2,607,208	1,624,460	882,356	27,105	70,559		2,728	
1112 Intermediate Programs	0							
1113 Elementary Extracurricular	0							
1121 Middle/Junior High Programs	1,135,313	749,626	348,893	704	35,891		199	
1122 Middle/Junior High School Extracurricular	45,947	34,956	6,705	148	259		3,879	
1131 High School Programs	1,954,489	1,256,802	590,930	40,582	61,332		4,843	
1132 High School Extracurricular	281,246	177,129	27,551	28,674	7,328		40,564	
1140 Pre-Kindergarten Programs	141,539	75,866	60,966	1,112	3,595			
1210 Programs for the Talented and Gifted	0							
1220 Restrictive Programs for Students with Disabilities	40,427			40,427				
1250 Less Restrictive Programs for Students with Disabilities	1,140,453	628,647	422,184	52,522	19,928		17,172	
1260 Early Intervention	0							
1271 Remediation	0							
1272 Title I	112			112				
1280 Alternative Education	47,999			47,872	127			
1291 English Second Language Programs	84,076	51,299	16,010	10,887	5,880			
1299 Other Programs	0							
1300 Adult/Continuing Education Programs	0							
1400 Summer School Programs	0							
Total Instruction Expenditures	\$7,478,809	\$4,598,785	\$2,355,595	\$250,145	\$204,899	\$0	\$69,385	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$37,959	1,678	1,815	32,360	380		1,726	
2120 Guidance Services	\$6,004	377	95	3,017	2,515			
2130 Health Services	\$40,575	22,330	10,001	3,233	5,011			
2210 Improvement of Instruction Services	\$79,965	56,830	22,889	10	236			
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$91,505	2,416	547	-225	85,132		3,635	
2240 Instructional Staff Development	\$49,320			46,134	356		2,830	
2310 Board of Education Services	\$249,479		37,085	4,413	7,033	52,225	148,723	
2320 Executive Administration Services	\$450,832	268,134	139,754	20,393	18,220		4,331	
2410 Office of the Principal Services	\$704,010	425,998	243,078	4,598	23,702		6,634	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$261,326	113,818	72,465	23,411	3,423		48,209	
2540 Operation and Maintenance of Plant Services	\$955,230	293,761	169,973	446,256	42,495		2,745	
2550 Student Transportation Services	\$622,748	288,896	217,690	56,067	58,918		1,177	
Direction of Central Support Services	\$0							
2570 Internal Services	\$29,370			25,287			4,083	
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$147,363	50,000	21,302	4,162	30,769	37,741	3,389	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$3,725,686	\$1,524,238	\$936,694	\$669,116	\$278,190	\$89,966	\$227,482	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$258,898						\$258,898	
5200 Transfers of Funds	\$60,000							\$60,000
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$318,898	\$0	\$0	\$0	\$0	\$0	\$258,898	\$60,000
Grand Total	\$11,523,393	\$6,123,023	\$3,292,289	\$919,261	\$483,089	\$89,966	\$555,765	\$60,000

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object
Year Ended June 30, 2017

SPECIAL REVENUE FUND								
Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
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	\$102,658				\$102,658			
1131 High School Programs	\$220,484				\$220,484			
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$65,035	\$23,697	\$36,838	\$4,500				
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$130,342	\$72,481	\$47,614	\$9,937	\$60		\$250	
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							
Total Instruction Expenditures	\$518,519	\$96,178	\$84,452	\$14,437	\$323,202	\$0	\$250	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
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	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$341,993	\$82,755	\$42,001	\$3,912	\$207,301	\$3,990	\$2,034	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services	\$341,993	\$82,755	\$42,001	\$3,912	\$207,301	\$3,990	\$2,034	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0			\$0		\$0		
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$25,000							\$25,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000
Grand Total	\$885,512	\$178,933	\$126,453	\$18,349	\$530,503	\$3,990	\$2,284	\$25,000

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object
Year Ended June 30, 2017

DEBT SERVICE FUND					
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 600
5100 Debt Service	\$0				\$0
5200 Transfers of Funds	0				
5300 Apportionment of Funds by ESD	0				
5400 PERS UAL Bond Lump Sum	0				
Total Other Uses Expenditures	0	0	0	0	0
Grand Total	\$0	\$0	\$0	\$0	\$0

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object
Year Ended June 30, 2017

CAPITAL PROJECTS FUND								
Facilities Acquisition and Construction	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development	0							
4150 Building Acquisition, Construction,	0			0	0		0	
4190 Other Facilities Construction	0							
Total Facilities Acquisition and	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0			\$0		\$0		
5200 Transfers of Funds	0			0				
5300 Apportionment of Funds by ESD	0							
5400 PERS UAL Bond Lump Sum	0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Supplemental Information
Required by the Oregon Department of Education
Year Ended June 30, 2017

A. Energy bills for heating - All Funds:

	<u>Objects 325 and 326</u>
Function 2540	\$ 160,028
Function 2550	1,725

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	\$ -
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
Year Ended June 30, 2017

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	\$ 120,043
IDEA Enhancement	84.027	1,591
IDEA Part B, Section 611	84.027	60,025
IDEA Part B, Section 619	84.173	1,698
Title VI	84.358	27,267
Title IIA	84.367	<u>10,298</u>
TOTAL U. S. DEPARTMENT OF EDUCATION		<u>220,922</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed through Oregon Department of Education:		
National School Breakfast Program	10.553	32,962
Commodities	10.555	13,268
National School Lunch Program	10.555	75,144
Commodities	10.559	<u>223</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE		<u>121,597</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 342,519</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, 2017, and have issued our report thereon dated December 20, 2017. 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 exceeded appropriations in the following funds and functions:
 - a. General Fund
 - i. Instruction \$262,482
 - ii. Support Services: \$241,300
 - b. Food Service
 - i. Enterprise and Community Services \$38,893
2. State School Fund Factors and Calculations:
 - a. 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.



Purpose of this Report

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

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 20, 2017