

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

Financial Report

Year Ended June 30, 2018

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, 208

BOARD OF DIRECTORS

MARGUERITE PERRY - VICE CHAIR	June 30, 2019
MICHELLE VO - CHAIR	June 30, 2021
BOB BUTTKE	June 30, 2021
DAVID GORMAN	June 30, 2021
LACEY AUBLE	June 30, 2019
TODD MICKALSON	June 30, 2021
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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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



Emphasis of Matter

As described in Note 14 to the financial statements, during the year ended June 30, 2018, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total Other Postemployment Benefits and Related Ratios 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 26, 2018, on our consideration of the District's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 26, 2018

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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, 2018

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, 2018. Please read it in conjunction with the District's Financial Statements, which follows this MD&A.

NEW ACCOUNTING STANDARDS IMPLEMENTED

The District implemented Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* (OPEB). This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments to report a liability on the face of the financial statements for the total OPEB liability related to their employees. The implementation of GASB 75 required a restatement of net position as of July 1, 2017, an increase of \$154,673. Please refer to the Notes to the Financial Statements for further information.

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, 2018, the District's assets exceeded its liabilities by \$598,978.
- The District's net position decreased by \$1,316,793 during 2017-18.

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, 2018 and 2017			
	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>June 30, 2018</u>	<u>June 30, 2017 **</u>	
Assets			
Current and other assets	\$ 2,837,226	\$ 3,926,367	\$ (1,089,141)
Capital assets	7,000,921	6,987,972	12,949
Total Assets	<u>9,838,147</u>	<u>10,914,339</u>	<u>(1,076,192)</u>
Deferred Outflows of Resources	<u>5,271,628</u>	<u>8,127,896</u>	<u>(2,856,268)</u>
Liabilities			
Current and other liabilities	953,283	2,209,163	(1,255,880)
Long-Term liabilities	13,507,417	14,917,301	(1,409,884)
Total Liabilities	<u>14,460,700</u>	<u>17,281,137</u>	<u>(2,820,437)</u>
Deferred Inflows of Resources	<u>47,097</u>	<u>-</u>	<u>47,097</u>
Net Position:			
Net Invested in capital assets	5,170,065	5,141,289	28,776
Restricted for debt service			
Restricted for debt service	51,033	51,015	18
Restricted for other uses	221,953	201,489	20,464
Unrestricted	<u>(4,844,073)</u>	<u>(3,478,022)</u>	<u>(1,366,051)</u>
Total Net Position	<u>\$ 598,978</u>	<u>\$ 1,915,771</u>	<u>\$ (1,316,793)</u>

** Restated for GASB 75

The District's revenues and expenses for fiscal year 2017-18, were as follows:

**Changes in Net Position
For the Year Ended June 30, 2018 and 2017**

	Governmental Activities		Increase (Decrease)
	June 30, 2018	June 30, 2017	
Revenues:			
Program Revenues:			
Charges for services	\$ 530,349	\$ 543,597	\$ (13,248)
Operating grants and contributions	515,517	342,519	172,998
General Revenues:			
Property Taxes	1,804,109	1,778,640	25,469
State School Fund - General Fund	9,760,940	8,661,443	1,099,497
Other State and Local Sources	496,888	353,572	143,316
Miscellaneous	48,068	33,953	14,115
Total Revenues	<u>13,155,871</u>	<u>11,713,724</u>	<u>1,442,147</u>
Expenses:			
Instruction Services	9,694,088	9,361,793	332,295
Support Services	4,197,692	4,059,734	137,958
Community Services	374,531	353,452	21,079
Facilities Acquisition	120,270	-	120,270
Interest on Long-Term Debt	86,083	87,962	(1,879)
Total Expenses	<u>14,472,664</u>	<u>13,862,941</u>	<u>609,723</u>
Change in Net Position	<u>(1,316,793)</u>	<u>(2,149,217)</u>	<u>832,424</u>
Net Position - July 1, Previously Reported	1,915,771	3,910,315	(1,994,544)
Rested for GASB 75	<u>-</u>	<u>154,673</u>	<u>(154,673)</u>
Net position - June 30	<u>\$ 598,978</u>	<u>\$ 1,915,771</u>	<u>\$ (1,316,793)</u>

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, 2018, total fund balance of the governmental funds was \$1,762,601 (governmental fund balance includes unassigned balance of \$1,448,687). These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

CAPITAL ASSETS

At June 30, 2018, the District had \$7,000,921 invested in broad range of capital assets, including land, building, equipment and vehicles. The changes in capital assets for 2017-18 are due to the depreciation of capital assets, as well as the purchase and disposal of Vehicles and Equipment.

DEBT ADMINISTRATION

As of June 30, 2018, the District had \$1,830,856 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), three bus loans, and a land loan.

2017-18 BUDGET

The budget for 2017-18 has total appropriations of \$14,160,375. 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, 2018

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 2,328,095
Property Taxes Receivable	127,441
Accounts Receivable	364,762
Supply Inventories	8,928
Prepays	5,000
Capital Assets, Net	<u>7,000,921</u>
Total Assets	<u>9,835,147</u>
Deferred Outflows of Resources	
Pension Plan	<u>5,271,628</u>
Liabilities	
Accounts Payable	194,414
Accrued Payroll & Withholdings	758,869
Long-Term Liabilities:	
Due Within One Year	226,160
Due in More Than One Year	1,604,696
Other Postemployment Benefit Obligation	161,581
Proportionate share of net pension liability	<u>11,514,980</u>
Total Liabilities	<u>14,460,700</u>
Deferred Inflows of Resources	
Pension Plan	<u>47,097</u>
Net position	
Net Investment in Capital Assets	5,170,065
Restricted for Debt Service	51,033
Restricted for Other Uses	221,953
Unrestricted	<u>(4,844,073)</u>
Total Net Position	<u><u>\$ 598,978</u></u>

See notes to the basic financial statements.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Instruction	\$ 9,694,088	\$ 412,175	\$ 394,460	\$ (8,887,453)
Support Services	4,197,692	-	-	(4,197,692)
Enterprise and Community Services	374,531	118,174	121,057	(135,300)
Facilities Acquisition & Improvement	120,270	-	-	(120,270)
Interest on Long-Term Debt	86,083	-	-	(86,083)
Total Governmental Activities	<u>\$ 14,472,664</u>	<u>\$ 530,349</u>	<u>\$ 515,517</u>	<u>(13,426,798)</u>
General Revenues				
Property Taxes				1,804,109
State Support				9,760,940
Unrestricted Intermediate and Local Sources				496,888
Earnings on Investments				<u>48,068</u>
Total General Revenues				<u>12,110,005</u>
Change in Net Position				(1,316,793)
Net Position, Beginning of Year, Restated				<u>1,915,771</u>
Net Position, End of Year				<u>\$ 598,978</u>

See notes to the basic financial statements.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Balance Sheet - Governmental Funds
June 30, 2018

	GENERAL FUND	OTHER NONMAJOR	TOTALS
ASSETS:			
Cash and Investments	\$ 2,088,012	\$ 240,083	\$ 2,328,095
Receivables:			
Taxes	127,441	-	127,441
Accounts	122,236	242,526	364,762
Prepaid Expense	5,000	-	5,000
Inventory	-	8,928	8,928
Due from Other Funds	208,504	-	208,504
	<u>2,551,193</u>	<u>-</u>	<u>2,551,193</u>
Total Assets	<u>\$ 2,551,193</u>	<u>\$ 491,537</u>	<u>\$ 3,042,730</u>
LIABILITIES			
Accounts Payable	\$ 180,100	\$ 14,314	\$ 194,414
Payroll Liabilities	758,869	-	758,869
Due to Other Funds	-	208,504	208,504
	<u>938,969</u>	<u>222,818</u>	<u>1,161,787</u>
Total Liabilities	<u>938,969</u>	<u>222,818</u>	<u>1,161,787</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	118,342	-	118,342
	<u>118,342</u>	<u>-</u>	<u>118,342</u>
Total Deferred Inflows of Resources	<u>118,342</u>	<u>-</u>	<u>118,342</u>
Fund Balance:			
Nonspendable	-	8,928	8,928
Restricted for			
Food Services	-	45,222	45,222
Student Activity	-	106,457	106,457
Federal Programs	-	7,725	7,725
Energy Projects	-	30,349	30,349
Debt Service	-	51,033	51,033
Capital Projects	-	19,005	19,005
Committed to			
Early Retirement	13,195	-	13,195
Unassigned	1,480,687	-	1,480,687
	<u>1,493,882</u>	<u>268,719</u>	<u>1,762,601</u>
Total Fund Balance	<u>1,493,882</u>	<u>268,719</u>	<u>1,762,601</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,551,193</u>	<u>\$ 491,537</u>	<u>\$ 3,042,730</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, 2018

Total Fund Balances	\$	1,762,601
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital Assets, Net		7,000,921
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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		118,342
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The proportionate share of the net pension liability is not reported as a liability in the governmental funds.		(11,514,980)
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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	5,271,628	
Deferred inflows of resources related to pensions	<u>(47,097)</u>	5,224,531

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	\$ (540,000)	
Loans	(624,186)	
Bonds Payable	(666,670)	
Other Post Employment Benefits	<u>(161,581)</u>	<u>(1,992,437)</u>

Total Net Position	\$	<u><u>598,978</u></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, 2018

	GENERAL FUND	OTHER NONMAJOR	TOTALS
REVENUES:			
Local Sources:			
Taxes	\$ 1,817,203	\$ 4,083	\$ 1,821,286
Earnings on Investments	47,361	707	48,068
Other Local Sources	319,213	442,570	761,783
Intermediate Sources	265,454	-	265,454
State Sources	9,747,100	13,840	9,760,940
Federal Sources	24,618	490,899	515,517
	<u>12,220,949</u>	<u>952,099</u>	<u>13,173,048</u>
Total Revenues			
EXPENDITURES:			
Current:			
Instruction	7,761,246	617,181	8,378,427
Support Services	3,719,302	-	3,719,302
Enterprise and Community Services	-	362,667	362,667
Facilities Acquisition and Construction	67,099	53,171	120,270
Debt Service			
Principal	225,760	-	225,760
Interest	86,087	-	86,087
Capital Outlay			
Support Services	134,738	-	134,738
Facilities Acquisition and Construction	-	74,818	74,818
	<u>11,994,232</u>	<u>1,107,837</u>	<u>13,102,069</u>
Total Expenditures			
Excess of Revenues Over, (Under) Expenditures	<u>226,717</u>	<u>(155,738)</u>	<u>70,979</u>
Other Financing Sources, (Uses)			
Loan Proceeds	109,937	-	109,937
Transfers In	22,000	188,576	210,576
Transfers Out	(188,576)	(22,000)	(210,576)
	<u>(56,639)</u>	<u>166,576</u>	<u>109,937</u>
Total Other Financing Sources, (Uses)			
Net Change in Fund Balance	170,078	10,838	180,916
Beginning Fund Balance	<u>1,323,804</u>	<u>257,881</u>	<u>1,581,685</u>
Ending Fund Balance	<u>\$ 1,493,882</u>	<u>\$ 268,719</u>	<u>\$ 1,762,601</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, 2018

Net Change in Fund Balance	\$	180,916
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	\$ 209,556	
Depreciation Expense, Net	<u>(296,607)</u>	(87,051)
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.		
Loan Proceeds	(109,933)	
Repayments	<u>225,760</u>	115,827
(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.		
		(1,490,061)
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		(19,247)
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>(17,177)</u>
Change in Net Position	<u>\$</u>	<u>(1,316,793)</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, 2018

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. 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

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. 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, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, 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 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 Support Service function by \$68,909. In the Capital Projects Fund, expenditures exceeded appropriations by \$30,207 in the Facility Acquisition and Construction function.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2018

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 OSTF Board. The Governor appoints the members of the Oregon Investment Council and the OSTF 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, 2018

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
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Notes to the Basic Financial Statements
For the Year ended June 30, 2018

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. If applicable, 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 expensed in the period incurred.

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, nonoperating 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, 2018

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 statement of net position reports one type related to pensions. 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, 2018, the District's cash and investments are comprised of the following:

Demand Deposits	\$ 285,949
Investments	<u>2,042,146</u>
	<u>\$ 2,328,095</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 \$285,949 on June 30, 2018. The bank statement records reflect a balance of \$456,351 at year end. Of this amount, \$250,000 is covered by the FDIC's general deposit insurance rules. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of State Treasurer. As a result the District has no exposure to custodial credit risk for deposits with financial institutions.

Investments

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

CORBETT SCHOOL DISTRICT NO. 39
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Notes to the Basic Financial Statements
For the Year ended June 30, 2018

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, 2018 the fund's composite weighted rating was equivalent to S&P's AA ratings. The State's investment policies are governed by statute and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB) and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

As of June 30, 2018 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, 2018, no allowance for doubtful accounts is considered necessary.

4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2018 are as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets not being depreciated:				
Land (non depreciable)	\$ 378,002	\$	\$ -	\$ 378,002
Capital assets being depreciated:				
Buildings and improvements	10,784,200	74,818	-	10,859,018
Equipment	295,349	-	-	295,349
Vehicles	1,285,633	134,738	(203,189)	1,217,182
Total capital assets being depreciated	12,365,182	209,556	(203,189)	12,371,549
Less accumulated depreciation for:				
Buildings and improvements	(4,735,127)	(229,241)	-	(4,964,368)
Equipment	(192,000)	(12,217)	-	(204,217)
Vehicles	(728,085)	(55,149)	203,189	(580,045)
Total accumulated depreciation	(5,655,212)	(296,607)	203,189	(5,748,630)
Total capital assets being depreciated, net	6,709,970	(87,051)	-	6,622,919
Total capital assets, net	\$ 6,987,972	\$ (87,051)	\$ -	\$ 7,000,921

CORBETT SCHOOL DISTRICT NO. 39
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Notes to the Basic Financial Statements
For the Year ended June 30, 2018

4. CAPITAL ASSETS (CONTINUED)

Depreciation was allocated to the functions as follows:

Instruction	\$ 204,659
Supporting services	80,084
Community services	11,864
Total	<u>\$ 296,607</u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds		
General Fund	\$ 208,504	\$ -
Non Major Funds		
Federal Programs	-	208,504
Totals	<u>\$ 208,504</u>	<u>\$ 208,504</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	\$ 22,000	\$ 188,576
Food Service Fund	153,576	-
Capital Projects Fund	35,000	-
Energy Projects Fund	-	22,000
Totals	<u>\$ 210,576</u>	<u>\$ 210,576</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
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Notes to the Basic Financial Statements
For the Year ended June 30, 2018

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.

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Notes to the Basic Financial Statements
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6. PENSION PLAN (CONTINUED)

Disability Benefits - A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

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

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

b. OPSRP Pension Program (Chapter 238A)

Pension Benefits

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

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

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

Disability Benefits - A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

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

CONTRIBUTIONS

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The District's contractually required contribution rate for the year ended June 30, 2018 was 27.20% of eligible payroll for Tier 1/Tier 2 members and 21.87% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2018 were \$1,690,930.

CORBETT SCHOOL DISTRICT NO. 39
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Notes to the Basic Financial Statements
For the Year ended June 30, 2018

6. PENSION PLAN (CONTINUED)

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

At June 30, 2018, the District reported a liability of \$11,514,980 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers, actuarially determined. At June 30, 2017 the District's proportion was 0.085%.

For the year ended June 30, 2018, the District recognized a pension expense of \$2,482,561. At June 30, 2018, 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	\$ 556,869	\$ -
Changes in Assumptions	2,098,975	-
Net difference between projected and actual earnings on investments	118,631	-
Changes in proportion	585,604	47,097
Differences between employer contributions and proportionate share of contributions	574,432	-
Contributions subsequent to the measurement date	1,337,117	-
Net deferred outflow (inflow) of resources	<u>\$ 5,271,628</u>	<u>\$ 47,097</u>

\$1,337,117 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, 2019. Other amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

Amortization Period Year Ended June 30,	Deferred Outflow (Inflow) of Resources
2019	\$ 911,710
2020	1,832,374
2021	1,284,623
2022	(169,657)
2023	28,366
	<u>\$ 3,887,416</u>

CORBETT SCHOOL DISTRICT NO. 39
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Notes to the Basic Financial Statements
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6. PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Actuarial Valuations. The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the projected unit credit actuarial cost method.

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

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

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

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
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, 2018

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%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	12.5%
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, 2018

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
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
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	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds-Diver	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:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability (asset)	\$ 19,623,628	\$ 11,514,980	\$ 4,734,648

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, 2018

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, 2018

7. EARLY RETIREMENT PLAN (CONTINUED)

As of June 30, 2018, 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, 2018 was \$0. There has not been an actuarial determination as to estimated liabilities related to this plan.

8. LONG-TERM OBLIGATIONS

Certificates of Participation

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

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

Loans

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

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

On September 15, 2017 the District received a loan from De Lage Landen Public Financing in the amount of \$109,937. The proceeds from the loan were used to purchase a 2018 Blue Bird School Bus.

On December 1, 2016 the District received a loan from Jeferey Mershon in the amount of \$100,000. The proceeds from the loan were used to purchase land

Long-term obligation activity for the year ended June 30, 2018 is as follows:

	Original Issue	Outstanding July 1, 2017	Issued	Redeemed and Matured	Outstanding June 30, 2018	Interest Rate(s)
2001 COP	\$ 250,000	\$ 70,000	\$ -	\$ 15,000	\$ 55,000	3.50-5.75%
2012 QSCB	1,000,000	722,221	-	55,554	666,667	3.50%
2012C COP	650,000	515,000	-	30,000	485,000	.4 - 4.0%
2012 SELP Loan	583,136	411,944	-	36,174	375,770	3.50%
Bus Loan 1	106,944	64,270	-	20,898	43,372	2.50%
Bus Loan 2	105,233	63,244	-	20,563	42,681	2.50%
Bus Loan 3	109,937	-	109,937	23,046	86,891	2.87%
Land Loan	100,000	100,000	-	24,525	75,475	1.28%
Total		<u>\$ 1,946,679</u>	<u>\$ 109,937</u>	<u>\$ 225,760</u>	1,830,856	
			Less: Current Portion		(226,160)	
					<u>\$ 1,604,696</u>	

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2018

8. LONG-TERM OBLIGATIONS (CONTINUED)

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

Ended June 30,	Certificates of Participation	SELP Loan	Other Loans	Total Principal	Interest	Total
2019	\$ 100,556	37,460	88,144	226,160	81,946	\$ 308,106
2020	105,556	38,762	94,189	238,507	80,043	318,550
2021	105,556	40,171	21,406	167,133	74,758	241,891
2022	85,556	41,600	22,022	149,178	70,450	219,628
2023	85,556	43,079	22,655	151,290	67,438	218,728
2024-2028	447,779	174,698	-	622,477	294,382	916,859
2029-2033	276,111	-	-	276,111	109,300	385,411
	<u>\$ 1,206,670</u>	<u>\$ 375,770</u>	<u>\$ 248,416</u>	<u>\$ 1,830,856</u>	<u>\$ 778,317</u>	<u>\$ 2,609,173</u>

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Annual OPEB Cost and Net OPEB Obligation

Plan Description – The substantive plan is comprised of both explicit and implicit benefits to employees attaining early retirement eligibility. Employees are generally “early retirement eligible” after attaining age 55 and completing 10 years of District Service or upon retiring from the District after completing 30 years of PERS covered employment. Licensed and Administrative employees are provided with an “allowance” that may be drawn down as a stipend or may be applied to pay for continued coverage under one or more of the District’s benefit plans (i.e. the medical plan, the dental plan, the vision plan, and life insurance plan). These benefit fall within the scope of GASB 75 and are collectively referred to as “Stipend” benefits.

Confidential employees are provided an allowance to pay for continued coverage under one or more of the District’s benefit plans. Because this benefit is contingent on the retiree’s continued coverage under the District’s health plan the benefits is the Scope of GASB 75 and are referred as to as “Explicit Medical” benefits.

Per Oregon Revised Statutes (ORS) 243.303, the District provides health insurance coverage on a self-pay basis for retirees and eligible dependents until they are Medicare eligible. Healthcare premiums rates must be based on all plan members, both active employees and retirees. There is an implicit subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than actual expected retiree claim costs. This is due to medical premium rates being determined by blending both active employee and retiree experience. This additional cost is called the “implicit subsidy” and is required to be valued under GASB 75.

Other Post Employment Benefit Health Insurance Subsidy

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

Total OPEB Liability – The District’s total OPEB liability of \$161,581 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2018

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

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

Valuation date	July 1, 2017
Measurement date	June 30, 2018, rolled forward
Actuarial cost method	Entry Age Normal, level percent of salary.
Actuarial assumptions:	
Discount rate	3.75% per year, based on all years discounted at municipal bond rate.
Inflation rate	2.50% per year
Salary increases	3.50% per year
Healthcare cost trend rates	Increase from 7.0% in 2017-2018 depending on plan selected by employees to an ultimate rate range of 6.7% to 5.0% beginning in 2020
Mortality rates	As developed for the valuation of benefits under Oregon PERS and vary by years of service.
Turnover rates	As developed for the valuation of benefits under Oregon PERS and vary by years of service.
Disability rates	As developed for the valuation of benefits under Oregon PERS and vary by employee age.
Retirement rates	As developed for the valuation of benefits under Oregon PERS and vary by employee age.

Changes in the Total OPEB Liability:

Balance at June 30, 2017	\$ 142,334
Service cost	13,653
Interest	<u>5,594</u>
Balance at June 30, 2018	<u><u>\$ 161,581</u></u>

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2018

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

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

	<u>1% Decrease 2.75%</u>	<u>Current Discount Rate 3.75%</u>	<u>1% Increase 4.75%</u>
Total OPEB Liability	\$ 177,833	\$ 161,581	\$ 146,683

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

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 138,588	\$ 161,581	\$ 189,487

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, 2018 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.

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to the Basic Financial Statements
For the Year ended June 30, 2018

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, 2018, the District implemented the following new accounting standards:

GASB statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses for postemployment benefits other than pensions. The implementation of GASB Statement 75 resulted in the restatement of the beginning net position of the governmental activities in the government-wide financial statements. See prior period restatement note number 14

14. PRIOR PERIOD RESTATEMENTS

During the year, the District adopted GASB 75 as described in the previous notes. This restatement had the following effect on the net position of the District:

Decrease in Other Post-Employment Benefits liability – \$154,673

Increase in Unassigned net position- \$154,673

The District also restated capital assets and long-term debt for the purchase of land. The following is the net effect.

Increase in Capital Assets - \$100,000

Increase in Long Term Debt - \$100,000

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REQUIRED SUPPLEMENTARY DATA

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Changes in Total Other Postemployment benefits and Related Ratios

Year Ended June 30, 2018

	June 30 2018
OPEB Liability - Medical Benefit	
Total OPEB Liability - Beginning	\$ 142,334
Service Cost	13,653
Interest	5,594
Net Change in Total OPEB Liability	19,247
Total Liability - End of Year	\$ 161,581
Covered Payroll	6,516,375
Total OPEB Liability as Percentage of Covered Payroll	2.48%

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Required Supplementary Information
Oregon Public Employees Retirement System
Year Ended June 30, 2018

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

Fiscal Year Ended	(a) District's Proportion of the net pension Liability (NPL)	(b) District's Proportionate Share of the Net Pension Liability (NPL)	(c) District's Covered Payroll	(b/c) NPL as a Percentage of covered Payroll	Plan Fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.0664%	\$ 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%
June 30, 2018	0.0854%	11,514,980	6,565,768	175.38%	83.10%

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	1,222,683	1,222,683	-	6,565,768	18.62%
June 30, 2018	1,690,930	1,690,930	-	6,516,375	25.95%

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, 2018

<u>GENERAL FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 2,035,486	\$ 2,035,486	\$ 2,183,777	\$ 148,291
Intermediate Sources	201,000	201,000	265,454	64,454
State Sources	9,654,705	9,654,705	9,747,100	92,395
Federal Sources	-	-	24,618	24,618
Total Revenues	11,891,191	11,891,191	12,220,949	(329,758)
EXPENDITURES:				
Instruction	7,457,533	7,772,533 (1)	7,761,246	11,287
Support Services	3,585,131	3,785,131 (1)	3,854,040	(68,909)
Facility and Acquisition and Construction	110,000	110,000 (1)	67,099	42,901
Debt Service				
Principal	488,972	213,972 (1)	225,760	(11,788)
Interest	101,528	101,528 (1)	86,087	15,441
Operating Contingency	500,000	260,000 (1)	-	260,000
Total Expenditures	12,243,164	12,243,164	11,994,232	248,932
Excess of Revenues Over, (Under) Expenditures	(351,973)	(351,973)	226,717	578,690
OTHER FINANCIAL SOURCES, (USES)				
Loan Proceeds	-	-	109,937	(109,937)
Transfers In	25,000	25,000	22,000	3,000
Transfers Out	(200,000)	(200,000) (1)	(188,576)	(11,424)
Total Other Financing Sources, (Uses)	(175,000)	(175,000)	(56,639)	(118,361)
Net Change in Fund Balance	(526,973)	(526,973)	170,078	697,051
Beginning Fund Balance	1,025,288	1,025,288	1,310,609	285,321
Ending Fund Balance	\$ 498,315	\$ 498,315	1,480,687	\$ 982,372
(1) Appropriation Level				
Reconciliation to Governmental Fund Balance as required by GASB #54				
Ending Fund Balance				
Early Retirement Fund			13,195	
			\$ 1,493,882	

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Notes to Required Supplementary Information
For the Year Ended June 30, 2018

1. OTHER POST EMPLOYMENT BENEFITS

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

2. EMPLOYEE RETIREMENT PENSION BENEFITS

CHANGES IN PLAN PROVISIONS

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

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

CHANGES IN ASSUMPTIONS

A summary of key changes implemented since the December 31, 2015 valuation are described in the Oregon Public Retirement System's GASB 68 disclosure information which can be found at:

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

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

https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf

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, 2018

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, 2018

	GENERAL FUND	EARLY RETIREMENT FUND	TOTALS
ASSETS:			
Cash and Investments	\$ 2,074,817	\$ 13,195	\$ 2,088,012
Receivables:			
Taxes	127,441	-	127,441
Accounts	122,236	-	122,236
Prpaid Expenses	5,000	-	5,000
Due from Other Funds	208,504	-	208,504
	<u>2,537,998</u>	<u>-</u>	<u>2,551,193</u>
Total Assets	<u>\$ 2,537,998</u>	<u>\$ 13,195</u>	<u>\$ 2,551,193</u>
LIABILITIES			
Accounts Payable	\$ 180,100	\$ -	\$ 180,100
Payroll Liabilities	758,869	-	758,869
	<u>938,969</u>	<u>-</u>	<u>938,969</u>
Total Liabilities	<u>938,969</u>	<u>-</u>	<u>938,969</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	118,342	-	118,342
	<u>118,342</u>	<u>-</u>	<u>118,342</u>
Total Deferred Inflows of Resources	<u>118,342</u>	<u>-</u>	<u>118,342</u>
FUND BALANCES			
Committed	-	13,195	13,195
Unassigned	1,480,687	-	1,480,687
	<u>1,480,687</u>	<u>13,195</u>	<u>1,493,882</u>
Total Fund Balance	<u>1,480,687</u>	<u>13,195</u>	<u>1,493,882</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,537,998</u>	<u>\$ 13,195</u>	<u>\$ 2,551,193</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, 2018

	GENERAL FUND	EARLY RETIREMENT FUND	TOTALS
REVENUES:			
Local Sources	\$ 2,183,777	\$ -	\$ 2,183,777
Intermediate Sources	265,454	-	265,454
State Sources	9,747,100	-	9,747,100
Federal Sources	24,618	-	24,618
	<u>12,220,949</u>	<u>-</u>	<u>12,220,949</u>
Total Revenues			
	<u>12,220,949</u>	<u>-</u>	<u>12,220,949</u>
EXPENDITURES:			
Instruction	7,761,246	-	7,761,246
Support Services	3,854,040	-	3,854,040
Facility and Acquisition and Construction	67,099	-	67,099
Debt Service			
Principal	225,760	-	225,760
Interest	86,087	-	86,087
	<u>11,994,232</u>	<u>-</u>	<u>11,994,232</u>
Total Expenditures			
	<u>11,994,232</u>	<u>-</u>	<u>11,994,232</u>
Excess of Revenues Over, (Under)			
Expenditures	226,717	-	226,717
	<u>226,717</u>	<u>-</u>	<u>226,717</u>
OTHER FINANCING SOURCES, (USES)			
Loan Proceeds	109,937	-	109,937
Transfers In	22,000	-	22,000
Transfers Out	(188,576)	-	(188,576)
	<u>(56,639)</u>	<u>-</u>	<u>(56,639)</u>
Total Other Financing Sources (Uses)			
	<u>(56,639)</u>	<u>-</u>	<u>(56,639)</u>
Net Change in Fund Balance	170,078	-	170,078
Beginning Fund Balance	1,310,609	13,195	1,323,804
	<u>1,310,609</u>	<u>13,195</u>	<u>1,323,804</u>
Ending Fund Balance	<u>\$ 1,480,687</u>	<u>\$ 13,195</u>	<u>\$ 1,493,882</u>

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Year Ended June 30, 2018

	<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	13,196	13,195	(1)
Ending Fund Balance	<u>\$ 13,196</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.

NONMAJOR GOVERNMENTAL FUNDS

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Combining Balance Sheet - All Non-Major Governmental Funds
June 30, 2018

	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	\$ 34,863	\$ 106,457	\$ -	\$ 28,725	\$ 51,033	\$ 19,005	\$ 240,083
Receivables:							
Accounts Receivable	15,998	-	224,904	1,624	-	-	242,526
Inventory	8,928	-	-	-	-	-	8,928
Total Assets	<u>\$ 59,789</u>	<u>\$ 106,457</u>	<u>\$ 224,904</u>	<u>\$ 30,349</u>	<u>\$ 51,033</u>	<u>\$ 19,005</u>	<u>\$ 491,537</u>
LIABILITIES:							
Accounts Payable	\$ 5,639	\$ -	\$ 8,675	\$ -	\$ -	\$ -	\$ 14,314
Due to Other Funds	-	-	208,504	-	-	-	208,504
Total Liabilities	<u>5,639</u>	<u>-</u>	<u>217,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,818</u>
FUND BALANCES							
Fund Balances:							
Nonspendable	8,928	-	-	-	-	-	8,928
Restricted	45,222	106,457	7,725	30,349	51,033	19,005	259,791
Total Fund Balances	<u>54,150</u>	<u>106,457</u>	<u>7,725</u>	<u>30,349</u>	<u>51,033</u>	<u>19,005</u>	<u>268,719</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 59,789</u>	<u>\$ 106,457</u>	<u>\$ 224,904</u>	<u>\$ 30,349</u>	<u>\$ 51,033</u>	<u>\$ 19,005</u>	<u>\$ 491,537</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, 2018

	SPECIAL REVENUE FUNDS						
	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	FEDERAL PROGRAMS	ENERGY PROJECTS FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES:							
Local Sources:	\$ 116,121	\$ 272,281	\$ -	\$ 23,628	\$ 18	\$ 35,312	\$ 447,360
State Sources:	13,840	-	-	-	-	-	13,840
Federal Sources:	121,057	-	369,842	-	-	-	490,899
Total Revenues	251,018	272,281	369,842	23,628	18	35,312	952,099
EXPENDITURES:							
Current:							
Instruction	-	247,339	369,842	-	-	-	617,181
Enterprise and Community Services	362,667	-	-	-	-	-	362,667
Facilities Acquisition and Construction	-	-	-	-	-	127,989	127,989
Total Expenditures	362,667	247,339	369,842	-	-	127,989	1,107,837
Excess of Revenues Over, (Under) Expenditures	(111,649)	24,942	-	23,628	18	(92,677)	(155,738)
Other Financing Sources, (Uses):							
Transfers In	153,576	-	-	-	-	35,000	188,576
Transfers (Out)	-	-	-	(22,000)	-	-	(22,000)
Total Other Financing Sources (Uses)	153,576	-	-	(22,000)	-	35,000	166,576
Net Change in Fund Balance	41,927	24,942	-	1,628	18	(57,677)	10,838
Beginning Fund Balance	12,223	81,515	7,725	28,721	51,015	76,682	257,881
Ending Fund Balance	<u>\$ 54,150</u>	<u>\$ 106,457</u>	<u>\$ 7,725</u>	<u>\$ 30,349</u>	<u>\$ 51,033</u>	<u>\$ 19,005</u>	<u>\$ 268,719</u>

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget
Year Ended June 30, 2018

	<u>FOOD SERVICE FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ 75,000	\$ 75,000	\$ 116,121	\$ 41,121
State Sources	4,750	4,750	13,840	9,090
Federal Sources	80,000	80,000	121,057	41,057
Total Revenues	<u>159,750</u>	<u>159,750</u>	<u>251,018</u>	<u>91,268</u>
EXPENDITURES:				
Enterprise and Community Services:	<u>366,419</u>	<u>366,419 (1)</u>	<u>362,667</u>	<u>3,752</u>
Excess of Revenues Over, (Under)				
Expenditures	<u>(206,669)</u>	<u>(206,669)</u>	<u>(111,649)</u>	<u>95,020</u>
Other Financing Sources, (Uses):				
Transfers In	<u>165,000</u>	<u>165,000</u>	<u>153,576</u>	<u>(11,424)</u>
Net Change in Fund Balance	(41,669)	(41,669)	41,927	83,596
Beginning Fund Balance	<u>48,518</u>	<u>48,518</u>	<u>12,223</u>	<u>(36,295)</u>
Ending Fund Balance	<u>\$ 6,849</u>	<u>\$ 6,849</u>	<u>\$ 54,150</u>	<u>\$ 47,301</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, 2018

STUDENT ACTIVITY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 400,000	\$ 400,000	\$ 272,281	\$ (127,719)
EXPENDITURES:				
Instruction	400,000	400,000 (1)	247,339	152,661
Net Change in Fund Balance	-	-	24,942	24,942
Beginning Fund Balance	85,704	85,704	81,515	(4,189)
Ending Fund Balance	<u>\$ 85,704</u>	<u>\$ 85,704</u>	<u>\$ 106,457</u>	<u>\$ 20,753</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, 2018

	<u>FEDERAL PROGRAMS FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
From Federal Sources	\$ 227,500	\$ 373,997	\$ 369,842	\$ (4,155)
Total Revenues	<u>227,500</u>	<u>373,997</u>	<u>369,842</u>	<u>(4,155)</u>
EXPENDITURES:				
Instruction	<u>227,500</u>	<u>373,997 (1)</u>	<u>369,842</u>	<u>4,155</u>
Total Expenditures	<u>227,500</u>	<u>373,997</u>	<u>369,842</u>	<u>4,155</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>7,726</u>	<u>7,726</u>	<u>7,725</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ 7,726</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, 2018

	<u>ENERGY PROJECTS FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 23,000	\$ 23,000	\$ 23,628	\$ 628
EXPENDITURES:				
Facilities Acquisition & Construction	10,000	10,000 (1)	-	10,000
Excess of Revenues Over, (Under) Expenditures	13,000	13,000	23,628	10,628
Other Financing Sources, (Uses):				
Transfers (Out)	(25,000)	(25,000) (1)	(22,000)	3,000
Net Change in Fund Balance	(12,000)	(12,000)	1,628	13,628
Beginning Fund Balance	26,819	26,819	28,721	1,902
Ending Fund Balance	<u>\$ 14,819</u>	<u>\$ 14,819</u>	<u>\$ 30,349</u>	<u>\$ 15,530</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, 2018

	<u>DEBT SERVICE FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Local Sources	\$ -	\$ -	\$ 18	\$ 18
EXPENDITURES:				
Debt Service	-	- (1)	-	-
Total Debt Service Expenditures	-	-	-	-
Excess of Revenues Over, (Under)				
Expenditures	-	-	18	18
Net Change in Fund Balance	-	-	18	18
Beginning Fund Balance	-	-	51,015	51,015
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,033</u>	<u>\$ 51,033</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, 2018

	<u>CAPITAL PROJECTS FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ -	\$ 37,782	\$ 35,312	\$ (2,470)
EXPENDITURES:				
Facilities Acquisition & Construction	60,000	97,782 (1)	127,989	(30,207)
Total Expenditures	60,000	97,782	127,989	(30,207)
Excess of Revenues Over, (Under)				
Expenditures	(60,000)	(60,000)	(92,677)	(32,677)
Other Financing Sources, (Uses):				
Transfers In	35,000	35,000	35,000	-
Total Other Financing Sources, (Uses)	35,000	35,000	35,000	-
Net Change in Fund Balance	(25,000)	(25,000)	(57,677)	(32,677)
Beginning Fund Balance	26,683	26,683	76,682	49,999
Ending Fund Balance	<u>\$ 1,683</u>	<u>\$ 1,683</u>	<u>\$ 19,005</u>	<u>\$ 17,322</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, 2018

Revenue from Local Sources	General	Special Rev	Debt Service	Capital Projects	Internal Service	Trust/Agency
1110 Ad Valorem Taxes Levied by District	1,809,863					
1120 Local Option Ad Valorem Taxes Levied by						
1190 Penalties and Interest on Taxes	7,340					
1200 Rev from Local Gov't Units Other Than Districts						
1310 Regular Day School Tuition						
1311 Tuition from Individuals	138,919					
1312 Tuition from Other Districts						
1320 Adult/Continuing Education Tuition						
1330 Summer School Tuition						
1400 Transportation Fees						
1500 Earnings on Investments	47,361		18			
1600 Food Service		115,674				
1700 Extracurricular Activities	900	272,281				
1800 Community Services Activities						
1910 Rentals	4,480	25				
1920 Contributions and Donations From Private	72,029			35,312		
1930 Rental or Lease Payments From Private						
1940 Services Provided Other Local Education						
1950 Textbook Sales and Rentals						
1960 Recovery of Prior Years' Expenditure	749					
1970 Services Provided Other Funds						
1980 Fees Charged to Grants						
1990 Miscellaneous	99,622	24,050				
Total Revenue from Local Sources	\$2,181,263	\$412,030	\$18	\$35,312	\$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						
2105 Natural Gas, Oil, and Mineral Receipts						
2199 Other Intermediate Sources	190,000					
2200 Restricted Revenue	75,454					
2800 Revenue in Lieu of Taxes						
2900 Revenue for/on Behalf of the District						
Total Revenue from Intermediate Sources	\$265,454	\$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	9,277,879					
3102 State School Fund - School Lunch Match		10,757				
3103 Common School Fund	131,892					
3105 State School Fund						
3199 Other Unrestricted Grants-in-Aid	53,021					
3204 Driver Education						
3222 SSF Transportation Equipment						
3299 Other Restricted Grants-in-Aid	284,308	3,083				
3800 Revenue in Lieu of Taxes						
3900 Revenue for/on Behalf of the District						
Total Revenue from State Sources	\$9,747,100	\$13,840	\$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	24,618	490,898				
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	\$24,618	\$490,898	\$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	109,937					
5200 Interfund Transfers	22,000	153,576		35,000		
5300 Sale (Loss) from Fixed Asset Disposal	2,500					
5400 Resources - Beginning Fund Balance	1,310,690	143,301	51,016	76,683		
Total Revenue from Other Sources	\$1,445,127	\$296,877	\$51,016	\$111,683	\$0	\$0
Grand Totals	\$13,663,562	\$1,213,645	\$51,034	\$146,995	\$0	\$0

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object
Year Ended June 30, 2018

GENERAL FUND								
Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	2,467,813	1,487,737	869,447	15,833	85,444		9,352	
1112 Intermediate Programs	0							
1113 Elementary Extracurricular	405				405			
1121 Middle/Junior High Programs	1,390,547	891,709	456,479	7,001	27,090	5,863	2,405	
1122 Middle/Junior High School Extracurricular	65,520	42,488	16,061	3,852	220		2,899	
1131 High School Programs	1,867,842	1,128,568	649,435	13,281	75,740		818	
1132 High School Extracurricular	308,318	184,274	39,322	42,697	10,027	1,034	30,964	
1140 Pre-Kindergarten Programs	87,829	44,400	40,796	958	1,675			
1210 Programs for the Talented and Gifted	0							
1220 Restrictive Programs for Students with Disabilities	72,767	19,678	19,134	33,955				
1250 Less Restrictive Programs for Students with Disabilities	1,121,415	574,413	411,822	103,190	23,515		8,475	
1260 Early Intervention	0							
1271 Remediation	0							
1272 Title I	0							
1280 Alternative Education	225,969	115,031	41,252	60,701	8,985			
1291 English Second Language Programs	152,821	80,355	29,718	30,761	11,838		149	
1299 Other Programs	0							
1300 Adult/Continuing Education Programs	0							
1400 Summer School Programs	0							
Total Instruction Expenditures	\$7,761,246	\$4,568,653	\$2,573,466	\$312,229	\$244,939	\$6,897	\$55,062	\$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	\$55,722	3,157	3,346	46,358			2,861	
2120 Guidance Services	\$42,494	16,916	13,484	5,347	1,782		4,965	
2130 Health Services	\$39,249	22,788	11,234	28	4,029		1,170	
2210 Improvement of Instruction Services	\$82,056	56,303	25,451	110	192			
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$81,475	6,696	1,905		88,213		-15,339	
2240 Instructional Staff Development	\$51,005			50,385	620			
2310 Board of Education Services	\$185,792		28,538	2,270			154,984	
2320 Executive Administration Services	\$467,448	275,836	149,211	20,680	17,508		4,213	
2410 Office of the Principal Services	\$691,471	407,514	253,085	5,497	23,419		1,956	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$397,141	263,546	58,318	29,352	4,567		41,358	
2540 Operation and Maintenance of Plant Services	\$871,641	304,707	201,655	273,202	82,233	7,485	2,359	
2550 Student Transportation Services	\$727,567	266,947	259,455	13,016	77,495	109,937	717	
Direction of Central Support Services	\$0							
2570 Internal Services	\$31,996			27,353	560		4,083	
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$128,983	42,461	19,771	18,005	-9,240	47,224	10,762	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$3,854,040	\$1,666,871	\$1,025,453	\$491,603	\$291,378	\$164,646	\$214,089	\$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	\$67,099			\$67,099		\$0		
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction	\$67,099	\$0	\$0	\$67,099	\$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	\$311,847						\$311,847	
5200 Transfers of Funds	\$188,576							\$188,576
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$500,423	\$0	\$0	\$0	\$0	\$0	\$311,847	\$188,576
Grand Total	\$12,182,808	\$6,235,524	\$3,598,919	\$870,931	\$536,317	\$171,543	\$580,998	\$188,576

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object
Year Ended June 30, 2018

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	\$59,619				\$59,619			
1131 High School Programs	\$0							
1132 High School Extracurricular	\$187,720				\$187,720			
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	\$231,947	\$156,533	\$75,414					
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$137,895	\$68,956	\$32,734	\$13,622	\$22,583			
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	\$617,181	\$225,489	\$108,148	\$13,622	\$269,922	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
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	\$362,665	\$81,868	\$52,961	\$5,560	\$219,959		\$2,317	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services	\$362,665	\$81,868	\$52,961	\$5,560	\$219,959	\$0	\$2,317	\$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							
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	\$22,000							\$22,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$22,000	\$0	\$0	\$0	\$0	\$0	\$0	\$22,000
Grand Total	\$1,001,846	\$307,357	\$161,109	\$19,182	\$489,881	\$0	\$2,317	\$22,000

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Schedule of Expenditures by Function/Object
Year Ended June 30, 2018

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, 2018

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,	127,989			51,219	0	74,817	1,953	
4190 Other Facilities Construction	0							
Total Facilities Acquisition and	\$127,989	\$0	\$0	\$51,219	\$0	\$74,817	\$1,953	\$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	\$127,989	\$0	\$0	\$51,219	\$0	\$74,817	\$1,953	\$0

CORBETT SCHOOL DISTRICT NO. 39
MULTNOMAH COUNTY, OREGON

Supplemental Information
Required by the Oregon Department of Education
Year Ended June 30, 2018

A. Energy bills for heating - All Funds:

	<u>Objects 325, 326 and 327</u>
Function 2540	\$ 135,310
Function 2550	-

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, 2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL C.F.D.A. NUMBER	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION		
Passed through Oregon Department of Education:		
Title 1	84.010	\$ 102,189
IDEA Enhancement	84.027	1,591
IDEA Part B, Section 611	84.027	228,551
IDEA Part B, Section 619	84.173	1,805
Title VI	84.358	22,083
Title IIA	84.367	13,622
Passed through Oregon Department of Health Services		
Rehabilitation Services Grants to States	84.126	24,618
TOTAL U. S. DEPARTMENT OF EDUCATION		394,459
U.S. DEPARTMENT OF AGRICULTURE		
Passed through Oregon Department of Education:		
National School Breakfast Program	10.553	35,919
Commodities	10.555	14,218
National School Lunch Program	10.555	70,632
National School Lunch Program - Administration	10.560	289
TOTAL U. S. DEPARTMENT OF AGRICULTURE		121,058
TOTAL FEDERAL EXPENDITURES		\$ 515,517

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, 2018, and have issued our report thereon dated December 26, 2018. 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. Support Services \$68,909
 - b. Capital Projects Fund
 - i. Facility Acquisition and Construction \$30,207
2. State School Fund Factors and Calculations:
 - a. Multiple instances were noted of attendance being reported incorrectly by the district.
3. Public Contracts and Purchasing: the district did not obtain the require quotes on the purchase of a Tractor



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 26, 2018