

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

Financial Statements,
Supplementary Information,
and Other Schedules

Year Ended June 30, 2020

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

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Multnomah County, Oregon

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CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

OFFICIALS OF THE DISTRICT

JUNE 30, 2020

BOARD OF DIRECTORS

TODD MICKALSON - CHAIR	June 30, 2021
CLESS WOODWARD - VICE-CHAIR (resigned July 2020)	June 30, 2023
MICHELLE VO	June 30, 2021
DAVID GORMAN	June 30, 2021
BOB BUTTKE	June 30, 2021
REBECCA BRATTON (appointed August 2020)	June 30, 2021
TODD REDFERN	June 30, 2023
KATEY KINNEAR	June 30, 2023

All board members receive mail at the address below.

ADMINISTRATION

Randy Trani, Superintendent (resigned July 2020)
Dan Wold, Interim Superintendent (as of August 2020)

35800 E Historic Columbia River Hwy
Corbett, OR 97019

INDEPENDENT AUDITOR'S REPORT



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Corbett School District No. 39
Corbett, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Corbett School District No. 39, Multnomah County, Oregon, (the District) as of and for the year ended June 30, 2020, 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 that 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, the major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Corbett School District No. 39

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison information for the General Fund, Schedule of the Proportionate Share of Net Pension Liability (Asset) – Oregon Public Employees Retirement System, Schedule of Pension Contributions – Oregon Public Employees Retirement System, Schedule of the Proportionate Share of Net OPEB Liability (Asset) – Oregon Public Employees Retirement System, Schedule of OPEB Contributions – Oregon Public Employees Retirement System, Schedule of Changes in Total OPEB Liability and Related Ratios – Implicit Rate Subsidy, and Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. As listed in the Table of Contents, the Other Supplementary Information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information 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 Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Schedules

The Other Schedules, as listed in the Table of Contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Corbett School District No. 39

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 12, 2021, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

TALBOT, KORVOLA & WARWICK, LLP

By 
Timothy R. Gillette, Partner
Portland Oregon
February 12, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

As management of Corbett School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. The analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the District. Please read it in conjunction with the District's financial statements, which follows this discussion and analysis.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2020 by \$1.25 million. Of the total amount, \$6.02 million is invested in capital assets net of related debt, \$694 thousand is restricted for student activities, federal programs, energy projects, debt service, and other post-employment benefits, and the remainder is an unrestricted net deficit of \$7.96 million.
- The District's ending net position decreased by \$1.10 million.
- The District's governmental funds show a combined ending fund balance of \$4.85 million, an increase of \$2.61 million, which excludes an increase of \$403 thousand related to the restatement of beginning fund balance for the General Fund. Approximately 61.7% of the total amount, \$3.00 million, is restricted for student activities, federal programs, energy projects, capital projects and debt service, and 38.0%, \$1.84 million, is available for the District's operating needs. The remaining amount is non-spendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 in a way that helps answer this question and presents a longer-term view of the District's finances. 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.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

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.

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements tell how the District financed services in the short-term as well as what remains for future spending. They also may give the reader some insights into the District's overall financial health. Fund financial statements 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.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the District are categorized as governmental funds.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$ 1.25 million at the close of the most recent fiscal year.

Net Position				
At June 30, 2020 and 2019				
	Governmental Activities		Increase (Decrease)	Percent Change
	June 30, 2020	June 30, 2019 (as restated)		
Assets				
Current and other assets	\$ 6,122,208	\$ 3,865,467	\$ 2,256,741	58.4%
Capital assets	<u>8,651,275</u>	<u>7,431,225</u>	<u>1,220,050</u>	16.4%
Total assets	<u>14,773,483</u>	<u>11,296,692</u>	<u>3,476,791</u>	30.8%
Deferred outflows of resources	<u>5,002,845</u>	<u>5,656,225</u>	<u>(653,380)</u>	-11.6%
Liabilities				
Current liabilities	1,594,256	1,713,858	(119,602)	-7.0%
Long-term liabilities	<u>18,471,145</u>	<u>14,446,908</u>	<u>4,024,237</u>	27.9%
Total liabilities	<u>20,065,401</u>	<u>16,160,766</u>	<u>3,904,635</u>	24.2%
Deferred inflows of resources	<u>958,577</u>	<u>941,804</u>	<u>16,773</u>	1.8%
Net position				
Net investment in capital assets	6,017,964	5,267,486	750,478	14.2%
Restricted	693,566	623,641	69,925	11.2%
Unrestricted	<u>(7,959,180)</u>	<u>(6,040,780)</u>	<u>(1,918,400)</u>	-31.8%
Total net position	<u>\$ (1,247,650)</u>	<u>\$ (149,653)</u>	<u>\$ (1,097,997)</u>	-733.7%

A significant portion of the District's net position reflects its net investment in capital assets (e.g., buildings, vehicles, and equipment.) The District used the capital assets to provide services to students and other District residents, consequently, these assets are not available for future spending. The next category of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$7.96 million is unrestricted.

The District issued a direct placement bond of \$3 million in January 2020 for a land purchase and planned improvements for the new property and existing school facilities. This increased the District's cash balance and long-term liability significantly.

The changes in deferred outflows of resources and the increase in deferred inflows of resources is attributable to changes in the District's proportionate share of the Oregon Public Employees Retirement System (PERS) and Other Post-Employment Benefit (OPEB) liabilities.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental activities decreased the District's net position by \$1.10 million in the current the fiscal year.

Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	Governmental Activities		Increase (Decrease)	Percent Change
	June 30, 2020	June 30, 2019 (as restated)		
Revenues				
Program revenues				
Charges for services	\$ 383,838	\$ 568,019	\$ (184,181)	-32.4%
Operating grants and contributions	1,028,282	1,113,263	(84,981)	-7.6%
Capital grants and contributions	655,034	516,700	138,334	26.8%
General revenues				
Property taxes	1,831,155	1,796,811	34,344	1.9%
State School Fund	10,132,700	9,291,869	840,831	9.0%
Common School Fund	127,146	138,457	(11,311)	-8.2%
Unrestricted intermediate and local sources	341,389	254,904	86,485	33.9%
Earnings on investments	74,521	68,747	5,774	8.4%
Total revenues	<u>14,574,065</u>	<u>13,748,770</u>	<u>825,295</u>	6.0%
Expenses				
Instruction	10,410,249	9,566,710	843,539	8.8%
Support Services	4,662,034	4,371,342	290,692	6.6%
Enterprise and community services	319,146	400,942	(81,796)	-20.4%
Facilities acquisition and construction	160,421	87,725	72,696	82.9%
Interest on long-term debt	120,212	84,502	35,710	42.3%
Total expenses	<u>15,672,062</u>	<u>14,511,221</u>	<u>1,160,841</u>	8.0%
Change in net position	<u>(1,097,997)</u>	<u>(762,451)</u>	<u>(335,546)</u>	-44.0%
Net position - Beginning	(149,653)	598,978	(748,631)	
Restatement	-	13,820	(13,820)	
Net position - Beginning, as restated	<u>(149,653)</u>	<u>612,798</u>	<u>(762,451)</u>	
Net position - Ending	<u>\$ (1,247,650)</u>	<u>\$ (149,653)</u>	<u>\$ (1,097,997)</u>	

The increase in revenues from the State School Fund is due to increased average daily membership. The increase in expenses for instruction and support services reflects increased instructional staffing to support the additional students and normal payroll increases.

Community services expenses decreased significantly from the prior year because food service operations were curtailed from March through June by the Governor's Executive Order to close schools to in-person learning due to COVID-19.

Facilities acquisition and construction expenses increased as the high school gym remodel, which began in June 2019, was completed during the summer.

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2020, total fund balance of the governmental funds was \$4.85 million, of which \$1.84 million was unassigned. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2020

FUND FINANCIAL ANALYSIS (Continued)

The General Fund is the major operating fund of the District. The fund's ending fund balance increased by \$3.02 million, which includes a restatement of prior year fund balance of \$403 thousand, to \$4.69 million during fiscal year 2019-20. The increase is due to the \$3 million 2020 Full Faith and Credit borrowing in relation to capital construction at the Woodard site.

Instructional expenditures increased \$843 thousand in total, driven by increases in wages and benefits, which include bargained step increases and cost of living.

Support services costs increased \$290 thousand, due primarily to increases in payroll and associated costs and investment in computer software and equipment to support the distance learning that occurred in the spring.

BUDGETARY HIGHLIGHTS FOR THE GENERAL FUND

The Adopted Budget was amended twice during the fiscal year, adding \$3.63 million in authorized general fund expenditure capacity to the adopted amount of \$13.3 million, primarily to accommodate the \$3 million Full Faith and Credit borrowing undertaken in January.

Excluding expenditures related to the \$3 million 2020 Full Faith and Credit borrowing, in fiscal year 2019-20 the District underspent the final General Fund budget by \$320 thousand not including contingency, approximately 2.4%. Salaries and associated payroll costs for Instruction and Support Services accounted for \$54 thousand of the underspent budget, while non-personnel expenditures made up the other \$266 thousand.

On March 8, 2020, the Governor declared a state of emergency due to the public health threat posed by COVID-19, and it was declared a global pandemic on March 11, 2020. The Governor issued an executive order on March 12, 2020 that directed public schools to remain closed state-wide. The order was extended on March 17, 2020.

As part of the Governor's order, schools were required to continue paying staff. Due to future economic uncertainty created by the pandemic, the District took steps to reduce expenditures in 2019-20 through staff furlough days in May and June, and implementation of a hiring freeze. This resulted in the aforementioned staff cost savings.

CAPITAL ASSETS

At June 30, 2020, the District had \$8.65 million invested in broad range of capital assets including land, building, equipment and vehicles. The changes in capital assets for the current fiscal year are due to the depreciation of capital assets, the purchase of a bus, and seismic work on the high school gym which began in June 2019 and was completed in September 2019. Further information about capital assets may be found in Note 4.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

YEAR ENDED JUNE 30, 2020

DEBT ADMINISTRATION

As of June 30, 2020, the District had \$5.05 million in long-term debt. The district's debt consists of Certificates of Participation (2001 and 2012), a QSCB Loan (2012), a SELP Loan from the Oregon Department of Energy (2012), six bus loans, and two land loans. In addition, the District issued a full faith and credit bond during the current fiscal year in the amount of \$3.00 million. Further information about long-term debt may be found in Note 5.

See Note 12 Restatement regarding reclassification of QSCB debt to more accurately reflect sinking fund payments.

ECONOMIC FACTORS

Economic indicators and labor market metrics declined in 2020, primarily due to the impacts of COVID-19 on businesses that were restricted or closed. Wildfires around the state caused extensive damage in 2020. As stated in the budget document, despite the uncertainty the future holds for our district, students and the programs that serve them are what matter.

2020-21 BUDGET

The budget for 2020-2021 has total appropriations of \$17.8 million. The 2020-2021 budget was adopted as the impact of COVID-19 had just hit Oregon schools. The required transition to a fully remote Comprehensive Distance Learning model was anticipated to impact the new Student Investment Account funding, and the number and attendance of registered students in the district. The Adopted budget anticipated a beginning fund balance of \$3.7 million.

The District sought and obtained voter approval of a \$4 million general obligation bond in November 2020, along with a matching state grant. Bond and grant proceeds will pay for the construction of school facilities, and other authorized uses.

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 the District at:

Business Office, Corbett School District
35800 E. Historic Columbia River Highway
Corbett, Oregon 97019
busmgr@corbett.k12.or.us

BASIC FINANCIAL STATEMENTS

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 5,122,681
Cash held by county	11,129
Receivables	403,056
Prepays	6,155
Inventory	7,221
Assets held in trust	465,000
Net other postemployment benefits asset	106,966
Capital assets:	
Not being depreciated	598,664
Being depreciated, net of accumulated depreciation	8,052,611
TOTAL ASSETS	<u>14,773,483</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions	4,918,081
Deferred outflows related to other postemployment benefits	84,764
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,002,845</u>
LIABILITIES:	
Current liabilities:	
Payables	698,924
Accrued payroll	414,974
Accrued interest	12,294
Long-term debt, due within one year	468,064
Total current liabilities	<u>1,594,256</u>
Noncurrent liabilities:	
Long-term debt, due after one year	4,583,087
Net pension liability	13,575,346
Total other postemployment benefits liability	312,712
TOTAL LIABILITIES	<u>20,065,401</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions	937,524
Deferred inflows related to other postemployment benefits	21,053
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>958,577</u>
NET POSITION:	
Net investment in capital assets	6,017,964
Restricted for	
Student activities	90,166
Federal programs	7,726
Energy projects	23,708
Debt service	465,000
Other postemployment benefits	106,966
Unrestricted	(7,959,180)
TOTAL NET POSITION	<u>\$ (1,247,650)</u>

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

STATEMENT OF ACTIVITIES**YEAR ENDED JUNE 30, 2020**

	Expense	Program Revenues		Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
FUNCTIONS/PROGRAMS					
Instruction	\$ 10,410,249	\$ 288,255	\$ 780,651	\$ -	\$ (9,341,343)
Support Services	4,662,034	3,261	105,056	-	(4,553,717)
Enterprise and community services	319,146	92,322	99,031	-	(127,793)
Facilities acquisition and construction	160,421	-	-	655,034	494,613
Interest on long-term debt	120,212	-	43,544	-	(76,668)
TOTALS	\$ 15,672,062	\$ 383,838	\$ 1,028,282	\$ 655,034	(13,604,908)
GENERAL REVENUES					
Property taxes					1,831,155
State School Fund					10,132,700
Common School Fund					127,146
Unrestricted intermediate and local sources					341,389
Earnings on investments					74,521
TOTAL GENERAL REVENUES					12,506,911
CHANGE IN NET POSITION					(1,097,997)
NET POSITION - BEGINNING					(163,473)
RESTATEMENT					13,820
NET POSITION - BEGINNING, as restated					(149,653)
NET POSITION - ENDING					\$ (1,247,650)

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2020

	General Fund	Non-Major Governmental Funds	Total
ASSETS			
Cash and investments	\$ 4,971,607	\$ 151,074	\$ 5,122,681
Cash held by county	11,129	-	11,129
Receivables			
Accounts	256,303	90,244	346,547
Property taxes	56,509	-	56,509
Due from other funds	80,728	-	80,728
Prepays	6,155	-	6,155
Inventory	-	7,221	7,221
Assets held in trust	465,000	-	465,000
TOTAL ASSETS	\$ 5,847,431	\$ 248,539	\$ 6,095,970
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Payables			
Accounts	\$ 664,550	\$ 1,790	\$ 666,340
Other	32,584	-	32,584
Accrued payroll	414,974	-	414,974
Due to other funds	-	80,728	80,728
TOTAL LIABILITIES	1,112,108	82,518	1,194,626
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	45,754	-	45,754
FUND BALANCES			
Nonspendable	6,155	7,221	13,376
Restricted for			
Student activities	-	90,166	90,166
Federal programs	-	7,726	7,726
Energy projects	-	23,708	23,708
Capital projects	2,374,167	37,200	2,411,367
Debt service	465,000	-	465,000
Unassigned	1,844,247	-	1,844,247
TOTAL FUND BALANCES	4,689,569	166,021	4,855,590
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,847,431	\$ 248,539	\$ 6,095,970

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION**

JUNE 30, 2020

FUND BALANCES			\$ 4,855,590
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost, net of retirements	\$ 15,043,877		
Accumulated depreciation, net of retirements	<u>(6,392,602)</u>	8,651,275	
Certain assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds:			
Net OPEB asset	106,966		
Deferred outflows related to pension	4,918,081		
Deferred outflows related to OPEB	84,764	5,109,811	
Liabilities not payable in the current year and deferred inflows not realized in the current year are not reported as governmental fund liabilities. These liabilities and deferred inflows consist of:			
Accrued interest payable	(12,294)		
Long-term debt	(5,051,151)		
Net pension liability	(13,575,346)		
Total OPEB liability	(312,712)		
Deferred inflows related to pension	(937,524)		
Deferred inflows related to OPEB	(21,053)	(19,910,080)	
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.			<u>45,754</u>
TOTAL NET POSITION			<u>\$ (1,247,650)</u>

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**STATEMENT OF REVENUES, EXPENDITURES,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE**

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	General Fund	Non-Major Governmental Funds	Total
REVENUES			
Local sources:			
Property taxes	\$ 1,843,931	\$ -	\$ 1,843,931
Charges for services	154,560	229,278	383,838
Earnings on investments	74,521	-	74,521
Other	136,113	24,938	161,051
Intermediate sources	200,657	-	200,657
State sources	10,861,195	619,035	11,480,230
Federal sources	83,541	359,072	442,613
TOTAL REVENUES	13,354,518	1,232,323	14,586,841
EXPENDITURES			
Current:			
Instruction	8,247,749	422,748	8,670,497
Support services	4,054,129	1,131	4,055,260
Enterprise and community services	-	299,996	299,996
Facilities acquisition and construction	129,170	31,251	160,421
Capital Outlay:			
Support services	310,705	-	310,705
Facilities acquisition and construction	508,402	746,485	1,254,887
Debt service	432,200	-	432,200
TOTAL EXPENDITURES	13,682,355	1,501,611	15,183,966
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(327,837)	(269,288)	(597,125)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	3,211,694	-	3,211,694
Transfers in	25,000	288,526	313,526
Transfers out	(288,526)	(25,000)	(313,526)
TOTAL OTHER FINANCING SOURCES (USES)	2,948,168	263,526	3,211,694
NET CHANGES IN FUND BALANCE	2,620,331	(5,762)	2,614,569
FUND BALANCE - BEGINNING	1,666,530	171,783	1,838,313
RESTATEMENT	402,708	-	402,708
FUND BALANCE - BEGINNING, as restated	2,069,238	171,783	2,241,021
FUND BALANCE - ENDING	\$ 4,689,569	\$ 166,021	\$ 4,855,590

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

NET CHANGES IN FUND BALANCE		\$ 2,614,569
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:		
Cost, net of retirements	\$ 1,565,592	
Depreciation expense	<u>(345,542)</u>	1,220,050
Certain inflows and outflows related debt are reported in the governmental funds but are not recognized as revenue or expense in the Statement of Activities		
Principal payments	324,282	
Net proceeds from long-term debt	<u>(3,211,694)</u>	(2,887,412)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Changes in accrued interest payable	(12,294)	
Changes in net other post employment benefit asset and total other post employment benefit liability and related deferred outflows and inflows, net of contributions	(35,249)	
Changes in net pension liability and related deferred outflows and inflows, net of contributions	<u>(1,984,885)</u>	(2,032,428)
Certain revenues that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.		
Change in unavailable revenue - property taxes		<u>(12,776)</u>
CHANGE IN NET POSITION		<u>\$ (1,097,997)</u>

The notes to the basic financial statements are an integral part of this statement.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Corbett School District No. 39 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

The District is organized under the general laws of the State of Oregon. The governing body is an elected Board of Directors of seven members. The District is the level of government financially accountable for all public education within its boundaries. As a result, all related activities have been included in the financial statements. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities and accordingly their financial information is not included in these financial statements.

Basis of Presentation

Government-wide Financial Statements

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

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

Net position is reported as restricted when constraints placed on net position use are either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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 fund:

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, support services, facilities acquisition and construction, and debt service.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

In addition, the District maintains the Food Service Fund, Federal Programs Fund, Student Activities Fund, Energy Projects Fund, and the Capital Improvement Fund, to record revenues restricted to certain activities and the related expenditures.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as transfers in and out. While reported in fund financial statements, interfund transfers are not included in government-wide financial statements.

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. 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.

Use of Estimates

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

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations and Budgetary Controls

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting, with certain adjustments, 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.

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 public notice. 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 for the fiscal year did not exceed appropriations in any fund.

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.

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.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 at their estimated fair value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items both in the government-wide and fund financial statements.

Capital Assets

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their acquisition 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 one year. 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.

Retirement Plans

Most of the District employees participate in Oregon Public Employees Retirement System (PERS). Contributions are made as required by the plan and are recorded as expense/expenditures. Pension benefits are explained in Note 6.

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 PERS 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 by PERS in accordance with benefit terms. PERS investments are reported at fair value.

Other Post-Employment Benefits (OPEB) Plans

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA) for eligible District employees who are members of PERS and were plan members before January 1, 2004. The plan was established by the Oregon Legislature.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits (OPEB) Plans (Continued)

Additionally, the District is required by Oregon Revised Statutes (ORS) 243.303 to offer retirees health insurance coverage on a self-pay basis for retirees and eligible dependents until they are Medicare eligible. The plan is actuarially determined, is reflected as a long-term liability in the government-wide financial statements and reflects the present value of expected future payments related to the "implicit subsidy". Related expenditures reflected in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year.

Both plans are accounted for under the provisions of GASB Statement No. 75. See Note 7 for additional information regarding the District's OPEB plans.

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.

Long-Term Debt

In the government-wide financial statements, long-term debts are reported as liabilities in the Statement of Net Position. 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, bond premiums and discounts are recognized 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.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for Deferred Outflows of Resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position reports a separate section for Deferred Inflows of Resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between the District's total assets and deferred outflows and total liabilities and deferred inflows. District net position currently has three components:

Net investment in capital assets represents capital assets plus unspent bond proceeds less accumulated depreciation and outstanding principal of capital asset related debt.

Restricted net position represents net position upon which constraints have been placed, either externally by creditors, grantors, contributors, or others, or legally constrained by law.

Unrestricted net position represents net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Balance

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

Governmental fund balance definitions, from most to least restrictive are:

1. *Non-spendable fund balances* – Amounts that are not in spendable form or due to legal or contractual requirements. Examples of resources in this category are prepaid amounts or inventory.
2. *Restricted fund balances* – Amounts constrained to specific purposes by their providers (such as grantors or bond holders), through constitutional provisions or by enabling legislation. These are primarily amounts subject to externally enforceable legal restrictions.
3. *Committed fund balances* – Amounts constrained to specific purposes by resolution of the District's Board. The District's Board can modify or rescind a commitment at any time through passage of a new resolution. In order to commit fund balances the District must take formal action prior to the close of the fiscal year.
4. *Assigned fund balances* – Amounts the District intends to use for a specific purpose that are neither restricted nor committed are reported as assigned fund balance. Intent can be expressed by the Board or delegated authority to an official. An example of assignment is when the District's Board adopts the annual budget which includes funds identified as reserved for a specific purpose.
5. *Unassigned fund balance* – Amounts not included in other classifications above. The amount represents spendable fund balance that is not restricted, committed, or assigned in the General Fund. This classification is also used to report any deficit fund balance amounts in other governmental funds.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District first applies the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District first applies the expenditure toward restricted fund balance and then to other, less restrictive classifications, committed and then assigned fund balances, before using unassigned fund balances.

Property Taxes

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 Position 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.

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 the Student Activity Fund.

At June 30, 2020, the District's cash and investments are comprised of the following:

Deposits with financial institutions	\$ 1,117,415
State of Oregon Treasurer's Local	
Government Investment Pool (LGIP)	<u>4,005,266</u>
	<u><u>\$ 5,122,681</u></u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS (Continued)

Deposits with Financial Institutions

At June 30, 2020, the carrying amount of the District's deposits was \$1,117,415 and the bank balance was \$1,159,511. Federal Depository Insurance Corporation (the FDIC) insured \$250,000 of the bank balance. As required by Oregon Revised Statutes, deposits in excess of FDIC 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's remaining deposits in excess of FDIC insurance are considered to be fully collateralized.

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 (LGIP).

Interest Rate Risk

While the District has no formal policy regarding interest rate risk, the District follows the ORS governing cash management.

Custodial Credit Risk

The LGIP is subject to regulatory oversight by the Oregon Secretary of State. The LGIP is stated at cost, which approximates fair value and its share value. 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. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund currently has no credit rating as assigned by the credit rating agencies.

3. RECEIVABLES

At June 30, 2020, the District's receivables are comprised of the following:

State and local grants	\$ 129,507
Federal grants	112,150
Common School Fund	63,272
Property taxes	56,509
Preschool and other tuition	40,194
Other	1,424
	<hr/>
	\$ 403,056

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

3. RECEIVABLES (Continued)

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, 2020, no allowance for doubtful accounts was considered necessary.

4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2020 are as follows:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Capital assets not being depreciated:				
Land	\$ 378,002	\$ 220,662	\$ -	\$ 598,664
Construction in progress	516,700	-	(516,700)	-
Total capital assets not being depreciated	<u>894,702</u>	<u>220,662</u>	<u>(516,700)</u>	<u>598,664</u>
Capital assets being depreciated:				
Buildings and improvements	10,885,005	1,204,266	516,700	12,605,971
Equipment	295,349	-	-	295,349
Vehicles	1,403,229	140,664	-	1,543,893
Total capital assets being depreciated	<u>12,583,583</u>	<u>1,344,930</u>	<u>516,700</u>	<u>14,445,213</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,194,130)	(271,730)	-	(5,465,860)
Equipment	(213,344)	(9,276)	-	(222,620)
Vehicles	(639,586)	(64,536)	-	(704,122)
Total accumulated depreciation	<u>(6,047,060)</u>	<u>(345,542)</u>	<u>-</u>	<u>(6,392,602)</u>
Total capital assets being depreciated, net	<u>6,536,523</u>	<u>999,388</u>	<u>516,700</u>	<u>8,052,611</u>
Capital assets, net	<u>\$ 7,431,225</u>	<u>\$ 1,220,050</u>	<u>\$ -</u>	<u>\$ 8,651,275</u>

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

Instruction	\$ 268,468
Support Services	<u>77,074</u>
	<u>\$ 345,542</u>

5. LONG-TERM DEBT

Bonds Payable

On June 1, 2001, the District entered into a financing arrangement as part of the Oregon School Board Association's FlexFund Program to accept \$250,000 of bond proceeds from the Bank of New York Mellon Trust Company, NA at interest rates between 3.50% and 5.75%. The proceeds were to make certain improvements to Corbett Middle School.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

5. LONG-TERM DEBT (Continued)

Bonds Payable (Continued)

On February 7, 2012, the District entered into a financing agreement as part of the Oregon School Board Association's FlexFund Program to accept \$1,000,000 of Qualified School Construction Bonds (QSCB) proceeds from the Bank of New York Mellon Trust Company, NA. The proceeds were to remodel the Springdale School. While the agreement has an interest rate of 4.625%, the QSCBs allow the District to be eligible to receive subsidy payments to offset the related interest payments. In addition to interest payments, payable semi-annually on December 30 and June 30, the agreement requires the District to deposit amounts into a trust account every June 30 to make the principal payment at June 30, 2030 maturity. The deposits, held at the Bank of New York Mellon Trust Company, NA, had a fair value of \$465,000 at June 30, 2020 and are restricted to retire the debt.

On October 30, 2012, the District entered into a financing agreement as part of the Oregon School Board Association's FlexFund Program to accept \$650,000 of bond proceeds from the Bank of New York Mellon Trust Company, NA at interest rates between 0.50% and 4.00%. The proceeds were to remodel the Springdale School.

On January 31, 2020, the District entered into a Full Faith and Credit Financing agreement with Key Government Finance, Inc. to issue a direct placement bond for \$3,000,000 with an interest rate of 2.22%. The proceeds were to be used to acquire land and buildings and make certain improvements to the high school and middle school.

Loans and Contracts Payable

On November 4, 2011, the District entered into a loan agreement with the State of Oregon Department of Energy through their Small Scale Local Energy Loan Program (SELP) for \$583,136 with an interest rate of 3.50%. The proceeds from the loan are 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, with an interest rate of 2.50%. The proceeds from the loan were used to purchase two 2016 Blue Bird School Buses, which serve as collateral for the debts.

On December 1, 2016, the District entered into a contract to purchase land with Jefferey and Cynthia Mershon in the amount of \$100,000 with an interest rate of 1.28%.

On September 15, 2017, the District received a loan from De Lage Landen Public Financing in the amount of \$109,937 with an interest rate of 2.87%. The proceeds from the loan were used to purchase a 2018 Blue Bird School Bus, which serves as collateral for the debt.

On October 15, 2018, the District received a loan from Santander Bank in the amount of \$74,693 with an interest rate of 3.95%. The proceeds from the loan were used to purchase one 2018 Chevy School Bus, which serves as collateral for the debt.

On March 18, 2019, the District received a loan from Santander Bank in the amount of \$111,354 with an interest rate of 3.75%. The proceeds from the loan were used to purchase one 2019 Bluebird Bus, which serves as collateral for the debt.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

5. LONG-TERM DEBT (Continued)

Loans and Contracts Payable (Continued)

On November 21, 2019, the District entered into a contract to purchase land with Jefferey and Cynthia Mershon in the amount of \$100,000 with an interest rate of 1.28%.

On March 10, 2020, the District received a loan from Santander Bank in the amount of \$111,694 with an interest rate of 2.68%. The proceeds from the loan were used to purchase one 2021 Bluebird Bus, which serves as collateral for the debt.

The changes in long-term debt for the year ended June 30, 2020 are as follows:

	June 30, 2019 (as restated)	Additions	Reductions	June 30, 2020
Bond payable				
2001B OSBA FlexFund	\$ 40,000	\$ -	\$ (20,000)	\$ 20,000
2012B OSBA FlexFund (QSBC)	1,000,000	-	-	1,000,000
2012C OSBA FlexFund	455,000	-	(30,000)	425,000
2020 FFC Bond	-	3,000,000	(97,592)	2,902,408
	<u>1,495,000</u>	<u>3,000,000</u>	<u>(147,592)</u>	<u>4,347,408</u>
Loans and contracts payable				
2011 SELP Loan	338,310	-	(38,761)	299,549
2015 Santander Bus Loan 1	22,177	-	(22,177)	-
2015 Santander Bus Loan 2	21,604	-	(21,604)	-
2016 Mershon Land Contract	50,636	-	(25,157)	25,479
2017 De Lage Landen Bus Loan	66,083	-	(21,406)	44,677
2018 Santander Bus Loan	58,575	-	(13,804)	44,771
2019 Santander Bus Loan	111,354	-	(16,746)	94,608
2019 Mershon Land Contract	-	100,000	-	100,000
2020 Santander Bus Loan	-	111,694	(17,035)	94,659
	<u>668,739</u>	<u>211,694</u>	<u>(176,690)</u>	<u>703,743</u>
	<u>\$ 2,163,739</u>	<u>\$ 3,211,694</u>	<u>\$ (324,282)</u>	<u>5,051,151</u>
			Less current portion	<u>(468,064)</u>
				<u>\$ 4,583,087</u>

The General Fund is typically used to liquidate long-term debt. Future maturities of principal and interest for long-term debt and required sinking fund deposits are as follows:

Year Ending June 30,	Bonds Payable			Loans and Contracts Payable		Totals		
	Principal	Interest	Sinking Fund Deposit	Principal	Interest	Principal	Interest	Sinking Fund Deposit
2021	\$ 312,412	\$ 127,121	\$ 55,556	\$ 155,652	\$ 20,588	\$ 468,064	\$ 147,709	\$ 55,556
2022	298,238	119,358	55,556	134,048	16,388	432,286	135,746	55,556
2023	304,192	112,503	55,556	114,744	12,385	418,936	124,888	55,556
2024	310,279	105,366	55,556	102,075	8,936	412,354	114,302	55,556
2025	321,502	98,094	55,556	79,225	5,981	400,727	104,075	55,556
2026-2030	2,715,785	373,442	277,780	117,999	3,792	2,833,784	377,234	277,780
2031-2032	85,000	5,200	-	-	-	85,000	5,200	-
Totals	<u>\$4,347,408</u>	<u>\$ 941,084</u>	<u>\$ 555,560</u>	<u>\$ 703,743</u>	<u>\$ 68,070</u>	<u>\$5,051,151</u>	<u>\$1,009,154</u>	<u>\$ 555,560</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

6. RETIREMENT PLANS

PERS Defined Benefit Pension Plan

Plan Description

The District is a participating employer in the State of Oregon Public Employees Retirement System (PERS), a cost sharing multiple-employer defined benefit plan. All District employees are eligible to participate in the system after completing six months of service. All the benefits of PERS are established by the Oregon legislature pursuant to ORS Chapters 238 and 238A. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. OPERS issues a publicly available financial report that can be obtained at:

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

Plan Benefits

Benefits provided under Chapter 238-Tier One / Tier Two

Pension Benefits. The PERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. 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 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 plans are 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.

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Plan Benefits (Continued)

Benefits provided under Chapter 238 – Tier One/ Tier Two (Continued)

Benefit Changes After Retirement. Members may choose to continue participation in their Variable Account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on the annual benefit above \$60,000.

Benefits provided under Chapter 238A – OPSRP Pension Program

Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are 1.5 percent multiplied by the number of years of service and the final average salary for General Service members who attain normal retirement age. Normal retirement age for General Service members is age 65, or age 58 with 30 years of retirement credit. A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions

PERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. 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.

The Districts' contribution rates based on a percentage of payroll, for the year ended June 30, 2020 were 31.97% of eligible payroll for Tier 1/Tier 2 members and 26.58% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2020 were \$1,728,811.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability of \$ 13,575,346 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 and rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At the June 30, 2019 measurement date, the District's proportion was 0.07848107%.

For the year ended June 30, 2020, the District recognized a pension expense of \$ 3,729,630 for the PERS Defined Benefit Pension Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 748,640	\$ -
Changes in Assumptions	1,841,651	-
Net difference between projected and actual earnings on investments	-	384,847
Changes in proportionate share	215,382	552,677
Differences between District contributions and proportionate share of contributions	<u>383,597</u>	<u>-</u>
Total prior to post-measurement date contributions	3,189,270	937,524
Contributions subsequent to the measurement date	<u>1,728,811</u>	<u>-</u>
Total deferred outflows / inflows of resources	<u>\$ 4,918,081</u>	<u>\$ 937,524</u>

The \$1,728,811 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

<u>Year Ended June 30,</u>	<u>Net Deferred Outflow/ (Inflows) of Resources</u>
2021	\$ 1,498,760
2022	147,910
2023	322,485
2024	268,487
2025	14,104
	<u>\$ 2,251,746</u>

Actuarial Methods and Assumptions

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2017
Measurement date	June 30, 2019
Experience study	2016, published July 26, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.50%
Investment rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial Valuations (Continued)

Mortality

Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Active member: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation.

Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

The actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. 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 7.20% 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.

Depletion Date Projection

GASB Statement No. 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Debt Securities	15.0 %	25.0 %	20.0 %
Public Equity	32.5	42.5	37.5
Real Estate	9.5	15.5	12.5
Private Equity	14.0	21.0	17.5
Alternative Equity	0.0	12.5	12.5
Opportunity Portfolio	0.0	3.0	0.0
Total			<u>100.0 %</u>

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual Return (Geometric)</u>	<u>Standard Deviation</u>
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

6. RETIREMENT PLANS (Continued)

PERS Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

Discount Rate:	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
Net Pension Liability	\$ 21,739,711	\$ 13,575,346	\$ 6,742,896

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

PERS Defined Contribution Pension Plan

Pension Benefits

Participants in PERS defined benefit pension plans also participate in their defined contribution plan. An Individual Account Program (IAP) becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

6. RETIREMENT PLANS (Continued)

PERS Defined Contribution Pension Plan (Continued)

Contributions

Employees that are PERS members are required to make contributions of 6% of eligible payroll. The District has chosen to pay the employees' contributions to the plan for certain employees. For the year ended June 30, 2020, the District paid \$76,493 for contributions to the plan.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Tax Sheltered Annuity

The District offers its employees a tax-sheltered annuity program established pursuant to Section 403(b) of the Internal Revenue Code. Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. No contributions are required from the District. As of June 30, 2020, 23 employees were participating in the plan.

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

The other postemployment benefits (OPEB) for the District includes two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

The District's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	<u>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Totals</u>
Net OPEB Asset	\$ -	\$ 106,966	\$ 106,966
Deferred Outflow of Resources	81,473	3,291	84,764
Total OPEB Liability	312,712	-	312,712
Deferred Inflow of Resources	-	21,053	21,053
OPEB Expense (Benefit)	42,038	(14,043)	27,995

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Implicit Rate Subsidy Plan

Plan Description and Benefits

Per 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. The medical premium rates charged for coverage are typically less than actual expected retiree claim costs due to medical premium rates being determined by blending both active employee and retiree. This difference constitutes an implicit subsidy for OPEB. This “plan” is not a stand-alone plan and therefore does not issue its own financial statements.

As of the valuation date of July 1, 2019, the following employees were covered by the benefit terms:

Active participants		90
Inactive participants		1
Total participants		91

Total OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the District reported total OPEB liability of \$312,712. The total OPEB liability was measured as of June 30, 2020 and determined by an actuarial valuation as of July 1, 2019. For the year ended June 30, 2020, the District recognized an OPEB expense of \$42,038. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 20,050	\$ -
Changes in Assumptions	61,423	-
Total deferred outflows / inflows of resources	\$ 81,473	\$ -

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Implicit Rate Subsidy Plan (Continued)

Total OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ended June 30,	Net Deferred Outflow/ (Inflows) of Resources
2021	\$ (12,231)
2022	(12,231)
2023	(12,231)
2024	(12,231)
2025	(12,231)
Thereafter	(20,318)
	<u>\$ (81,473)</u>

Actuarial Methods and Assumptions

Actuarial Valuations

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2019
Measurement date	June 30, 2020
Experience study	2016, published July 26, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	2.25%, based on the 20-year general obligation bond yield index published by the Bond Buyer
General inflation rate	2.00%
Projected salary increases	3.50% plus adjustments for merit based on length of service
Healthcare cost trend rate	Medical: Starts at 5.00% in 2019, varies between 4.60% and 6.00% percent per year before decreasing to 4.50% in 2038
	Dental and vision: No implicit subsidy assumed due to dental or vision costs.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Implicit Rate Subsidy Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial Valuations (Continued)

Actuarial assumptions (Continued):

Participation rate	50% of active employees enrolled in a medical plan.
Plan enrollment	Current and future retirees are assumed to remain enrolled in the plan in which they are currently enrolled, if any.
Beneficiaries	70% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be 3 years older than their female spouses. Actual marital status and ages as of the valuation date are used for current retirees. No impact of dependent children on the implicit subsidy.
Mortality	Basic table: Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback. Mortality rates for active male participants are 120% of the above rates, and for active female participants are 100% of the above rates. Beneficiaries: Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 months for males, no setback for females. Improvement scale: Unisex Social Security Data Scale (60-year average) with data through 2015.
Turnover, Disability, Retirements Rates	Based on valuation of benefits for PERS (see Note 6)

Changes in Total OPEB Liability

Balance as of June 30, 2019	\$ 250,537
Changes for the year	
Service cost	19,746
Interest	10,061
Changes of benefit terms	-
Differences between expected and actual experience	22,556
Changes of assumptions or other inputs	13,808
Benefit payments	(3,996)
Balance as of June 30, 2020	<u>\$ 312,712</u>

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Implicit Rate Subsidy Plan (Continued)

Sensitivity of the Total OPEB Liability

The following presents the District's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	<u>1% Decrease (1.25%)</u>	<u>Current Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Discount Rate:			
Total OPEB Liability	\$ 340,691	\$ 312,712	\$ 286,471
	<u>1% Decrease (4.00% Grade Up to 5.00% then Down to 3.50%)</u>	<u>Current Cost Trend (5.00% Grade Up to 6.00% then Down to 4.50%)</u>	<u>1% Increase (6.00% Grade Up to 7.00% then Down to 5.50%)</u>
Healthcare Cost Trend:			
Total OPEB Liability	\$ 268,225	\$ 312,712	\$ 366,771

PERS Retirement Health Insurance Account (RHIA)

The District contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

Plan Benefits

RHIA provides up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive this monthly payment toward the premium costs the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

PERS Retirement Health Insurance Account (RHIA) (Continued)

Plan Benefits (Continued)

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

The Districts' contributions rates based on a percentage of payroll, for the year ended June 30, 2020 were 0.06% of eligible payroll for Tier 1/Tier 2 members and 0.00% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2020 were \$3,210.

Net OPEB Asset, OPEB Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the District reported an asset of \$106,966 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 and rolled forward to June 30, 2019. The District's proportion of the net OPEB asset was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At the June 30, 2019 measurement date, the District's proportion was 0.05535483%.

For the year ended June 30, 2020, the District recognized an OPEB benefit of \$14,043 for the PERS RHIA. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 14,106
Changes in Assumptions	-	111
Net difference between projected and actual earnings on investments	-	6,602
Changes in proportionate share	81	234
Total prior to post-measurement date contributions)	81	21,053
Contributions subsequent to the measurement date	3,210	-
Total deferred outflows / inflows of resources	\$ 3,291	\$ 21,053

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

PERS Retirement Health Insurance Account (RHIA) (Continued)

Net OPEB Asset, OPEB Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$3,210 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflow/ (Inflows) of Resources</u>
2021	\$ (10,796)
2022	(9,628)
2023	(1,228)
2024	680
	<u>\$ (20,972)</u>

Actuarial Methods and Assumptions

Other than the methods and assumption discussed below, the actuarial methods and assumptions are consistent with those disclosed for the PERS Defined Benefit Pension Plan. See Note 6 for additional information on Actuarial Assumptions and Methods, including the Discount Rate, Assumed Asset Allocation, Long-Term Expected Rate of Return.

Actuarial Valuations

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using an assumed retiree participation rate of 35% for healthy retirees and 20% of disabled retirees. Healthcare cost trend rates are not applicable as ORS stipulates \$60 monthly payment for healthcare insurance.

Depletion Date Projection

GASB Statement No. 74 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

7. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

PERS Retirement Health Insurance Account (RHIA) (Continued)

Actuarial Methods and Assumptions (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.20%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.20%) or 1-percentage-point higher (8.2%) than the current rate:

Discount Rate:	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
Net OPEB Asset	\$ 82,926	\$ 106,966	\$ 127,449

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, disclosure of a healthcare cost trend analysis is not applicable.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

8. TERMINATION BENEFITS

Supervisory and Confidential Employees

If a supervisory or confidential employee that has worked for the District for more than 10 consecutive years gives notice to the Superintendent at least 90 days prior to retirement, retires, and is receiving benefits under PERS, the employee is eligible for an early retirement program. The program includes medical and dental single-party coverage at a rate not to exceed the rate in the certified contract for 48 consecutive months. Additionally, the retired employee will receive monthly payments of 1/12 of 1.5% of the last annual salary for each full year of service to the District to a maximum of 12% for a maximum period of 48 months. The monthly payments are terminated as of the end of the month at the earliest that the retired employee dies, the retired employee qualifies for social security, or 48 payments are made. For the year ended June 30, 2020, the District made \$15,759 in payments related to this early retirement program.

Licensed Employees

As part of the collective bargaining agreement for licensed employees, the District offered a severance incentive. Licensed employees that are between 5 years prior to full PERS eligibility and 4 years after PERS eligibility that retire or resign with 60 days prior notice are eligible for a \$24,000 payment. For the year ended June 30, 2020, the District made \$38,554 in payments related to this severance incentive.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

8. TERMINATION BENEFITS (Continued)

Classified Employees

In September 2018, the District offered an early retirement incentive to certain classified employees, that if they met certain terms and condition, retired prior to January 1, 2019, and continued working through June 30, 2020, the District would pay 66.6% of the employee's PERS contribution directly to the employee based on their monthly salary and the number of hours worked. During the year ending June 30, 2020, the District made \$5,436 in payments related to this early retirement incentive.

9. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2020 is as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 80,728	\$ -
Non-Major Funds	-	80,728
Totals	<u>\$ 80,728</u>	<u>\$ 80,728</u>

The outstanding balances between funds results from grant awards which require the expenditure of funds prior to reimbursement, causing a due to other funds and due from other funds until reimbursement is received.

Interfund transfers were made to provide resources as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 25,000	\$ 288,526
Non-Major Funds	288,526	25,000
Totals	<u>\$ 313,526</u>	<u>\$ 313,526</u>

The \$25,000 transfer from the Energy Projects Fund to the General Fund was to purchase energy saving products and improvements as part of the Energy Efficient Schools Program. The \$103,526 transfer from the General Fund to the Food Service Fund was to support the food service program. The \$185,000 transfer from the General Fund to the Capital Improvement Fund was to reserve funds for significant facility acquisition, maintenance, and improvements.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District does not engage in risk financing activities where the risk is retained (self-insurance). Settlements have not exceeded insurance coverage for any of the preceding three years ended June 30, 2020.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

11. COMMITMENTS AND CONTINGENCIES

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

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

The District, in the regular course of business, is a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable; however, in the opinion of the District's management the resolution of these matters will not have a material adverse effect on the financial condition of the District.

At June 30, 2020, approximately 82.1% of the District's employees were covered by one of two collective bargaining agreements the District has with employees. While these agreements expired June 30, 2020, new collective bargaining agreements for July 1, 2020 to June 30, 2023 were approved.

12. RESTATEMENT

Prior-period adjustments were made to correct for understatements of assets held in trust and long-term liabilities. As of July 1, 2019, the cumulative effect was an increase of \$ 13,820 to beginning net position for Governmental Activities and an increase of \$402,708 to beginning fund balance for the General Fund.

13. SUBSEQUENT EVENT

On November 3, 2020, the voters approved the District issuing up to \$4,000,000 of general obligation bonds to finance certain capital projects and refinance the debt related to the purchase of land and improvements. Upon issuance of the bonds, the District is eligible to receive up to \$4,000,000 of matching grant funds from the State of Oregon. As of the issuance of the financial statements, the bonds had not been issued.

REQUIRED SUPPLEMENTARY INFORMATION

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE - BUDGET AND ACTUALS****GENERAL FUND****YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Property taxes	\$ 1,843,000	\$ 1,843,000	\$ 1,843,931	\$ 931
Local sources	419,700	419,700	365,194	(54,506)
Intermediate sources	201,200	201,200	200,657	(543)
State school fund	9,779,954	10,134,854	10,132,700	(2,154)
State sources	649,233	775,123	728,495	(46,628)
Federal sources	42,622	42,622	83,541	40,919
TOTAL REVENUES	12,935,709	13,416,499	13,354,518	(61,981)
EXPENDITURES				
Instruction	8,235,359	8,317,729	8,247,749	69,980
Support services	4,019,709	4,477,400	4,364,834	112,566
Facilities acquisition and construction	40,000	3,093,380	637,572	2,455,808
Debt Service	347,900	487,756	432,200	55,556
Operating Contingency	660,892	561,765	-	561,765
TOTAL EXPENDITURES	13,303,860	16,938,030	13,682,355	3,255,675
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(368,151)	(3,521,531)	(327,837)	3,193,694
OTHER FINANCING SOURCES (USES)				
Loan proceeds	115,000	3,215,000	3,211,694	(3,306)
Transfers in	25,000	25,000	25,000	-
Transfers out	(340,000)	(340,000)	(288,526)	51,474
TOTAL OTHER FINANCING SOURCES (USES)	(200,000)	2,900,000	2,948,168	48,168
NET CHANGE IN FUND BALANCE	(568,151)	(621,531)	2,620,331	3,241,862
FUND BALANCE - BEGINNING	1,613,151	1,666,531	1,666,530	(1)
RESTATEMENT	-	-	402,708	402,708
FUND BALANCE - BEGINNING, as restated	1,613,151	1,666,531	2,069,238	402,707
FUND BALANCE - ENDING	\$ 1,045,000	\$ 1,045,000	\$ 4,689,569	\$ 3,644,569

CORBETT SCHOOL DISTRICT NO. 39
 Multnomah County, Oregon

**SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION
 LIABILITY (ASSET) - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

LAST TEN YEARS

<u>Fiscal Year</u> ¹	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2020	0.07848107%	\$ 13,575,346	\$ 6,150,338	220.7%	80.2%
2019	0.08128783%	12,314,036	5,977,140	206.0%	82.1%
2018	0.08542246%	11,514,980	6,056,983	190.1%	83.1%
2017	0.08611782%	12,928,284	6,190,790	208.8%	80.5%
2016	0.07357420%	4,224,234	4,448,673	95.0%	91.9%
2015	0.06638067%	(1,504,660)	3,309,801	-45.5%	103.6%
2014	0.06638067%	3,387,503	3,993,964	84.8%	92.0%
2013	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2012	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2011	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²

¹Measurement date is one year in arrears.

²10-year trend information required by GASB Statement 68 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF PENSION CONTRIBUTIONS –
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2020	\$ 1,728,811	\$ 1,728,811	\$ -	\$ 6,370,567	27.1%
2019	1,416,216	1,416,216	-	6,150,338	23.0%
2018	1,331,102	1,331,102	-	5,977,140	22.3%
2017	1,131,812	1,131,812	-	6,056,983	18.7%
2016	1,140,569	1,140,569	-	6,190,790	18.4%
2015	1,107,454	1,107,454	-	4,448,673	24.9%
2014	800,398	800,398	-	3,309,801	24.2%
2013	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2012	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2011	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹

¹10-year trend information required by GASB Statement 68 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB
LIABILITY (ASSET) - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

LAST TEN YEARS

<u>Fiscal Year</u> ¹	<u>Proportion of the net OPEB liability (asset)</u>	<u>Proportionate share of the net OPEB liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2020	0.05535483%	\$ (106,966)	\$ 6,150,338	-1.7%	144.4%
2019	0.05508308%	(61,488)	5,977,140	-1.0%	124.0%
2018	0.05599488%	(23,369)	6,056,983	-0.4%	108.9%
2017	0.05767113%	15,661	6,190,790	0.3%	N/A ²
2016	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2015	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2014	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2013	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2012	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2011	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²

¹Measurement date is one year in arrears.

²10-year trend information required by GASB Statement 75 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF OPEB CONTRIBUTIONS –
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2020	\$ 3,210	\$ 3,210	\$ -	\$ 6,370,567	0.1%
2019	27,877	27,877	-	6,150,338	0.5%
2018	26,439	26,439	-	5,977,140	0.4%
2017	28,275	28,275	-	6,056,983	0.5%
2016	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2015	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2014	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2013	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2012	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2011	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹

¹10-year trend information required by GASB Statement 75 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39
 Multnomah County, Oregon

**SCHEDULE OF CHANGES IN TOTAL OPEB
 LIABILITY AND RELATED RATIOS - IMPLICIT RATE SUBSIDY**

LAST TEN YEARS

Fiscal Year	Beginning total OPEB liability	Service costs	Interest	Differences between expected and actual experience	Changes of assumptions or other inputs	Benefit payments	Ending total OPEB liability	Covered payroll	Total OPEB liability as a percentage of covered payroll
2020	\$ 250,537	\$19,746	\$10,061	\$ 22,556	\$ 13,808	\$ (3,996)	\$ 312,712	\$6,236,991	5.0%
2019	161,581	19,079	8,791	-	65,531	(4,445)	250,537	6,161,241	4.1%
2018	142,334	13,653	5,594	-	-	-	161,581	6,261,170	2.6%
2017	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2016	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2015	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2014	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2013	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2012	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2011	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹

¹10-year trend information required by GASB Statement 75 will be presented prospectively.

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGET

Required Supplementary Information includes budgetary comparisons for the General Fund. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section. Oregon Local Budget Law requires that budgets be adopted for substantially all funds. The District prepares and adopts budgets for all funds using the modified accrual basis of accounting, with certain adjustments.

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.

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 were three supplemental budgets for the General Fund. Appropriations lapse at the end of each fiscal year.

2. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Pension

Changes to the plan provisions, assumptions, and other information can be found at <https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>.

Other Post-Employment Benefits (OPEB)

Retirement Health Insurance Account (RHIA). Changes to the plan provisions, assumptions, and other information can be found at <https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>.

3. IMPLICIT RATE SUBSIDY PLAN

The District has no assets accumulated in a trust to pay benefits related to the District' Implicit Subsidy Plan.

The changes since the prior valuation include a reduction in the discount rate (from 3.75% to 2.25%) to reflect the current municipal bond rates, modifications to premium rates to reflect anticipated experience and current Oregon law, and demographic assumptions were revised to more closely match the most recent experience study for PERS.

OTHER SUPPLEMENTARY INFORMATION

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

COMBINING SCHEDULE OF BALANCE SHEETS

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

	Special Revenue Funds	Capital Projects Fund Capital Improvements Fund	Total
ASSETS			
Cash and investments	\$ 113,874	\$ 37,200	\$ 151,074
Accounts Receivables	90,244	-	90,244
Inventory	7,221	-	7,221
TOTAL ASSETS	\$ 211,339	\$ 37,200	\$ 248,539
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payables	\$ 1,790	\$ -	\$ 1,790
Due to other funds	80,728	-	80,728
TOTAL LIABILITIES	82,518	-	82,518
FUND BALANCES			
Nonspendable	7,221	-	7,221
Restricted	121,600	37,200	158,800
TOTAL FUND BALANCES	128,821	37,200	166,021
TOTAL LIABILITIES AND FUND BALANCES	\$ 211,339	\$ 37,200	\$ 248,539

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, OTHER
FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE**

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Fund Capital Improvements Fund	Total
REVENUES			
Local sources:			
Charges for services	\$ 229,278	\$ -	\$ 229,278
Other	24,938	-	24,938
State sources	9,001	610,034	619,035
Federal sources	359,072	-	359,072
TOTAL REVENUES	622,289	610,034	1,232,323
EXPENDITURES			
Current:			
Instruction	422,748	-	422,748
Support services	1,131	-	1,131
Enterprise and community services	299,996	-	299,996
Facilities acquisition and construction	-	31,251	31,251
Capital Outlay:			
Facilities acquisition and construction	-	746,485	746,485
TOTAL EXPENDITURES	723,875	777,736	1,501,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(101,586)	(167,702)	(269,288)
OTHER FINANCING SOURCES (USES)			
Transfers in	103,526	185,000	288,526
Transfers out	(25,000)	-	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	78,526	185,000	263,526
NET CHANGES IN FUND BALANCE	(23,060)	17,298	(5,762)
FUND BALANCE - BEGINNING	151,881	19,902	171,783
FUND BALANCE - ENDING	\$ 128,821	\$ 37,200	\$ 166,021

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

COMBINING SCHEDULE OF BALANCE SHEETS

NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2020

	Food Service Fund	Federal Programs Fund	Student Activities Fund	Energy Projects Fund	Total
ASSETS					
Cash and investments	\$ -	\$ -	\$ 90,166	\$ 23,708	\$ 113,874
Accounts Receivables	10,984	79,260	-	-	90,244
Inventory	7,221	-	-	-	7,221
TOTAL ASSETS	\$ 18,205	\$ 79,260	\$ 90,166	\$ 23,708	\$ 211,339
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payables	\$ 1,790	\$ -	\$ -	\$ -	\$ 1,790
Due to other funds	9,194	71,534	-	-	80,728
TOTAL LIABILITIES	10,984	71,534	-	-	82,518
FUND BALANCES					
Nonspendable	7,221	-	-	-	7,221
Restricted	-	7,726	90,166	23,708	121,600
TOTAL FUND BALANCES	7,221	7,726	90,166	23,708	128,821
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,205	\$ 79,260	\$ 90,166	\$ 23,708	\$ 211,339

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, OTHER
FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE****NON-MAJOR SPECIAL REVENUE FUNDS****YEAR ENDED JUNE 30, 2020**

	Food Service Fund	Federal Programs Fund	Student Activities Fund	Energy Projects Fund	Total
REVENUES					
Local sources:					
Charges for services	\$ 92,322	\$ -	\$ 136,956	\$ -	\$ 229,278
Other	2,500	-	-	22,438	24,938
State sources	9,001	-	-	-	9,001
Federal sources	87,530	271,542	-	-	359,072
TOTAL REVENUES	191,353	271,542	136,956	22,438	622,289
EXPENDITURES					
Current:					
Instruction	-	270,410	152,338	-	422,748
Support services	-	1,131	-	-	1,131
Enterprise and community services	299,996	-	-	-	299,996
TOTAL EXPENDITURES	299,996	271,541	152,338	-	723,875
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(108,643)	1	(15,382)	22,438	(101,586)
OTHER FINANCING SOURCES (USES)					
Transfers in	103,526	-	-	-	103,526
Transfers out	-	-	-	(25,000)	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	103,526	-	-	(25,000)	78,526
NET CHANGES IN FUND BALANCE	(5,117)	1	(15,382)	(2,562)	(23,060)
FUND BALANCE - BEGINNING	12,338	7,725	105,548	26,270	151,881
FUND BALANCE - ENDING	\$ 7,221	\$ 7,726	\$ 90,166	\$ 23,708	\$ 128,821

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE - BUDGET AND ACTUALS**

FOOD SERVICE FUND

YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 125,000	\$ 125,000	\$ 94,822	\$ (30,178)
State sources	5,000	5,000	9,001	4,001
Federal sources	121,000	121,000	87,530	(33,470)
TOTAL REVENUES	<u>251,000</u>	<u>251,000</u>	<u>191,353</u>	<u>(59,647)</u>
EXPENDITURES				
Enterprise and community services	<u>406,000</u>	<u>418,338</u>	<u>299,996</u>	<u>118,342</u>
TOTAL EXPENDITURES	<u>406,000</u>	<u>418,338</u>	<u>299,996</u>	<u>118,342</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(155,000)</u>	<u>(167,338)</u>	<u>(108,643)</u>	<u>58,695</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>155,000</u>	<u>155,000</u>	<u>103,526</u>	<u>(51,474)</u>
NET CHANGE IN FUND BALANCE	-	(12,338)	(5,117)	7,221
FUND BALANCE - BEGINNING	-	12,338	12,338	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,221</u>	<u>\$ 7,221</u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE - BUDGET AND ACTUALS**

FEDERAL PROGRAMS FUND

YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Federal sources	\$ 302,284	\$ 302,284	\$ 271,542	\$ (30,742)
EXPENDITURES				
Instruction	292,284	292,284	270,410	21,874
Support services	10,000	10,000	1,131	8,869
Operating Contingency	7,726	7,726	-	7,726
TOTAL EXPENDITURES	310,010	310,010	271,541	38,469
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(7,726)	(7,726)	1	7,727
FUND BALANCE - BEGINNING	7,726	7,726	7,725	(1)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 7,726	\$ 7,726

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE - BUDGET AND ACTUALS**

STUDENT ACTIVITIES FUND

YEAR ENDED JUNE 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 136,956</u>	<u>\$ (163,044)</u>
EXPENDITURES				
Instruction	<u>300,000</u>	<u>300,000</u>	<u>152,338</u>	<u>147,662</u>
Operating Contingency	<u>106,457</u>	<u>105,548</u>	<u>-</u>	<u>105,548</u>
TOTAL EXPENDITURES	<u>406,457</u>	<u>405,548</u>	<u>152,338</u>	<u>253,210</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(106,457)</u>	<u>(105,548)</u>	<u>(15,382)</u>	<u>90,166</u>
FUND BALANCE - BEGINNING	<u>106,457</u>	<u>105,548</u>	<u>105,548</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,166</u>	<u>\$ 90,166</u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE - BUDGET AND ACTUALS**

ENERGY PROJECTS FUND

YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 23,000	\$ 23,000	\$ 22,438	\$ (562)
EXPENDITURES				
Facilities acquisition and construction	26,349	24,271	-	24,271
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,349)	(1,271)	22,438	23,709
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	(28,349)	(26,271)	(2,562)	23,709
FUND BALANCE - BEGINNING	28,349	26,271	26,270	(1)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 23,708	\$ 23,708

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES (USES), AND CHANGES IN FUND BALANCE - BUDGET AND ACTUALS**

CAPITAL IMPROVEMENTS FUND

YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
State sources	\$ 750,000	\$ 750,000	\$ 610,034	\$ (139,966)
EXPENDITURES				
Support services	204,006	164,902	-	164,902
Facilities acquisition and construction	750,000	790,000	777,736	12,264
TOTAL EXPENDITURES	954,006	954,902	777,736	177,166
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(204,006)	(204,902)	(167,702)	37,200
OTHER FINANCING SOURCES (USES)				
Transfers in	185,000	185,000	185,000	-
NET CHANGE IN FUND BALANCE	(19,006)	(19,902)	17,298	37,200
FUND BALANCE - BEGINNING	19,006	19,902	19,902	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 37,200	\$ 37,200

OTHER SCHEDULES

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

SCHEDULE OF REVENUES BY FUNCTION - ALL FUNDS

YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Revenue from Local Sources			
1110 Ad Valorem Taxes Levied by District	\$ 1,841,648	\$ -	\$ -
1190 Penalties and Interest on Taxes	2,283	-	-
1311 Regular Day School Tuition - From Individuals	124,049	-	-
1500 Earnings on Investments	74,521	-	-
1600 Food Service	-	92,322	-
1700 Extracurricular Activities	2,050	136,956	-
1910 Rentals	550	-	-
1920 Contributions and Donations From Private Sources	25,465	2,500	-
1940 Services Provided Other Local Education Agencies	27,911	-	-
1960 Recovery of Prior Years' Expenditure	1,500	-	-
1990 Miscellaneous	109,148	22,438	-
Total Revenue from Local Sources	2,209,125	254,216	-
Revenue from Intermediate Sources			
2101 County School Funds	657	-	-
2102 General ESD Revenue	200,000	-	-
Total Revenue from Intermediate Sources	200,657	-	-
Revenue from State Sources			
3101 State School Fund - General Support	10,134,897	-	-
3102 State School Fund - School Lunch Match	(2,197)	2,197	-
3103 Common School Fund	127,146	-	-
3299 Other Restricted Grants-in-Aid	601,349	6,804	610,034
Total Revenue from State Sources	10,861,195	9,001	610,034
Revenue from Federal Sources			
4100 Unrestricted Revenue Direct From the Federal Government	43,544	-	-
4202 Medicaid Reimbursement for Eligible K-12 Expenses (Ages 5-21)	241	-	-
4500 Restricted Revenue From the Federal Government Through the State	39,756	359,072	-
Total Revenue from Federal Sources	83,541	359,072	-
Revenue from Other Sources			
5100 Long Term Debt Financing Sources	3,211,694	-	-
5200 Interfund Transfers	25,000	103,526	185,000
5400 Resources - Beginning Fund Balance	2,069,238	151,881	19,902
Total Revenue from Other Sources	5,305,932	255,407	204,902
Grand Totals	\$ 18,660,450	\$ 877,696	\$ 814,936

CORBETT SCHOOL DISTRICT NO. 39
Multnomah County, Oregon

SCHEDULE OF EXPENDITURES BY FUNCTION/OBJECT

YEAR ENDED JUNE 30, 2020

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
GENERAL FUND								
Instruction Expenditures								
111 Elementary, K-5 or K-6	\$ 2,849,327	\$ 1,706,936	\$ 1,030,695	\$ 31,048	\$ 71,492	\$ -	\$ 9,156	\$ -
113 Elementary Extracurricular	268	-	-	165	103	-	-	-
121 Middle/Junior High Programs	1,162,890	731,357	401,224	8,795	21,290	-	224	-
122 Middle/Junior High School Extracurricular	49,126	29,989	16,513	1,376	-	-	1,248	-
131 High School Programs	1,840,694	1,067,599	602,941	53,493	109,871	-	6,790	-
132 High School Extracurricular	299,107	78,402	34,873	157,614	16,060	-	12,158	-
140 Pre-Kindergarten Programs	205,530	121,501	76,173	4,204	3,652	-	-	-
1220 Restrictive Programs for Students w/ Disabilities	189,378	45,911	31,451	111,583	433	-	-	-
1250 Less Restrictive Programs for Students w/ Disabilities	1,268,667	734,308	406,718	74,421	25,432	-	27,788	-
1280 Alternative Education	281,408	155,035	89,240	37,073	60	-	-	-
1291 English Second Language Programs	101,354	26,553	9,057	31,366	34,258	-	120	-
Total Instruction Expenditures	8,247,749	4,697,591	2,698,885	511,138	282,651	-	57,484	-
Support Services Expenditures								
2110 Attendance and Social Work Services	34,936	-	-	32,590	-	-	2,346	-
2120 Guidance Services	76,095	40,032	29,828	4,044	2,191	-	-	-
2130 Health Services	36,236	22,925	9,752	-	1,745	-	1,814	-
2150 Speech Pathology and Audiology Services	64,981	49,179	15,612	165	25	-	-	-
2160 Other Student Treatment Services	73,617	46,035	26,430	150	937	-	65	-
2210 Improvement of Instruction Services	89,165	60,977	26,572	500	558	-	558	-
2230 Assessment & Testing	66,002	6,036	997	-	58,969	-	-	-
2240 Instructional Staff Development	28,025	-	-	27,080	909	-	36	-
2310 Board of Education Services	395,223	-	31,511	43,778	2,474	150,943	166,517	-
2320 Executive Administration Services	526,110	297,158	177,396	13,186	32,655	-	5,715	-
2410 Office of the Principal Services	854,112	500,651	304,365	15,157	27,994	-	5,945	-
2520 Fiscal Services	138,536	49,932	43,864	26,499	3,234	-	15,007	-
2540 Operation and Maintenance of Plant Services	784,830	254,150	144,772	317,558	47,015	19,098	2,237	-
2550 Student Transportation Services	778,963	318,628	238,126	31,410	49,672	140,664	463	-
2570 Internal Services	134,117	-	-	33,303	92,412	-	8,402	-
2640 Staff Services	130,610	-	130,610	-	-	-	-	-
2660 Technology Services	153,276	54,416	36,044	17,721	37,577	-	7,518	-
Total Support Services Expenditures	4,364,834	1,700,119	1,215,879	563,141	358,367	310,705	216,623	-
Facilities Acquisition and Construction Expenditures								
4150 Building Acquisition, Construction, and Improvement Svcs	637,572	-	-	77,385	-	508,402	51,785	-
Other Uses Expenditures								
5100 Debt Service	432,200	-	-	-	-	-	432,200	-
5200 Transfers of Funds	288,526	-	-	-	-	-	-	288,526
Total Other Uses Expenditures	720,726	-	-	-	-	-	432,200	288,526
General Fund Totals	\$ 13,970,881	\$ 6,397,710	\$ 3,914,764	\$ 1,151,664	\$ 641,018	\$ 819,107	\$ 758,092	\$ 288,526
SPECIAL REVENUE FUND								
Instruction Expenditures								
1122 Middle/Junior High School Extracurricular	\$ 38,757	\$ -	\$ -	\$ -	\$ 38,757	\$ -	\$ -	\$ -
1132 High School Extracurricular	113,581	-	-	-	113,581	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	156,828	91,821	64,983	24	-	-	-	-
1272 Title I	113,582	71,716	41,058	808	-	-	-	-
Total Instruction Expenditures	422,748	163,537	106,041	832	152,338	-	-	-
Support Services Expenditures								
2210 Improvement of Instruction Services	1,131	-	-	1,131	-	-	-	-
Enterprise and Community Services Expenditures								
3100 Food Services	299,996	76,456	47,852	6,027	164,966	-	4,695	-
Other Uses Expenditures								
5200 Transfers of Funds	25,000	-	-	-	-	-	-	25,000
Total Other Uses Expenditures	25,000	-	-	-	-	-	-	25,000
Special Revenue Fund Totals	\$ 748,875	\$ 239,993	\$ 153,893	\$ 7,990	\$ 317,304	\$ -	\$ 4,695	\$ 25,000
CAPITAL PROJECTS FUND								
Facilities Acquisition and Construction Expenditures								
4150 Building Acquisition, Construction, and Improvement Svcs	\$ 777,736	\$ -	\$ -	\$ 29,524	\$ -	\$ 746,485	\$ 1,727	\$ -

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

**SUPPLEMENTAL INFORMATION REQUIRED
BY THE OREGON DEPARTMENT OF EDUCATION**

YEAR ENDED JUNE 30, 2020

A. Energy Bill for Heating - All Funds

Please enter your expenditures for electricity, heating fuel, and water & sewage for these Functions and Objects.

	Objects 325, 326, 327*
Function 2540	\$ 185,279
Function 2550	\$ 5,813

B. Replacement of Equipment - General Fund:

\$ -

Includes all General fund expenditures object 542, except for the following exclusions:

Exclude these functions:

- 1113 Elementary Co-curricular Activities
- 1122 Middle School Co-curricular Activities
- 1132 High School Co-curricular Activities
- 1140 Pre-Kindergarten
- 1300 Continuing Education
- 1400 Summer School
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services
- 4150 Construction

**Object code 327 (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.*

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Pass-Through Agency/Program Title</u>	<u>Federal Assistance Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
PASSED THROUGH OREGON DEPARTMENT OF EDUCATION:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	n/a	\$ 27,678
National School Lunch Program	10.555	n/a	56,162
Donated Commodities	10.555	n/a	<u>3,690</u>
Total Child Nutrition Cluster			<u>87,530</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
PASSED THROUGH OREGON DEPARTMENT OF EDUCATION:			
Special Education Cluster (IDEA)			
Special Education Grants to States	84.027	53771	155,452
Special Education Grants to States	84.027	56621	<u>1,376</u>
Total Special Education Cluster (IDEA)			<u>156,828</u>
Title I Grants to Local Educational Agencies	84.010	53240	92,654
Supporting Effective Instruction State Grants	84.367	53502	10,929
Student Support and Academic Enrichment Program	84.424	54492	<u>10,000</u>
TOTAL PASSED THROUGH OREGON DEPARTMENT OF EDUCATION			<u>270,411</u>
PASSED THROUGH OREGON DEPARTMENT OF HEALTH SERVICES:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	154900	<u>39,756</u>
PASSED THROUGH GRESHAM-BARLOW SCHOOL DISTRICT:			
English Language Acquisition State Grants	84.365	GBSD	<u>1,131</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>311,298</u>
FEDERAL FINANCIAL ASSISTANCE GRAND TOTAL			<u>\$ 398,828</u>
Reconciliation to the financial statements			
Schedule of Expenditures of Federal Awards			\$ 398,828
Medicare revenue			241
Federal interest subsidy			<u>43,544</u>
Total revenue from federal sources			<u>\$ 442,613</u>

CORBETT SCHOOL DISTRICT NO. 39

Multnomah County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net assets of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. SUBRECIPIENTS

The District does not pass-through federal awards to any subrecipients.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS**

Board of Directors
Corbett School District No. 39
Corbett, Oregon

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Corbett School District No. 39, Multnomah County, Oregon, (the District), as of and for the year ended June 30, 2020, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 12, 2021. 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 162-10-330 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

- In our test sample of 12 teachers out of a population of 58 teachers, the District misreported years of experience for seven teachers. On a net basis, the District under reported four years of service in the District, under reported five years of service in Oregon, and under reported one year of service outside of Oregon.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

Board of Directors
Corbett School District No. 39

COMPLIANCE (Continued)

- While notices were posted on the District's website, the required notices for the regular meetings to adopt supplemental budgets on December 18, 2019 and February 19, 2020 were not published, as defined in 294.311(35), in accordance with ORS 294.471(3).

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as communicated in a separate letter to management dated February 12, 2021, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider certain deficiencies as communicated in a separate letter to management dated February 12, 2021 be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider certain deficiencies as communicated in a separate letter to management dated February 12, 2021 to be significant deficiencies.

PURPOSE OF THIS REPORT

This report is intended solely for the information and use of the Board of Directors, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kowala & Warwick LLP

Portland, Oregon
February 12, 2021