

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2018**

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**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
ESTACADA, OREGON

**BOARD OF DIRECTORS**

**BOARD OF DIRECTORS**

**TERM EXPIRES**

Lisa Alves	June 30, 2021
Jeromy Adamson	June 30, 2021
Jamie Smith	June 30, 2019
Rochelle Shibahara	June 30, 2021
Joe Behrman	June 30, 2021
Benjamin Wheeler	June 30, 2019
Ken Riedel	June 30, 2019

**District Administration**

Ryan Carpenter, Superintendent  
Nick Hogan, CPA, Business Manager

**District Address**

255 NE Sixth Avenue  
Estacada, Oregon 97023

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**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
Estacada, Oregon

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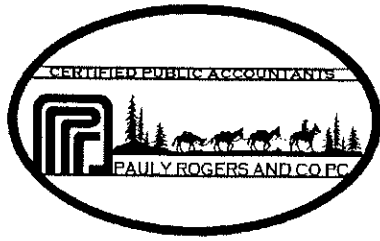
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## **INDEPENDENT AUDITOR'S REPORT**

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PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
[www.paulyrogersandcocpas.com](http://www.paulyrogersandcocpas.com)

December 28, 2018

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clackamas County School District No.108  
Estacada, Oregon

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

We have audited the accompanying financial statements of the governmental activities, and each major fund of Clackamas County School District No.108, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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.

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 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 and each major fund of Clackamas County School District No.108, as of June 30, 2018, and the respective changes in financial position and budgetary comparisons for the general fund and major special revenue fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplemental information, as listed in the table of contents, 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 Management's Discussion and Analysis or Schedule of Funding Progress and Employer Contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents have 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 them.

**Reports on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 28, 2018 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 28, 2018, on our consideration of 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.



Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.

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

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**ESTACADA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

The management of Estacada School District (the District) presents this narrative overview to facilitate both a short-term and a long-term analysis of the financial activities of the District for the fiscal year ended June 30, 2018. This Management's Discussions and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed at the date of the independent auditor's report.

**Financial Highlights**

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2018 by \$2,902,815, resulting in an overall "Net Position" of negative \$2,902,815. This negative net position is due in part to the implementation of recent Government Accounting Standards Board (GASB) pronouncements and the recognition of the District's proportionate share of the PERS net pension liability in the financial statements as explained further on page b of this MD&A. Net Position increased by a total of \$507,468 during the 2017-18 fiscal year.
- The District's governmental funds reported a combined ending fund balance of \$8,015,422 at the end of fiscal year 2017-18.
- At the end of fiscal year 2017-18 ending fund balance in the General Fund was \$3,178,134 which equals approximately 12.0% of General Fund expenditures and transfers out.
- On June 30, 2018, the District's total outstanding debt was \$24,720,370 which includes General Obligation bonds of \$13,870,000, Pension Obligation Bonds \$9,930,000, capital leases \$355,370 and Qualified School Construction Bonds \$565,000. See Note 5 in the financial statement Notes section for more information about the District's long-term debt.

**Overview of the Financial Statements**

This following discussion and analysis is intended to serve as an introduction to the District's basic financial statements and other required supplementary information. The District's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 5 and 6 of this report.

The *Statement of Net Position* presents information on all of the District's assets and liabilities as of the date on the statement. Total Net Position represents the assets remaining after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or decrease net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**ESTACADA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods, such as uncollected property taxes.

On the *Statement of Activities*, the District's activities are shown separately by the District's major functions such as instruction, supporting services, and community services. District activities are financed primarily through Oregon's State School Fund, property taxes, and other intergovernmental revenues.

**Effect of PERS Unfunded Liability:** Recent statements issued by the Governmental Accounting Standards Board (GASB) require that the government-wide financial statements incorporate the District's proportionate share of the state-wide liabilities related to PERS, including the Unfunded Actuarial Liability (UAL). The intent of these GASB requirements is to capture the true long-term liability for pension costs, but the actual result is extreme volatility in the District's Statement of Net Position. Due to highly variable annual investment returns (and other factors), the system-wide unfunded actuarial liability can change dramatically from year to year, causing significant changes in the School District's reported Net Position. While inclusion of the PERS UAL in the Statement of Net Position reflects a long-term financial reality, it is beyond the ability of any single employer to influence the PERS UAL and it obscures the financial results attributable to School District operations and management. The District's proportionate share of net pension liability (the PERS UAL) is \$11,508,148 as of June 30, 2018, as reported on the Statement of Net Position.

**Fund financial statements.** The fund financial statements provide more detailed information about the District's funds. 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. The School Board sets appropriations each year within every fund for instruction, support services, community services, facilities, debt service, transfers, contingency, and unappropriated ending fund balance. These appropriations establish the legal limits for expenditures of the District as established by Oregon Revised Statutes.

Unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of available resources to assist users in evaluating a government's near-term financial requirements.

Because the focus of the fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds in the fund financial statements with similar information presented in the government-wide financial statements. The *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* provide reconciliations to the District-wide statements to facilitate these comparisons.

The District has two major funds: the General Fund and the Special Revenue Fund. Financial statements for these funds are included on pages 11 and 12. The District also has two non-major funds: the Debt Service Fund and the Capital Projects Fund. Financial statements for non-major funds are shown on pages 40 and 41 of the annual financial report. The District does not have any funds that are considered "business-type" activities.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 13 to 38 of this report.

**ESTACADA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Government-Wide Financial Analysis**

**Statement of Net Position:** Significant changes in the District's Statement of Net Position from the prior year are as shown on the next page. As noted earlier, Net Position may serve as a useful indicator of a government's financial position over time.

Capital assets, which consist of the District's land, buildings, building improvements, site improvements, vehicles and equipment represent approximately 71% of total assets. The remaining assets consist mainly of cash, investments, and taxes receivable.

The District's largest liability (approximately 96% of total liabilities) is for the repayment of long-term debt including General Obligation bonds, PERS bonds, Qualified School Construction Bonds, and capital lease obligations. Current liabilities consist primarily of accounts payables and employee benefits payable.

As noted above, a significant portion of the District's Net Position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment). The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

**ESTACADA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

A comparative summary of the District's Net Position as of June 30, 2017 and 2018 is as follows.

<b>Changes in Net Position (Statement of Activities) For the Year Ended June 30, 2018 and 2017</b>			
	<u>Governmental Activities</u>		<u>Increase</u>
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>(Decrease)</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 683,697	\$ 735,571	\$ (51,874)
Operating grants and contributions	2,611,583	2,235,462	376,121
Capital grants & contributions	-	65,325	(65,325)
General Revenues:			
Property taxes levied for general purpo	5,871,859	5,737,119	134,740
Property taxes levied for debt service	1,836,037	2,303,133	(467,096)
State school fund - general fund	20,045,402	18,873,809	1,171,593
Unrestricted state and local sources	469	295,474	(295,005)
Earnings on investments	228,603	118,315	110,288
Miscellaneous	352,000	213,226	138,774
Total Revenues	<u>31,629,650</u>	<u>30,577,434</u>	<u>1,052,216</u>
Expenses:			
Instruction	19,330,448	18,021,789	1,308,659
Support Services	9,799,781	9,852,778	(52,997)
Enterprises and Community Services	764,086	783,135	(19,049)
Interest on Long-term debt	1,227,867	1,444,696	(216,829)
Total Expenses	<u>31,122,182</u>	<u>30,102,399</u>	<u>1,019,783</u>
Change in net position	507,468	475,035	32,433
Net position - beginning	(3,391,460)	(2,558,885)	(832,575)
Prior period adjustment	(18,823)	-	(18,823)
Restated per GASB 73 & 75 Implementation	-	(1,307,610)	1,307,610
Net position - beginning, restated	<u>(3,410,283)</u>	<u>(3,866,495)</u>	<u>456,212</u>
Net position - ending	<u>\$ (2,902,815)</u>	<u>\$ (3,391,460)</u>	<u>\$ 488,645</u>

The District's total Net Position increased \$488,645 during fiscal year 2017-18.

**Statement of Activities:** General Revenues account for the vast majority of District resources. Property taxes of \$5,871,859 and State School Fund (SSF) payments of \$20,045,402 are the largest of these resources. Each Oregon school district receives money from the state based on an average weighted student membership formula (ADMw). The formula multiplies a dollar amount per student (established by the legislature every two-years) by the District's ADMw. As a safety net, districts may utilize the higher of their current year ADMw or the most recent year's actual ADMw in the calculation. Ad Valorem Taxes, Common School Fund and Federal Forest Fees, special student weighting factors, and other factors are included in the SSF formula.

**ESTACADA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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

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

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

As of June 30, 2018 the District's governmental funds reported total ending fund balances of \$8,015,422 an increase of \$466,366 from the prior year.

*General Fund:* The General Fund is the primary operating fund of the District. As of June 30, 2018, General Fund total ending fund balance was \$3,178,134, which is a decrease of \$42,262 from the prior year. The decrease in General Fund ending fund balance was due in part to a transfer of \$500,000 from the General Fund to the Capital Projects fund to enable the District to start on a capital improvement plan to address some of its building and infrastructure needs with its existing resources.

*Special Revenue Fund:* The Special Revenue Fund is used by the District for dedicated revenue sources for activities such as College Scholarships, Food Service, and Student Body funds. Special Revenue Fund revenues in 2017-18 totaled \$3,004,888 which represents approximately 9% of total revenues for all District funds.

*Capital Projects Fund:* The Capital Projects Fund is being used to accumulate resources to start on a capital improvement plan to address some of the District's building and infrastructure needs with existing resources. The primary revenue sources for the Capital Projects Fund are the Construction Excise Tax, transfers from the General Fund, and interest earnings.

**General Fund Budgetary Highlights**

During the year, General Fund expenditures were less than budgeted amounts by \$2,341,127, revenues came in at 616,611 above budgeted revenues, and actual revenues exceeded actual expenditures by \$1,403,385 (before transfers out).

(District-wide budgetary highlights are shown on next page)

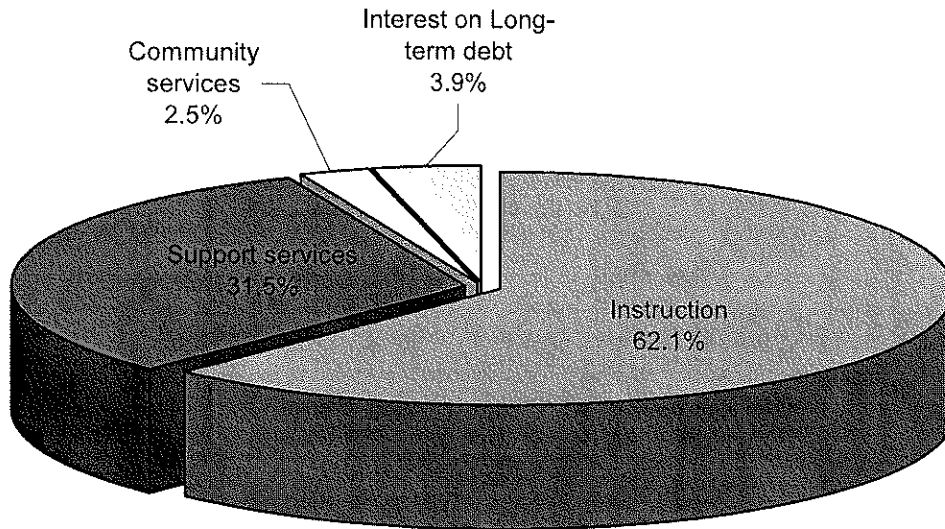
**ESTACADA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**District-Wide Budgetary Highlights**

**Expenses.** Expenses related to governmental activities are presented in four broad functional categories as shown below. Costs of direct classroom instruction activities account for the majority of the total expenses of \$19,330,448. The other major component is support services which accounts for student support staff and school and general administration.

2017-18 expenses by function as shown on the district-wide Statement of Activities for governmental activities are summarized as shown in the following chart:

**Expenses by Function - Governmental Activities  
For the Year Ended June 30, 2018**



**ESTACADA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets includes land, buildings, vehicles, and equipment. As of June 30, 2018, the District had invested \$24,627,871 in capital assets, net of accumulated depreciation. Net capital assets decreased during the year by \$609,995 primarily from annual depreciation of buildings and equipment. A comparative summary of the District's capital assets as of June 30, 2017 and June 30, 2018 is as follows:

<b>Capital Assets (Net of Depreciation)</b>			
<b>June 30, 2018 and 2017</b>			
	Governmental Activities		Increase
	June 30, 2018	June 30, 2017	(Decrease)
Land	\$ 216,256	\$ 216,256	\$ -
Construction in Progress	4,390	4,390	-
Capital Assets Being Depreciated			
Building and improvements	37,879,673	37,644,018	235,655
Vehicles/equipment	4,102,241	4,067,241	35,000
Total Assets Being Depreciated	41,981,914	41,711,259	270,655
Less Accumulated Depreciation for			
Buildings and improvements	(14,197,556)	(13,436,938)	(760,618)
Vehicles/equipment	(3,377,133)	(3,257,101)	(120,032)
Total Accumulated Depreciation	(17,574,689)	(16,694,039)	(880,650)
Total Capital Assets Being Depreciated, net	24,407,225	25,017,220	(609,995)
Total Capital Assets, net	<u>\$ 24,627,871</u>	<u>\$ 25,237,866</u>	<u>\$ (609,995)</u>

Additional information on the District's capital assets may be found in note 4 to the financial statements.

**Long-term debt.** At the end of the 2017-18 fiscal year, the District had total long-term debt outstanding of \$24,720,370 consisting of general obligation bonds, Pension Obligation Bonds, Qualified School Construction Bonds, and capital leases. During the year, the District's total long-term debt obligations decreased by \$2,072,826 due to making annual principal payments. The District's net pension liability (the District's proportionate share of the state-wide PERS net pension liability) as explained on page b of this Management Discussion and Analysis, and Note 7 to the financial statements, is not included in Long-term debt for this purpose.

Additional information on the District's long-term debt obligations may be found in note 5 to the financial statements.

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

The most significant economic factors for the District are student enrollment and the State of Oregon's State School Fund. The State School Fund is based on student enrollment and includes a General Purpose Grant, a Transportation Grant, a Facilities Grant and certain local revenues. For the year ended June 30, 2018, the State School Fund provided approximately 77% of the District's total General Fund revenue.

The District's Budget Committee and School Board considered these factors while preparing the District's budget for the 2018-19 fiscal year.

**ESTACADA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Requests For Information**

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager at 255 NE 6th Avenue, Estacada, Oregon, 97023.

## **BASIC FINANCIAL STATEMENTS**

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CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

STATEMENT OF NET POSITION  
June 30, 2018

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 7,728,369
Receivables:	
Property Taxes	456,367
Other Receivables	1,656,249
Inventory	24,095
Prepays	33,113
Capital Assets:	
Land	216,256
Construction In Progress	4,390
Buildings and Equipment, Net of Depreciation	24,407,225
Total Assets	<u>34,526,064</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferral	<u>3,618,695</u>
Total Deferred Outflows	<u>3,618,695</u>
LIABILITIES	
Accounts Payable	365,772
Accrued Liabilities	1,120,704
Accrued Interest Payable	31,032
Accrued Compensated Absences	12,163
Long Term Liabilities:	
Pension Obligation	717,066
Proportionate Share of Net Pension Liability (PERS)	11,508,148
Total OPEB Liability	1,434,625
Due Within One Year	2,291,168
Due in More Than One Year	22,429,202
Total Liabilities	<u>39,909,880</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Gain on Refunding	250,001
Net Deferred Pension Asset	<u>887,693</u>
Total Deferred Inflows	<u>1,137,694</u>
NET POSITION	
Net Investment in Capital Assets	10,087,502
Restricted for Grants and Other Purposes	2,994,932
Unrestricted	<u>(15,985,249)</u>
Total Net Position	<u><u>\$ (2,902,815)</u></u>

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 19,330,448	\$ 410,367	\$ 1,367,310	\$ (17,552,771)
Support Services	9,799,781	119,274	747,534	(8,932,973)
Enterprise and Community Services	764,086	154,056	496,739	(113,291)
Interest on Long-term Debt	<u>1,227,867</u>	<u>-</u>	<u>-</u>	<u>(1,227,867)</u>
Total Governmental Activities	<u>\$ 31,122,182</u>	<u>\$ 683,697</u>	<u>\$ 2,611,583</u>	<u>(27,826,902)</u>

GENERAL REVENUES:

Property taxes levied for general purposes	5,871,859
Property taxes levied for debt service	1,836,037
State school fund - general support	20,045,402
Unrestricted state and local sources	469
Earnings on Investments	228,603
Miscellaneous	<u>352,000</u>
Total General Revenues	<u>28,334,370</u>
Change In Net Position	507,468
Prior Year Ending	(3,391,460)
Prior Period Adjustment	<u>(18,823)</u>
Net Position - Ending	<u>\$ (2,902,815)</u>

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTALS
<b>ASSETS</b>					
Cash and Investments	\$ 7,490,719	\$ 214,347	\$ 23,303	\$ -	\$ 7,728,369
Property Taxes Receivable	346,231	-	110,136	-	456,367
Other Accounts Receivable	210,235	1,422,431	-	23,583	1,656,249
Due From Other Funds	-	372,121	368,877	2,512,645	3,253,643
Prepays	33,113	-	-	-	33,113
Inventory	-	24,095	-	-	24,095
Total Assets	<u>\$ 8,080,298</u>	<u>\$ 2,032,994</u>	<u>\$ 502,316</u>	<u>\$ 2,536,228</u>	<u>\$ 13,151,836</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 232,203	\$ 118,994	\$ -	\$ 14,575	\$ 365,772
Accrued Liabilities	1,120,704	-	-	-	1,120,704
Due to Other Funds	3,253,643	-	-	-	3,253,643
Total Liabilities	<u>4,606,550</u>	<u>118,994</u>	<u>-</u>	<u>14,575</u>	<u>4,740,119</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	<u>295,614</u>	<u>-</u>	<u>100,681</u>	<u>-</u>	<u>396,295</u>
<b>Fund balances</b>					
Nonspendable	33,113	24,095	-	-	57,208
<b>Restricted for:</b>					
Special Programs	-	124,569	-	-	124,569
Debt Services	-	-	348,710	-	348,710
Capital Projects	-	-	-	2,521,653	2,521,653
Assigned	-	1,765,336	52,925	-	1,818,261
Unassigned	<u>3,145,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,145,021</u>
Total Fund Balances	<u>3,178,134</u>	<u>1,914,000</u>	<u>401,635</u>	<u>2,521,653</u>	<u>8,015,422</u>
Total Liabilities and Fund Balances	<u>\$ 8,080,298</u>	<u>\$ 2,032,994</u>	<u>\$ 502,316</u>	<u>\$ 2,536,228</u>	<u>\$ 13,151,836</u>

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Position

June 30, 2018

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Total Fund Balances - Governmental Funds	\$	8,015,422
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost	\$	42,202,560	
Accumulated Depreciation		<u>(17,574,689)</u>	24,627,871

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.

396,295

The Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.

(11,508,148)

Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

Deferred outflows of resources related to pensions	3,618,695
Deferred inflows of resources related to pensions	(887,693)
Deferred inflows of resources related to gain on refunding	(250,001)

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

These liabilities consist of:

Accrued interest payable	(31,032)	
Accrued compensated absences	(12,163)	
Early retirement pension obligation	(717,066)	
Total OPEB liability	(1,434,625)	
Bonds payable	(24,365,000)	
Capital lease obligations	<u>(355,370)</u>	<u>(26,915,256)</u>

Net Position	\$	<u><u>(2,902,815)</u></u>
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See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 5,931,682	\$ -	\$ 1,836,037	\$ -	\$ 7,767,719
State and Local Sources	20,315,285	953,386	-	240,122	21,508,793
Federal Sources	2,876	1,358,906	-	-	1,361,782
Charge for Services	38,126	637,212	1,048,815	-	1,724,153
Interest	176,465	-	14,677	37,461	228,603
Contributions and Donations	-	12,500	-	-	12,500
Other	27,270	42,884	64,584	-	134,738
Total Revenues	26,491,704	3,004,888	2,964,113	277,583	32,738,288
EXPENDITURES					
Current:					
Instruction	16,775,476	1,568,027	-	-	18,343,503
Support Services	8,312,843	1,002,848	-	-	9,315,691
Enterprise & Community Services	-	726,341	-	-	726,341
Facilities Acquisition & Construction	-	-	-	193,561	193,561
Capital Outlay	-	157,517	-	231,265	388,782
Debt Service	-	-	3,304,044	-	3,304,044
Total Expenditures	25,088,319	3,454,733	3,304,044	424,826	32,271,922
Excess of Revenues Over (Under) Expenditures	1,403,385	(449,845)	(339,931)	(147,243)	466,366
OTHER FINANCING SOURCES (USES)					
Transfers In	-	930,558	15,089	500,000	1,445,647
Transfers Out	(1,445,647)	-	-	-	(1,445,647)
Total Other Financing Sources (Uses)	(1,445,647)	930,558	15,089	500,000	-
Net Change in Fund Balance	(42,262)	480,713	(324,842)	352,757	466,366
Beginning Fund Balance	3,220,396	1,433,287	726,477	2,168,896	7,549,056
Ending Fund Balance	\$ 3,178,134	\$ 1,914,000	\$ 401,635	\$ 2,521,653	\$ 8,015,422

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds	\$	466,366
Amounts reported for government-wide statements in the Statement of Activities are different because of the following:		
Governmental funds report capital asset additions 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.		
Capital asset additions	\$	270,655
Depreciation and asset disposals		<u>(880,650)</u> (609,995)
Repayment of principal on general obligation bonds payable and pension obligation in the governmental funds but reduces the liability in the Statement of Net Position.		1,950,000
Accrual of proportionate share of the net pension liability is not reported as an expenditure in the governmental funds.		(1,373,907)
Amortization of deferred gain on refunding.		35,714
Some expenses reported in the statements do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued compensated absences		6,660
Change in accrued interest payable		<u>3,351</u> 10,011
Payments on capital leases and new capital leases are recorded as a change in liabilities on the Statement of Net Position.		122,826
Net pension obligations are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities they are recognized as an expenditure when earned.		50,894
Other postemployment benefits are reported in the Statement of Activities but not reported as an expenditure in the governmental funds.		(84,618)
Revenues that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.		<u>(59,823)</u>
<b>CHANGE IN NET POSITION</b>	<b>\$</b>	<b><u>507,468</u></b>

See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018

<u>GENERAL FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
	210,235			-
Local Sources	\$ 5,435,000	\$ 5,435,000	\$ 5,997,078	\$ 562,078
Intermediate Sources	103,500	103,500	469	(103,031)
State Sources	20,301,593	20,301,593	20,314,816	13,223
Federal Sources	-	-	2,876	2,876
Earnings on Investments	35,000	35,000	176,465	141,465
Total Revenue	25,875,093	25,875,093	26,491,704	616,611
EXPENDITURES				
Instruction	17,037,258	17,037,258 (1)	16,775,476	261,782
Support Services	8,892,188	8,892,188 (1)	8,312,843	579,345
Contingency	1,500,000	1,500,000 (1)	-	1,500,000
Total Expenditures	27,429,446	27,429,446	25,088,319	2,341,127
Excess of Revenues Over (Under) Expenditures	(1,554,353)	(1,554,353)	1,403,385	2,957,738
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,445,647)	(1,445,647) (1)	(1,445,647)	-
Total Other Financing Sources (Uses)	(1,445,647)	(1,445,647)	(1,445,647)	-
Net Change in Fund Balance	(3,000,000)	(3,000,000)	(42,262)	2,957,738
Beginning Fund Balance	3,000,000	3,000,000	3,220,396	220,396
Ending Fund Balance	\$ -	\$ -	\$ 3,178,134	\$ 3,178,134

(1) Appropriation Level

'See accompanying notes to basic financial statements

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018

<u>SPECIAL REVENUE FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ 844,140	\$ 844,140	\$ 692,596	\$ (151,544)
Intermediate	598,400	598,400	401,831	(196,569)
State Sources	251,884	251,884	551,555	299,671
Federal Sources	1,586,633	1,586,633	1,358,906	(227,727)
Earnings on Investments	6,300	6,300	-	(6,300)
Total Revenues	<u>3,287,357</u>	<u>3,287,357</u>	<u>3,004,888</u>	<u>(282,469)</u>
EXPENDITURES				
Instruction	2,027,582	2,027,582 (1)	1,603,027	424,555
Support Services	1,733,727	1,733,727 (1)	1,125,365	608,362
Community Services	887,842	887,842 (1)	726,341	161,501
Contingency	100,000	100,000 (1)	-	100,000
Total Expenditures	<u>4,749,151</u>	<u>4,749,151</u>	<u>3,454,733</u>	<u>(1,294,418)</u>
Excess of Revenues Over (Under) Expenditures	(1,461,794)	(1,461,794)	(449,845)	1,011,949
OTHER FINANCING SOURCES (USES)				100,681
Transfers In	<u>600,000</u>	<u>600,000</u>	<u>930,558</u>	<u>330,558</u>
Total Other Financing Sources (Uses)	<u>600,000</u>	<u>600,000</u>	<u>930,558</u>	<u>1,443,188</u>
Net Change in Fund Balance	(861,794)	(861,794)	480,713	1,443,188
Beginning Fund Balance	<u>861,794</u>	<u>861,794</u>	<u>1,433,287</u>	<u>571,493</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,914,000</u>	<u>\$ 2,014,681</u>

(1) Appropriation Level

'See accompanying notes to basic financial statements

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Clackamas County School District No. 108 (the District) is a municipal corporation governed by an elected seven member Board of Directors. As required by accounting principles generally accepted in the United States of America, all activities of the District have been included in these financial statements.

The financial statements include all funds and account groups. The District is not financially accountable for any other governmental entity. Financial accountability is determined in accordance with criteria set forth in GAAP and Governmental Accounting Standards Board (GASB) Statement No. 61. Financial accountability is based primarily on the authority to appoint voting majority of an organization's governing board, ability to impose its will on that organization, the potential for that organization to provide specific financial benefits or impose specific financial burdens and that organization's fiscal dependency. There are no component units.

**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. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed through property taxes, intergovernmental revenues, and other non-exchange transactions.

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 an activity and, therefore, are clearly identifiable to that activity. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities and eliminations have been made to minimize the double counting of internal activities. 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 that are not classified as program revenues, including property taxes, are presented as general revenues.

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

**Fund Financial Statements**

The fund financial statements provide information about the District's funds including those of a fiduciary nature. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

Special Revenue Fund - This fund accounts for revenues and expenditures for specific purposes and the District's food services program. Principal revenue sources are federal and state grants.

Debt Service Fund - This Fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes, District payroll deductions, budgeted transfers and energy savings.

Capital Projects Fund - This Fund accounts for activities related to the acquisition, construction, equipping and furnishing of facilities. Principal revenue sources are bond proceeds, budgeted transfers and interest earnings.

**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.

**Cash, Cash Equivalents 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.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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. OSF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The Governor appoints the members of the Oregon Investment Council and the Oregon Short Term Fund Board. The OSTF issues a separate independent financial statement which can be obtained at The Office of the State Treasurer, 350 Winter Street NE, Suite 100, Salem, Oregon. The credit quality rating of this pool is unrated.

**Fair Value Inputs and Methodologies and Hierarchy**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**Property Taxes Receivable**

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

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

**Accounts and Other Receivables**

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

**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. Grant funds received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.

**Inventory**

Inventory is valued at cost, using the first-in, first-out (FIFO) method. Donated commodities are valued at their estimated fair market value. Inventory is charged as an expenditure when used.

**Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of three years. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 to 50 years
Vehicles and equipment	6 to 20 years

**Capital Leases**

In the government-wide financial statements capital leases are reported as liabilities in the Statement of Net Position.

In the fund financial statements, at the inception of a capital lease an expenditure and other financing source are recognized in an amount equal to the net present value of future minimum lease payments. Subsequent lease payments are recorded as expenditures on the due date.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**Retirement Plans**

Most of the District employees participate in Oregon Public Employees Retirement System (PERS). For the purpose of measuring the pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and addition to/deductions from PER's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. PERS requires plan contributions on a current basis. Contributions are recorded as expenditures in individual funds as funded. The District also offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code.

**Postemployment Benefits**

Certificated employees and eligible administrative supervisors at age fifty-eight with 15 years of regular service qualify for early retirement benefits which are funded and charged to expenditures on a pay-as-you-go basis.

**Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unused vacation must be used by June 30th of each year, except classified employees that earn vacation may carry over up to 40 hours of vacation to the following fiscal year to be used by September 30th. Any accrued vacation time not used by September 30th is paid out to the employee. 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.

**Long-term Debt**

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position. Gains or losses on refunding are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums or discounts received on debt issuance are not material to the basic financial statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District reports deferred inflows of resources for pension related amounts and deferred gain on refunding in the statement of activities. The District also reports deferred inflows of resources for unavailable revenue from property taxes in the General Fund on the governmental funds balance sheet.

**Net Position**

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

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

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is net position restricted for debt service, grants, and student activities. .

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

**Fund Equity**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The District has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

**Budget**

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same basis as accounting principles generally accepted in the United States of America except capital outlay expenditures are budgeted by function and capital leases at their inception are not budgeted.

The District begins its budgeting process by appointing budget committee members in early fall of each year. Budget recommendations are developed through early spring and the Budget Committee approves the budget in late spring. Public notices of the budget hearing are generally published in June and a public hearing is held in late June. The budget is adopted, appropriations are made, and the tax levy is declared no later than June 30.

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

Expenditures are appropriated at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. Expenditures generally cannot legally exceed these function level appropriations. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board of Directors. During the year, there were no budget resolutions affecting appropriations. Appropriations lapse at the end of each fiscal year.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

Expenditures of the various funds were within authorized appropriations.

**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 affect the reported amounts of certain assets, liabilities, revenues, expenditures/expenses and other disclosures. Accordingly, actual results could differ from those estimates.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The District maintains a common cash, cash equivalents and investment pool for all District funds. At June 30, 2018, the District's cash, cash equivalents and investments is comprised of the following:

Cash on hand	\$ 3,748
Deposits with financial institutions:	
Demand deposits, non-interest bearing	496,061
State of Oregon Treasurer's	
Local Government Investment Pool	<u>7,228,560</u>
	<u>\$ 7,728,369</u>

**Deposits with Financial Institutions**

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

Deposits with financial institutions include primarily bank demand and money market deposits. The balances in these accounts according to the District's records total \$496,060 on June 30, 2018. The bank statement records reflect a balance of \$624,212 at year end. Of this amount, \$488,994 is covered by the FDIC's general deposit insurance rules.

As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of State Treasurer. As a result the District has no exposure to custodial credit risk for deposits with financial institutions.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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

As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of State Treasurer. As a result the District has no exposure to custodial credit risk for deposits with financial institutions.

**Investments**

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

Interest Rate Risk – Investments – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure deposits will not be recovered. There is no formal deposit policy for custodial credit risk. As of June 30, 2018, all deposits are insured.

INVESTMENTS – Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. 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, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)  
If the link has expired please contact the Oregon Short Term Fund directly.

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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

At year-end, the investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 7,228,560	\$ 7,228,560	\$ -
Total	<u>\$ 7,228,560</u>	<u>\$ 7,228,560</u>	<u>\$ -</u>

**3. RECEIVABLES**

Receivables at June 30, 2018 are comprised of the following:

**4. CAPITAL ASSETS**

Capital assets activity for the year was as follows

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 216,256	\$ -	\$ -	\$ 216,256
Construction in Progress	4,390	-	-	4,390
Total capital assets not being depreciated	<u>220,646</u>	<u>-</u>	<u>-</u>	<u>220,646</u>
Capital Assets being depreciated:				
Buildings and improvements	37,644,018	235,655	-	37,879,673
Vehicles and equipment	4,067,241	35,000	-	4,102,241
Total capital assets being depreciated	<u>41,711,259</u>	<u>270,655</u>	<u>-</u>	<u>41,981,914</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,444,395)	(753,161)	-	(14,197,556)
Vehicles and equipment	(3,249,644)	(127,489)	-	(3,377,133)
Total accumulated depreciation	<u>(16,694,039)</u>	<u>(880,650)</u>	<u>-</u>	<u>(17,574,689)</u>
Total capital assets being depreciated	<u>25,017,220</u>	<u>(609,995)</u>	<u>-</u>	<u>24,407,225</u>
Total capital assets, net	<u>\$ 25,237,866</u>	<u>\$ (609,995)</u>	<u>\$ -</u>	<u>\$ 24,627,871</u>

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS ( CONTINUED)**

Equipment with cost of approximately \$636,900 is financed under capital leases.

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

Instruction	\$ 569,100
Support Services	289,016
Enterprise and Community Services	<u>22,534</u>
Total	<u>\$ 880,650</u>

**5. LONG-TERM DEBT**

Changes in long-term debt for the year ended June 30, 2018 are as follows:

	Outstanding July 1, 2017	Additions	Payment and Redemptions	Outstanding 30-Jun-18	Current Portion
Obligations under capital leases	\$ 478,196	\$ -	\$ 122,826	\$ 355,370	\$ 126,168
2005 general obligation refunding bonds	15,205,000	-	1,335,000	13,870,000	1,475,000
2005 pension bonds	10,480,000	-	550,000	9,930,000	625,000
2011 QSCB bonds	<u>630,000</u>	<u>-</u>	<u>65,000</u>	<u>565,000</u>	<u>65,000</u>
Total long term obligations	<u>\$ 26,793,196</u>	<u>\$ -</u>	<u>\$ 2,072,826</u>	<u>\$ 24,720,370</u>	<u>\$ 2,291,168</u>

Annual debt service requirements to maturity are as follows:

Year Ended June 30	Obligations Under Capital Leases	General Obligation Bonds	Pension Bonds	QSCB Bonds	Total	Bond Interest
2019	\$ 126,168	\$ 1,475,000	\$ 625,000	\$ 65,000	\$ 2,291,168	\$ 1,256,009
2020	89,627	1,620,000	710,000	65,000	2,484,627	1,146,114
2021	92,175	1,775,000	800,000	65,000	2,732,175	1,024,639
2022	47,400	2,000,000	900,000	65,000	3,012,400	885,659
2023	-	2,135,000	1,005,000	65,000	3,205,000	729,546
2024-2028	<u>-</u>	<u>4,865,000</u>	<u>5,890,000</u>	<u>240,000</u>	<u>10,995,000</u>	<u>1,249,093</u>
	<u>\$ 355,370</u>	<u>\$ 13,870,000</u>	<u>\$ 9,930,000</u>	<u>\$ 565,000</u>	<u>\$ 24,720,370</u>	<u>\$ 6,291,060</u>

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. LONG-TERM DEBT (CONTINUED)**

The District issued general obligation bonds for the improvement and construction of education facilities, limited tax pension bonds for the payment of a portion of its estimated PERS unfunded actuarial liability, and QSCB bonds for construction of a Bio-mass boiler and upgrades to the District's digital control systems. All bonds are paid by the Debt Service Fund and obligations under capital lease by the Special Revenue Fund. The 2005 general obligation bonds were issued in the amount of \$21,300,000 with variable interest from 3.000% to 5.500%. The 2005 pension bonds were issued in the amount of \$12,695,000 with variable interest from 4.052% to 4.759%. The 2011 QSCB bonds were issued in the amount of \$1,100,000 with interest of 5.050%

Obligations under capital leases consist of the lease of four vehicles with an original cost of \$636,900 with average interest rates of 2.610%.

**6. INTERFUND TRANSFERS**

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,445,647
Special Revenue	930,558	-
Capital Projects	500,000	
Debt Service	15,089	-
	<u>\$ 1,445,647</u>	<u>\$ 1,445,647</u>

The General Fund transferred \$430,558 of resources to the Special Revenue Fund for matching as required by grant awards and \$500,000 for PERS Reserve, \$15,089 to the Debt Service Fund for debt service, and \$500,000 to the Capital Projects Fund for future capital projects.

**7. RETIREMENT PLANS**

**Public Employees Retirement System (PERS)**

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/pers/documents/financials/CAFR/2017-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

**1. PERS Pension (Chapter 238)**

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

Pension Benefits - The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. RETIREMENT PLANS (CONTINUED)**

refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits 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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

- i. member was employed by PERS employer at the time of death,
- ii. member died within 120 days after termination of PERS covered employment,
- iii. member died as a result of injury sustained while employed in a PERS-covered job, or
- iv. 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 (including PERS judge members) 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 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**2. OPSRP Pension Program (OPSRP DB).**

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

Pension Benefits – This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. RETIREMENT PLANS (CONTINUED)**

*Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

*General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

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

Disability Benefits – A member who has accrued 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.

Benefit Changes After Retirement – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**3. Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced.

Employer contributions for the year ended June 30, 2018 were \$814,258, excluding amounts to fund employer specific liabilities. In addition approximately \$585,897 in employee contributions were paid or picked up by the District in fiscal 2018. At June 30, 2018, the District reported a net pension liability of \$11,508,148 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2017, the District's proportion was .085 percent. Pension expense for the year ended June 30, 2018 was \$1,373,907.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. RETIREMENT PLANS (CONTINUED)**

The rates in effect for the year ended June 30, 2018 were:

- Tier 1/Tier 2 – 13.82%
- OPSRP general services – 8.49%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 556,539	\$ -
Changes in assumptions	2,097,730	-
Net difference between projected and actual earnings on pension plan investments	118,561	-
Net changes in proportionate share	-	591,364
Differences between District contributions and proportionate share of contributions	31,607	296,329
Subtotal - Amortized Deferrals (below)	2,804,437	887,693
District contributions subsequent to measuring date	814,258	-
Deferred outflow (inflow) of resources	<u>\$ 3,618,695</u>	<u>\$ 887,693</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 265,068
2020	1,205,010
2021	805,005
2022	(357,584)
2023	(755)
Thereafter	-
Total	<u>\$ 1,916,744</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 16, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/documents/financials/CAFR/2017-CAFR.pdf>

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. RETIREMENT PLANS (CONTINUED)**

Actuarial Valuations – The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

**Actuarial Methods and Assumptions:**

Valuation Date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 23, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.5 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2015 Experience Study which is reviewed for the four-year period ending December 31, 2015.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. RETIREMENT PLANS (CONTINUED)**

**Assumed Asset Allocation:**

<b>Asset Class/Strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
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			100%

*(Source: June 30, 2017 PERS CAFR; p. 92)*

Long-Term Expected Rate of Return – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. RETIREMENT PLANS (CONTINUED)**

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

*(Source: June 30, 2017 PERS CAFR; p. 69)*

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. RETIREMENT PLANS (CONTINUED)**

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 19,611,986	\$ 11,508,148	\$ 4,731,839

Changes Subsequent to the Measurement Date – As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016

Deferred Compensation Plan – A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

**OPSRP Individual Account Program (OPSRP IAP)**

Plan Description – Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. RETIREMENT PLANS (CONTINUED)**

Pension Benefits – Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member 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. Upon retirement, a member of the 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.

Contributions – Employees of the District pay six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2018.

**Retirement Health Insurance Account**

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

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

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. RETIREMENT PLANS (CONTINUED)**

A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERS payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2016, 2017 and 2018 were \$44,794, \$46,715 and \$45,843, respectively, which equaled the required contributions each year.

At June 30, 2018, the District's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

**8 SINGLE EMPLOYER PENSION PLAN (GASB #73)**

**Early Retirement**

A single employer, defined benefit early retirement supplement program is maintained for certified employees. The retirement incentive is offered as a form of deferred compensation for work performed during the years of active employment. To qualify, an employee must be a certified staff member eligible to retire with benefits under the rules of the Public Employees Retirement System and applicable Oregon law. In addition, the electing employee must have a minimum of ten years of service immediately prior to retirement. This plan is funded on a pay-as-you-go basis.

GASB Statement #73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, for the fiscal year ended June 30, 2016 was implemented. A single-employer post-employment benefit program is maintained (commonly referred to as early retirement). These programs cover licensed and administrative personnel, individual employees, and certain retired employees.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. SINGLE EMPLOYER PENSION PLAN (GASB #73) (CONTINUED)**

Contributions and Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and payments are made on a pay-as-you-go basis each year out of the General Fund. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan. The annual expenditures recognized on a budgetary basis were approximately \$107,005 and \$94,800 for the years ended June 30, 2018 and 2017 respectively.

Total Pension Liability – The District's total pension liability (TPL) were measured as of June 30, 2016 and the total pension liability were determined by an actuarial valuation as of June 30, 2016.

Actuarial Methods and Assumptions

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of July 1, 2016 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year		3.75%
General Inflation Rate per year		2.50%
Salary Scale per year		3.00%
Annual Medical Premium increase rate	2016-17	6.50%
Decreasing 0.1% per year until 2031-32	2031+	5.00%

Mortality rates were based on the RP=2000 Active/Healthy Annuitant Mortality Table for males and females, as appropriate, set back 24 months and were calculated by adjusting the rates 60% for male participants and 55% for female participants.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were based on the percentages developed for the valuation benefits under Oregon PERS and vary by employee age.

Retirement rates were calculated based on age and years of service with the assumption that 60% are to remain enrolled and 50% of retirees electing coverage will cover a spouse as well.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**8. SINGLE EMPLOYER PENSION PLAN (GASB #73) (CONTINUED)**

<u>Total Pension Liability</u>	<u>2018</u>
Beginning of year, July 1, 2017	\$ 767,960
Benefit Payments	(107,005)
Service Cost	28,779
Interest on Total Pension Liability	27,332
End of year, June 30, 2018	<u>\$ 717,066</u>

Sensitivity of the District's total pension liability to changes in the discount rate -- The following presents the District's total pension liability calculated using the discount rate of 3.75 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (2.75 percent) than the current rate.

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Total pension liability	\$ 753,318	\$ 717,066	\$ 682,519

**9. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75**

Plan Description: The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Benefits and eligibility for members are established through the collective bargaining agreements. The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan

Funding Policy: The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is not obligation on the part of the District to fund these benefits in advance.

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**9. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75**

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of June 30, 2016 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year		3.75%
General Inflation Rate per year		2.50%
Salary Scale per year	2016-17	3.00%
Annual Medical Premium increase rate	2031+	6.50%
Decreasing 0.1% per year until 2031-32		5.00%

Mortality rates were based on the RP=2000 Active/Healthy Annuitant Mortality Table for males and females, as appropriate, set back 24 months and were calculated by adjusting the rates 60% for male participants and 55% for female participants.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were based on the percentages developed for the valuation benefits under Oregon PERS and vary by employee age.

Retirement rates were calculated based on age and years of service with the assumption that 60% are to remain enrolled and 50% of retirees electing coverage will cover a spouse as well.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The following are the changes in the OPEB Liability:

Balance at June 30, 2017	\$ 1,350,007
Changes for the Year:	
Service Cost	92,134
Interest	51,251
Changes in benefit terms	
Experience (gain)/loss	
Changes in assumptions	
Benefit payments	<u>(58,767)</u>
Balance at June 30, 2018	<u>\$ 1,434,625</u>

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**9. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) GASB 75**  
**(CONTINUED)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

June 30, 2018	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 1,563,505	\$ 1,434,625	\$ 1,316,862

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 6.5 percent graded down to 5.0 percent, as well as what the liability would be if it was calculated using a trend rate 1-percentage-point lower (5.5 percent graded down to 4.0 percent) or 1-percentage-point higher (7.5 percent graded down to 6.0 percent) than the current rate:

June 30, 2018	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 1,251,583	\$ 1,434,625	\$ 1,654,860

**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), except for insurance deductibles. For the past three years insurance coverage was sufficient to cover all losses.

**11. COMMITMENTS AND CONTINGENCIES**

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable. It is the opinion of management that the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the District.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the District. District management expects such amounts, if any, to be immaterial.

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

**CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108**  
**ESTACADA, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**12. FUND BALANCES**

Details of fund balance classifications displayed in the aggregate are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	June 30, 2018
Nonspendable:					
Inventory	\$ -	\$ 24,095	\$ -	\$ -	\$ 24,095
Prepaid items	33,113	-	-	-	33,113
Restricted for:					
Federal, state and private grants	-	124,569	-	-	124,569
Capital projects	-	-	-	2,521,653	2,521,653
Debt service	-	-	348,710	-	348,710
Assigned to:					
Special Revenue fund activities	-	1,765,336.00	-	-	1,765,336
Debt service	-	-	52,925	-	52,925
Unassigned	3,145,021	-	-	-	3,145,021
	<u>\$ 3,178,134</u>	<u>\$ 1,914,000</u>	<u>\$ 401,635</u>	<u>\$ 2,521,653</u>	<u>\$ 8,015,422</u>

**13. PRIOR PERIOD ADJUSTMENT**

In the previous year, the District's audit report did not account for accrued vacation in the general wide financial statements which resulted in a prior period adjustment for 2017-18 in the amount of \$(18,823).

**REQUIRED SUPPLEMENTARY INFORMATION**

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CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

SCHEDULE OF CHANGES IN NET SINGLE EMPLOYER PENSION PLAN  
AND RELATED RATIOS STIPEND BENFITS  
For the Year Ended June 30, 2018

	2018	2017
Total Pension Liability - Beginning	\$ 767,960	\$ 805,030
Changes for the year		
Service Cost	28,779	28,779
Interest	27,332	28,951
Changes of Benefit Terms	-	-
Benefits payments	(107,005)	(94,800)
Total Pension Liability - Ending	<u>\$ 717,066</u>	<u>\$ 767,960</u>
Covered Payroll	7,349,899	7,132,912
Net Single Employer Pension Plan as a Percentage of Covered Payroll	9.76%	10.77%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend has been compiled, information is presented for the years for which the required supplementary information is available. The District implemented GASB 73 and GASB 75 in the fiscal year ending June 30, 2017.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY  
HEALTH INSURANCE SUBSIDY  
For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>
Total OPEB Liability - Beginning	\$ 1,350,007	\$ 1,269,393
Changes for the year:		
Service Cost	92,134	92,134
Interest	51,251	48,210
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions or Other Input	-	-
Benefit Payments	<u>(58,767)</u>	<u>(59,730)</u>
Total OPEB Liability - Ending	<u>\$ 1,434,625</u>	<u>\$ 1,350,007</u>
Covered Payroll	9,596,854	9,317,334
Total OPEB Plan as a Percentage of Covered Payroll	14.95%	14.49%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year 10 trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The District implemented GASB 73 and GASB 75 in the fiscal year ending June 30, 2017.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

REQUIRED SUPPLEMENTARY INFORMATION  
For the fiscal year ended June 30, 2018

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.09 %	\$ 11,508,148	\$ 10,802,776	106.5 %	83.1 %
2017	0.09	12,964,943	10,123,323	128.1	80.5
2016	0.09	5,256,013	9,694,451	54.2	91.9
2015	0.12	(2,825,789)	9,510,676	(29.7)	103.6
2014	0.12	6,361,814	10,281,123	61.9	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2018	\$ 814,258	\$ 814,258	\$ -	\$ 10,687,380	7.6 %
2017	630,196	630,196	-	10,802,776	5.8
2016	700,929	700,929	-	10,123,323	6.9
2015	1,080,565	1,080,565	-	9,694,451	11.1
2014	1,140,976	1,140,976	-	9,510,676	12.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

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

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**SUPPLEMENTARY INFORMATION**

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CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018

	<u>DEBT SERVICE FUND</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ 3,051,338	\$ 3,051,338	\$ 2,949,436	\$ 101,902
Earnings on Investments	3,100	3,100	14,677	(11,577)
Total Revenues	<u>3,054,438</u>	<u>3,054,438</u>	<u>2,964,113</u>	<u>90,325</u>
EXPENDITURES				
Debt Service				
Principle	1,950,000	1,950,000	1,950,000	-
Interest	<u>1,474,268</u>	<u>1,474,268</u>	<u>1,354,044</u>	<u>120,224</u>
Total Expenditures	<u>3,424,268</u>	<u>3,424,268</u> (1)	<u>3,304,044</u>	<u>120,224</u>
Excess of Revenues Over (Under) Expenditures	295,614	(3,214,033)	(339,931)	100,681
OTHER FINANCING SOURCES (USES)				
Transfers In		-	15,089	15,089
Net Change in Fund Balance	295,614	(3,214,033)	(324,842)	2,889,191
Beginning Fund Balance	<u>369,830</u>	<u>369,830</u>	<u>726,477</u>	<u>356,647</u>
Ending Fund Balance	<u>\$ 665,444</u>	<u>\$ 665,444</u>	<u>\$ 401,635</u>	<u>\$ (263,809)</u>

(1) Appropriation Level

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET

For the Year Ended June 30, 2018

CAPITAL CONSTRUCTION FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	\$ 123,000	\$ 123,000	\$ 240,122	\$ (117,122)
State Sources	1,065,500	1,065,500	-	1,065,500
Earnings on Investments	7,000	7,000	37,461	(30,461)
Total Revenues	1,195,500	1,195,500	277,583	917,917
EXPENDITURES				
Facilities Acquisition and Construction	3,691,147	3,691,147 (1)	424,826	3,266,321
Total Expenditures	3,691,147	3,691,147	424,826	3,266,321
Excess of Revenues Over (Under) Expenditures	(2,495,647)	(3,480,912)	(147,243)	3,333,669
OTHER FINANCING SOURCES (USES)				
Transfers In	845,647	845,647	500,000	(345,647)
Net Change in Fund Balance	(1,650,000)	(2,635,265)	352,757	2,988,022
Beginning Fund Balance	1,650,000	1,650,000	2,168,896	518,896
Ending Fund Balance	\$ -	\$ -	\$ 2,521,653	\$ 2,521,653

(1) Appropriation Level

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2018

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2017</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2018</u>
Current:						
2017-18	\$ 6,114,040	\$ (159,356)	\$ (13,459)	\$ 1,996	\$ 5,821,499	\$ 121,722
Prior Years:						
2016-17	112,179	(72)	(9,610)	3,919	44,433	62,127
2015-16	62,788	(11)	(5,088)	3,463	15,434	45,740
2014-15	43,790	(3)	(4,907)	3,826	10,890	31,822
2013-14	28,515	1	(2,186)	1,960	5,036	23,252
PRIOR	78,345	3	(15,032)	(42)	1,700	61,568
Total Prior	325,617	(82)	(36,823)	13,126	77,493	224,509
Total	<u>\$ 6,439,657</u>	<u>\$ (159,438)</u>	<u>\$ (50,282)</u>	<u>\$ 15,122</u>	<u>\$ 5,898,992</u>	<u>\$ 346,231</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 5,898,992
Taxes in Lieu	(17,927)
Accrual of Receivables:	
June 30, 2018	<u>50,617</u>
Total GAAP Revenue	<u>\$ 5,931,682</u>

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
ESTACADA, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2018

<u>DEBT SERVICE FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED JULY 1, 2017</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED JUNE 30, 2018</u>
Current:						
2017-18	\$ 1,894,128	\$ 49,369	\$ (4,169)	\$ 619	\$ 1,803,499	\$ 37,710
Prior Years:						
2016-17	45,040	(23)	(12,940)	1,226	13,905	19,444
2015-16	23,819	(3)	(5,513)	1,099	4,897	14,511
2014-15	21,639	(1)	(8,148)	1,327	3,778	11,041
2013-14	9,346	-	(1,229)	604	1,553	7,168
PRIOR	30,657	1	(9,820)	(14)	560	20,262
Total Prior	130,501	(26)	(37,650)	4,242	24,693	72,426
Total	<u>\$ 2,024,629</u>	<u>\$ 49,343</u>	<u>\$ (41,819)</u>	<u>\$ 4,861</u>	<u>\$ 1,828,192</u>	<u>\$ 110,136</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 1,828,192
Taxes in Lieu	(1,610)
Accrual of Receivables:	
June 30, 2018	<u>9,455</u>
Total GAAP Revenue	<u>\$ 1,836,037</u>

**OTHER INFORMATION**

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**2017-18 DISTRICT AUDIT REVENUE SUMMARY**

<b>Revenue from Local Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
1110 Ad Valorem Taxes Levied by District	\$5,931,682		\$1,836,037				
1120 Local Option Ad Valorem Taxes Levied by							
1130 Construction Excise Tax				\$240,122			
1190 Penalties and Interest on Taxes							
1200 Revenue from Local Governmental Units							
Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within							
1313 Regular Day School Tuition - Other Districts							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals	\$591						
1412 Transportation Fees - Other Dist Within State	\$359						
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$176,465		\$14,678	\$37,461			
1600 Food Service		\$154,056					
1700 Extracurricular Activities		\$497,810					
1800 Community Services Activities							
1910 Rentals	\$37,176						
1920 Contributions and Donations From Private		\$18,489					
1930 Rental or Lease Payments From Private							
1940 Services Provided Other Local Education							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure							
1970 Services Provided Other Funds			\$1,048,815				
1980 Fees Charged to Grants			\$64,583				
1990 Miscellaneous	\$27,270	\$22,243					
<b>Total Revenue from Local Sources</b>	<b>\$6,173,543</b>	<b>\$692,598</b>	<b>\$2,964,113</b>	<b>\$277,583</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Intermediate Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
2101 County School Funds							
2102 General ESD Revenue		\$390,466					
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources	\$469	\$500					
2200 Restricted Revenue		\$10,865					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
<b>Total Revenue from Intermediate Sources</b>	<b>\$469</b>	<b>\$401,831</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from State Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
3101 State School Fund - General Support	\$20,045,402						
3102 State School Fund - School Lunch Match		\$5,479					
3103 Common School Fund	\$269,414						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation							
Equipment		\$71,778					
3299 Other Restricted Grants-in-Aid		\$474,297					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
<b>Total Revenue from State Sources</b>	<b>\$20,314,816</b>	<b>\$551,554</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Federal Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
4100 Unrestricted Revenue Direct From the Federal							
Government							
4200 Unrestricted Revenue From the Federal							
Government Through the State							
4300 Restricted Revenue From the Federal							
Government							
4500 Restricted Revenue From the Federal		\$1,309,221					
Government Through the State							
4700 Grants-In-Aid From the Federal Government							
Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$2,876						
4802 Impact Aid to School Districts for Operation							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$49,684					
<b>Total Revenue from Federal Sources</b>	<b>\$2,876</b>	<b>\$1,358,905</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Other Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers		\$930,558	\$15,089	\$500,000			
5300 Sale of or Compensation for Loss of Fixed							
Assets							
5400 Resources - Beginning Fund Balance	\$3,220,396	\$1,433,287	\$726,477	\$2,168,896			
<b>Total Revenue from Other Sources</b>	<b>\$3,220,396</b>	<b>\$2,363,845</b>	<b>\$741,566</b>	<b>\$2,668,896</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Totals</b>	<b>\$29,712,100</b>	<b>\$5,368,733</b>	<b>\$3,705,679</b>	<b>\$2,946,479</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**2017-18 DISTRICT AUDIT EXPENDITURE SUMMARY**

**Fund: 100 General Fund**

<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6	\$3,339,538	\$2,141,904	\$1,081,081	\$84,351	\$32,203			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$1,460,787	\$963,540	\$471,683	\$8,595	\$16,969			
1122 Middle/Junior High School Extracurricular	\$-5,343						\$-5,343	
1131 High School Programs	\$1,971,089	\$1,282,464	\$631,930	\$15,592	\$35,009		\$6,094	
1132 High School Extracurricular	\$-182				\$-182			
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$718,357	\$425,213	\$290,678		\$2,466			
1250 Less Restrictive Programs for Students with Disabilities	\$1,178,714	\$745,278	\$426,642	\$37	\$6,757			
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$7,843,832	\$29,443	\$26,656	\$7,784,501	\$3,232			
1291 English Second Language Programs	\$267,378	\$184,369	\$82,403	\$480	\$125			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$1,306			\$21	\$1,285			
<b>Total Instruction Expenditures</b>	<b>\$16,775,476</b>	<b>\$5,772,211</b>	<b>\$3,011,074</b>	<b>\$7,893,577</b>	<b>\$97,864</b>	<b>\$0</b>	<b>\$751</b>	<b>\$0</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$50,013	\$26,830	\$23,183					
2120 Guidance Services	\$528,782	\$339,383	\$184,727		\$4,672			
2130 Health Services	\$97,964	\$63,346	\$31,493	\$225	\$2,900			
2140 Psychological Services	\$84,386	\$0		\$84,386				
2150 Speech Pathology and Audiology Services	\$97,587	\$69,577	\$26,973	\$622	\$415			
2160 Other Student Treatment Services	\$287	\$0			\$287			
2190 Service Direction, Student Support Services	\$213,492	\$132,158	\$58,348	\$5,161	\$17,826			
2210 Improvement of Instruction Services	\$77,644	\$60,600	\$17,044					
2220 Educational Media Services	\$75,285	\$32,313	\$27,239	\$3,824	\$11,789		\$120	
2230 Assessment & Testing	\$8,084			\$2,200	\$5,884			
2240 Instructional Staff Development	\$57,762			\$57,762				
2310 Board of Education Services	\$73,272			\$42,334	\$17,759		\$13,179	
2320 Executive Administration Services	\$535,194	\$326,372	\$122,260	\$12,046	\$36,151		\$38,364	
2410 Office of the Principal Services	\$1,306,322	\$813,139	\$419,198	\$11,310	\$54,133		\$8,543	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$318,116	\$166,705	\$67,404	\$42,374	\$13,359		\$28,274	
2520 Fiscal Services	\$296,027		\$37,553				\$258,474	
2540 Operation and Maintenance of Plant Services	\$1,900,139	\$551,175	\$305,634	\$764,263	\$278,482		\$585	
2550 Student Transportation Services	\$1,574,745	\$730,111	\$451,628	\$117,611	\$261,492		\$13,903	
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$6,181			\$3,453	\$2,728			
2640 Staff Services	\$242,664	\$132,948	\$59,489	\$12,133	\$35,814		\$2,280	
2660 Technology Services	\$569,874	\$190,019	\$102,359	\$56,361	\$218,460		\$2,675	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$199,022	\$177,650	\$21,372					
<b>Total Support Services Expenditures</b>	<b>\$8,312,843</b>	<b>\$3,812,326</b>	<b>\$1,955,907</b>	<b>\$1,216,064</b>	<b>\$962,148</b>	<b>\$0</b>	<b>\$366,397</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$0							
5200 Transfers of Funds	\$1,445,647							\$1,445,647
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$1,445,647</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,445,647</b>
<b>Grand Total</b>	<b>\$26,533,965</b>	<b>\$9,584,537</b>	<b>\$4,966,980</b>	<b>\$9,109,641</b>	<b>\$1,060,012</b>	<b>\$0</b>	<b>\$367,148</b>	<b>\$1,445,647</b>

**2017-18 DISTRICT AUDIT EXPENDITURE SUMMARY**

**Fund: 200 Special Revenue Funds**

**Instruction Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$108,849	\$910	\$112	\$2,319	\$93,827		\$11,681	
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$53,644	\$357	\$66	\$2,675	\$50,547			
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$455,146	\$59,212	\$21,683	\$14,929	\$324,323	\$35,000		
1132 High School Extracurricular	\$409,140	\$268,736	\$67,563	\$816	\$32,141		\$39,883	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$109,955	\$74,948	\$34,737	\$270				
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$364,193	\$226,595	\$135,754		\$1,843			
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$102,101	\$62,379	\$24,210	\$10,096	\$5,333		\$81	
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$1,603,027</b>	<b>\$693,138</b>	<b>\$284,126</b>	<b>\$31,104</b>	<b>\$508,014</b>	<b>\$35,000</b>	<b>\$51,646</b>	<b>\$0</b>

**Support Services Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$19,364	\$2,988	\$714	\$2,800	\$12,862			
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$160,457	\$80,353	\$31,653	\$48,451				
2160 Other Student Treatment Services	\$110,699	\$74,224	\$36,475					
2190 Service Direction, Student Support Services	\$49,941	\$32,697	\$17,160	\$85				
2210 Improvement of Instruction Services	\$518,964	\$280,609	\$120,366	\$39,340	\$77,706		\$944	
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$42,652	\$7,571	\$3,303	\$31,486	\$291			
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$20						\$20	
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$2,590	\$0	\$2,090		\$500			
2550 Student Transportation Services	\$122,517					\$122,517		
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$98,160	\$0		\$25,716	\$72,444			
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$1,125,364</b>	<b>\$478,442</b>	<b>\$211,760</b>	<b>\$147,879</b>	<b>\$163,803</b>	<b>\$122,517</b>	<b>\$964</b>	<b>\$0</b>

**Enterprise and Community Services Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$694,877	\$224,478	\$165,892	\$3,890	\$290,843	\$0	\$9,774	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$31,464	\$9,027	\$6,310	\$14,500	\$1,627			
3500 Custody and Care of Children Services	\$0							

**Total Enterprise and Community Services Expenditures**

\$726,341	\$233,505	\$172,202	\$18,390	\$292,470	\$0	\$9,774	\$0
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**Grand Total**

\$3,454,733	\$1,405,085	\$668,088	\$197,373	\$964,287	\$157,517	\$62,383	\$0
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**2017-18 DISTRICT AUDIT EXPENDITURE SUMMARY**

**Fund: 300 Debt Service Funds**

**Other Uses Expenditures**

5100 Debt Service  
 5200 Transfers of Funds  
 5300 Apportionment of Funds by ESD  
 5400 PERS UAL Bond Lump Sum

**Total Other Uses Expenditures**

**Grand Total**

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
\$3,304,044						\$3,304,044	
\$0							
\$0							
\$0							
\$3,304,044	\$0	\$0	\$0	\$0	\$0	\$3,304,044	\$0
\$3,304,044	\$0	\$0	\$0	\$0	\$0	\$3,304,044	\$0

**2017-18 DISTRICT AUDIT EXPENDITURE SUMMARY**

**Fund: 400 Capital Projects Funds**

**Facilities Acquisition and Construction Expenditures**

4110 Service Area Direction

4120 Site Acquisition and Development Services

4150 Building Acquisition, Construction, and Improvement Services

4180 Other Capital Items

4190 Other Facilities Construction Services

**Total Facilities Acquisition and Construction Expenditures**

**Grand Total**

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
\$0							
\$0							
\$424,826	\$8,454	\$683	\$176,265	\$7,150	\$231,265	\$1,009	
\$0							
\$0							
\$424,826	\$8,454	\$683	\$176,265	\$7,150	\$231,265	\$1,009	\$0
\$424,826	\$8,454	\$683	\$176,265	\$7,150	\$231,265	\$1,009	\$0

SUPPLEMENTAL INFORMATION, 2017-2018

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Part A is needed for computing Oregon's full allocation for ESSA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - **All Funds:**

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

	Objects 325 & 326 & *327
Function 2540	\$ 547,880.13
Function 2550	\$ 12,206.77

B. Replacement of Equipment – **General Fund:**

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

Exclude these functions:

1113, 1122 & 1132 Co-curricular Activities  
1140 Pre-Kindergarten  
1300 Continuing Education  
1400 Summer School

Exclude these functions:

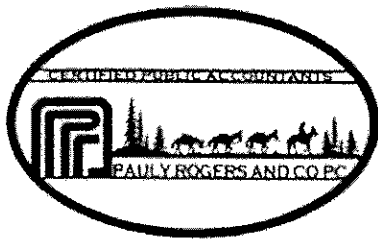
4150 Construction  
2550 Pupil Transportation  
3100 Food Service  
3300 Community Services

\$ -

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

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY**  
**OREGON STATE REGULATIONS**

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PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcpcpas.com

December 28, 2018

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the Clackamas County School District No.108 as of and for the year ended June 30, 2018, and have issued our report thereon dated December 28, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

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

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

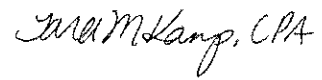
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized 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 Clackamas County School District No.108 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

#### **OAR 162-10-0230 Internal Control**

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

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

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive, flowing style.

Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.

**SINGLE AUDIT SECTION**

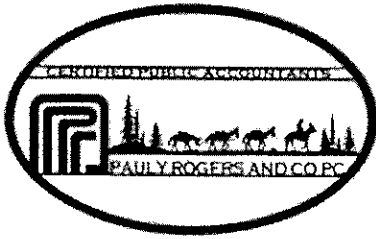
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CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
Estacada, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2018

	CFDA Number	Sub Grant Award Number	Fiscal Year Expenditures
<b><u>U.S. Department of Education</u></b>			
<b>Passed through Oregon State Department of Education</b>			
Title I A	84.010	45588	365,819
<b>Special Education Cluster</b>			
IDEA Part B	84.027	41501	430,261
IDEA Part B Section 619	84.173	40583	791
IDEA Enhancement Formula	84.027	46242	7,506
SPR & I Grant	84.027	45170	2,564
Title III Language Instruction	84.365	45365	81
Title IIA Improving Teacher Quality	84.367	45803	51,798
<b>Total Passed through Oregon State Department of Education</b>			<b>858,820</b>
<b>Passed through Clackamas Education Service District</b>			
Career Technical Education	84.048	N/A	18,082
<b>Total Passed through Clackamas Education Service District</b>			<b>18,082</b>
<b><u>Total U.S. Department of Education</u></b>			<b>876,902</b>
<b><u>U.S. Department of Agriculture</u></b>			
<b>Passed through Oregon State Department of Education</b>			
<b>Child Nutrition Cluster</b>			
National School Breakfast	10.553	N/A	87,848
National School Lunch	10.555	N/A	313,535
Summer Food - Food	10.559	N/A	29,729
National School Lunch - SAE Admin	10.560	N/A	1,208
Commodities	10.555	N/A	49,682
<b><u>Total U.S. Department of Agriculture</u></b>			<b>482,002</b>
<b>Passed through Clackamas County</b>			
Federal Forest Fees	10.665	N/A	2,876
<b><u>Total U.S. Department of Agriculture</u></b>			<b>2,876</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 1,361,780</b>

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2700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
[www.paulyrogersandcpcas.com](http://www.paulyrogersandcpcas.com)

December 28, 2018

To the Board of Directors  
Clackamas County School District No. 108  
Estacada, Oregon

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Clackamas County School District No.108 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 28, 2018.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.



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December 28, 2018

**To the Board of Directors  
Clackamas County School District No. 108  
Estacada, Oregon**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Report on Compliance for Each Major Federal Program**

We have audited Clackamas County School District No.108's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2018. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

**Opinion on Each Major Federal Program**

In our opinion, Clackamas County School District No.108 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

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**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered  
to be material weaknesses?

☐ yes

☒ none reported

Noncompliance material to financial statements noted?

☐ yes

☒ no

Any GAGAS audit findings disclosed that are required to be reporting in  
accordance with section the Uniform Guidance?

☐ yes

☒ no

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered  
to be material weaknesses?

☐ yes

☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance  
with the Uniform Guidance?

☐ yes

☒ no

**IDENTIFICATION OF MAJOR PROGRAMS**

**CFDA NUMBER**

**NAME OF FEDERAL PROGRAM CLUSTER**

10.553, 10.555, 10.559

Child Nutrition Cluster

84.027, 84.173

Special Education Cluster

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

NONE

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE

**SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS**

2017-001

CONDITION: Eligibility applications were incorrect.

RECOMMENDATION: Enhance the current system to allow staff sufficient time to properly process applications. The review of application by a second party should also be allowed sufficient time. Additionally, request a software modification to allow for adequate review of near matches during the direct certification import process.

CURRENT STATUS: The District adopted the recommendation in December of 2017.

2017-002

CONDITION: The district did not submit the paid lunch equity report on time to the ODE.

RECOMMENDATION: Implement a calendar system to ensure that the report is timely submitted.

CURRENT STATUS: The District adopted the recommendation in December of 2017.

CLACKAMAS COUNTY SCHOOL DISTRICT NO. 108  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

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**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity

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 allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance.

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