

COLTON SCHOOL DISTRICT NO. 53
Clackamas County, Oregon

Financial Report

Year Ended June 30, 2017

ADMINISTRATION

Koreen Barreras-Brown, Superintendent/Clerk

30429 S. Grays Hill Road
Colton, Oregon 97017

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

BOARD OF EDUCATION

TERM EXPIRES

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June 30, 2021

Sid Gunter, Vice Chair

June 30, 2019

Linda Rasor

June 30, 2019

Sheryl Irving

June 30, 2021

Brad Kuhn

June 30, 2021

ADMINISTRATION

Koreen Barreras-Brown, Superintendent/Clerk

30429 S. Grays Hill Road
Colton, Oregon 97017

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

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INDEPENDENT AUDITORS' REPORT

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To the School Board
Colton School District No. 53
Clackamas County, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colton School District No. 53, Clackamas County, Oregon (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Oregon Public Employees Retirement System schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Additionally, accounting principles generally accepted in the United States of America require that the General Fund and Special Revenue Fund budgetary comparisons be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund and Special Revenue Fund budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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



Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 8, 2017, on our consideration of the District's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 8, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

The management of the Colton School District No. 53, Clackamas County, Oregon (the District), offers readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements, to enhance their understanding of the District's financial activities.

Financial Highlights

- In the government-wide statements, the liabilities of the District exceeded its assets at June 30, 2017 by \$728,246. This does not mean the District financial position is deteriorating. However, it does more accurately reflect the District's long-term pension liability.
- The District's total net position decreased by \$470,037 for the fiscal year as compared to the prior year.
- At June 30, 2017, the District's General Fund reported an ending fund balance of \$1,389,601. This represents an increase of \$32,038 over the prior year. This increase was due to a combination of increased resources and reduction in expenditures.

This discussion and analysis is intended to serve as an introduction to the Colton School District No. 53's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Accounting Standards Recently Implemented

Beginning July 1 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement 68, which reflects financial transactions not previously reported in District financial statements. The new GASB statements require a liability for pension obligations, known as the net pension liability (NPL), to be recognized on the balance sheets of the plan and the participating employers'. Similarly, a pension expense (PE) will be recognized on the income statement. The result of implementing GASB 68 reflects negatively on the District's net position. The recent Oregon Supreme Court rulings overturning the 2013 PERS reforms substantially increased the aforementioned liability.

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

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 *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference reported as *net position*. 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 during the most recent fiscal year. 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). As is typical for a school district, the District has governmental activities, such as regular and special education programs, child nutrition services, transportation, administration and facilities improvements. The District currently does not have any business-type activities.

The government-wide financial statements can be found on pages 16-17 of this report.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A *fund* is defined as a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the District are categorized as governmental funds. The School Board sets appropriations each year within every fund for instruction, support services, community services, facilities, debt service, transfers, contingency, and un-appropriated ending fund balance. These appropriations establish the legal limits for expenditures of the District as established by Oregon Revised Statutes.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term* inflows and outflows of available resources, as well as

on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District has four major governmental funds: the General Fund, the Special Revenue Fund, the Debt Service Fund and the Capital Projects Fund. Information is presented in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances for the major governmental funds.

The District adopts an annual appropriated budget for all of its funds as stated above. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 16-21 of this report.

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 24-41 of this report.

Government-Wide Financial Analysis

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, the net position at the end of the fiscal year was a deficit of \$728,004. As mentioned in the Financial Highlights, the change in net position was a reduction of \$469,795.

Capital assets, which consist of the District's land, buildings, building improvements, land improvements, vehicles, and equipment, represent 60.3% of total assets. Cash and cash equivalents represent 33.4% of total assets and are comprised primarily of investments placed with the State of Oregon Local Governmental Investment Pool. The remaining assets consist of receivables, supply inventory and prepaid expenses. The District uses these capital assets for classrooms and supporting services for providing K-12 education; consequently, these assets are not available for future spending. Although the District's investment in 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, since the capital assets themselves cannot be used to liquidate these liabilities.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

Government-Wide Financial Analysis (Continued)

Statement of Net Position (Continued)

The District's long term liabilities due more than one year represent 91.9% of total liabilities and consist of its proportionate share of net pension liabilities, bond debt services, capital leases and early retirement benefits. Current liabilities, representing about 8.1% of the District's total liabilities, consist almost entirely of payables on accounts, salaries and benefits, and the current portion of long-term debt.

	Governmental Activities		Increase (Decrease) from Fiscal 2016
	2017	2016	
Assets			
Current and other assets	\$ 2,185,098	\$ 2,348,268	\$ (163,170)
Net capital assets	<u>3,318,814</u>	<u>3,019,942</u>	<u>298,872</u>
Total assets	<u>5,503,912</u>	<u>5,368,210</u>	<u>135,702</u>
Deferred Outflows of Resources			
Pensions	<u>3,826,273</u>	<u>814,237</u>	<u>3,012,036</u>
Liabilities			
Current and other liabilities	749,310	626,477	122,833
Long-term liabilities	<u>8,488,896</u>	<u>5,015,142</u>	<u>3,473,754</u>
Total liabilities	<u>9,238,206</u>	<u>5,641,619</u>	<u>3,596,587</u>
Deferred Inflows of Resources			
Pensions	<u>820,225</u>	<u>799,037</u>	<u>21,188</u>
Net Position			
Net investment in capital assets	1,713,548	1,577,483	136,065
Restricted	171,945	307,185	(135,240)
Unrestricted	<u>(2,613,739)</u>	<u>(2,142,877)</u>	<u>(470,862)</u>
Total net position	<u><u>\$ (728,246)</u></u>	<u><u>\$ (258,209)</u></u>	<u><u>\$ (470,037)</u></u>

As mentioned in the Financial Highlights, the decrease in current assets was due to the spending of general obligation bond monies for capital projects. The increase in net capital assets was due to the conversion of those general obligation bond monies into capital assets.

Net position invested in capital assets represents illiquid resources that are long term in nature and decreased as noted previously in the Financial Highlights. Restricted net position represents amounts designated for specific purpose. Unrestricted net position represents the District's financial position on an accrual basis and the implementation of GASB standards.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

Government-Wide Financial Analysis (Continued)

Statement of Activities & Changes in Net Position

	Governmental Activities		Increase (Decrease) from Fiscal 2016
	2017	2016	
Revenues			
Program revenues			
Charges for services	\$ 46,651	\$ 59,749	\$ (13,098)
Operating grants and contributions	668,186	674,629	(6,443)
Total program revenues	714,837	734,378	(19,541)
General revenues			
Property taxes	1,816,742	1,707,812	108,930
State school fund	4,683,265	4,680,159	3,106
Unrestricted local, state, and federal sources	402,526	379,956	22,570
Total general revenues	6,902,533	6,767,927	134,606
Total revenues	7,617,370	7,502,305	115,065
Expenses			
Instruction	4,406,554	5,822,161	(1,415,607)
Support services	3,481,807	4,141,417	(659,610)
Enterprise and community services	167,698	204,072	(36,374)
Facilities acquisition and construction	-	142,207	(142,207)
Interest on long-term debt	31,348	46,008	(14,660)
Total expenses	8,087,407	10,355,865	(2,268,458)
Increase (decrease) in net position	(470,037)	(2,853,560)	2,383,523
Net position, beginning of year	(258,209)	2,595,351	(2,853,560)
Net position, end of year	\$ (728,246)	\$ (258,209)	\$ 2,383,523

Governmental activities. The key elements of the change in the District's net position for the year ended June 30, 2017 are 1) total revenues increased by \$114,985 and 2) total expenses decreased by \$2,268,780. The Statement of Revenue and Expenditures and Changes in Fund Balance for Governmental Funds found on page 20 provides an overview of the District's financial status on a fund accounting basis.

Since the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its academic services. Charges for services stem from activities related to the School Lunch Program and participation fees for athletics.

Operating grants are comprised primarily of dollars allocated by the Federal Government and distributed by the State of Oregon. Reimbursements from the Federal School Lunch Program are also included.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

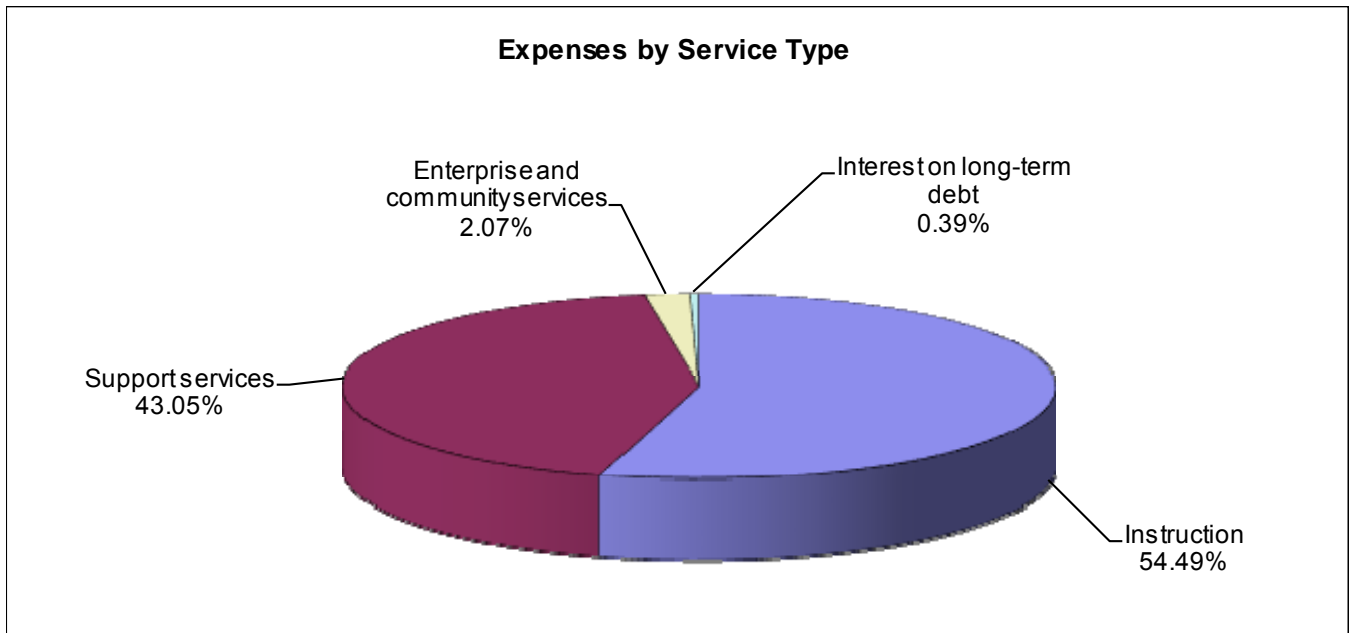
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

Government-Wide Financial Analysis (Continued)

Statement of Activities & Changes in Net Position (Continued)

General Revenues account for more than 90.5% of all resources. Property taxes of \$1,816,742 and State School Support Fund (SSSF) payments of \$4,683,265 are the largest group of resources. Each Oregon school district receives money from the state based upon an average weighted student membership formula (ADMw). The formula is allocated by multiplying a dollar rate per student established by the legislature every two-year period (bi-annum). All General Fund Ad Valorem Taxes, State School Support, Common School Fund and Federal Forest Fees are included in the SSSF formula. As a safety net, each district may utilize the highest ADMw from two of the most recent fiscal years in the calculation.

Expenses. Expenses related to governmental activities are presented in five broad functional categories in the following table. Costs of direct classroom instruction activities account for the majority of the total expenses of \$8,087,085. The other major component is support services which accounts for student, instructional staff, general and school administration, and business services.



Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	\$ 4,406,554	\$ 4,056,024
Support services	3,481,807	3,291,974
Enterprise and community services	167,698	(6,776)
Interest on long-term debt	31,348	31,348
Total	\$ 8,087,407	\$ 7,372,570

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

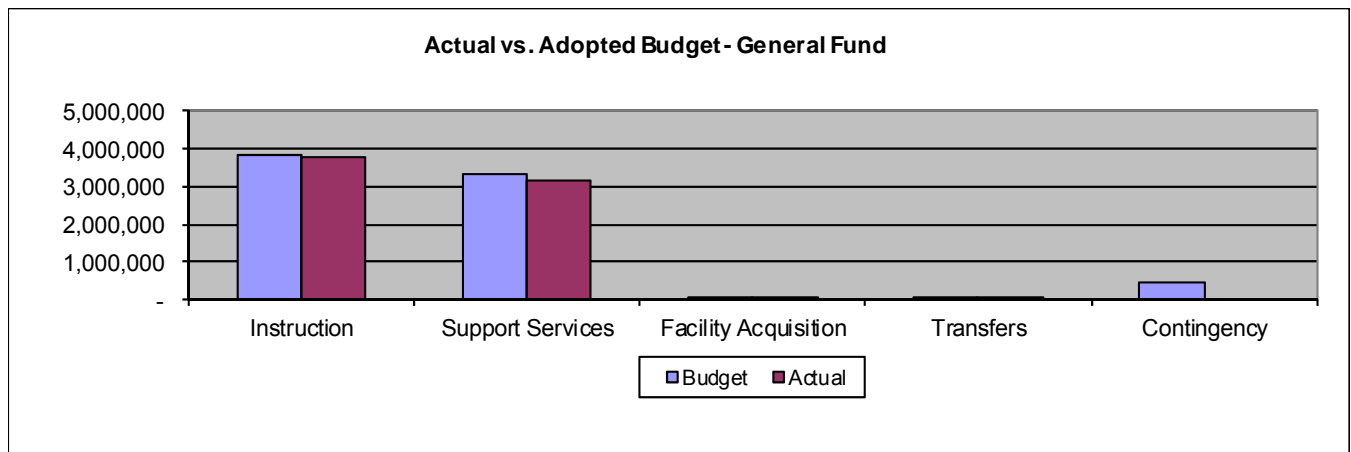
Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,565,504. Of this amount \$1,389,601 constitutes *unassigned fund balance*, which is available for spending at the District's discretion. Restricted fund balances established for capital bond projects, grants, contributions and technology represent the remaining balance.

General Fund Budgetary Highlights



The Board adopted the budget and made appropriations for the General Fund according to Oregon budget law. Appropriation transfers were made in the General Fund and Special Revenue Fund for the fiscal year ending June 30, 2017 and are reflected in the Schedule of Revenues, Expenditures and Changes in Fund Balance. All General Fund expenditures were within budget at year-end.

By resolution, the School Board transferred appropriations in the amount of \$74,856 from the contingency category to \$7,000 for instruction and \$67,856 to support services.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$3,318,814 (net of accumulated depreciation). This investment in capital assets includes land, buildings and site improvements, and vehicles and equipment. Capital assets for the prior year amounted to \$3,019,942 and reflect an increase of \$298,872.

	2017	2016	Increase (Decrease) from Fiscal 2016
Land	\$ 342,364	\$ 342,364	\$ -
Buildings and site improvements	8,217,081	8,015,368	201,713
Less depreciation	(5,738,716)	(5,512,469)	(226,247)
Vehicles and equipment	1,684,063	1,499,536	184,527
Less depreciation	(1,185,978)	(1,324,857)	138,879
Capital assets (net of depreciation)	\$ 3,318,814	\$ 3,019,942	\$ 298,872

Additional information regarding the District's capital assets can be found in the note 4 in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of \$1,683,371. This amount represents the general obligation bond sold in February 2015, capital leases for the purchase of vehicles or the replacement of equipment and early retirement obligations. The District's total debt increased during the current fiscal year by \$170,134 due to new capital leases for the purchase of vehicles.. The increase in early retirement liability represents the future obligation on employees who qualify for this benefit

	June 30, 2017	June 30, 2016	Net Change
Capital Leases	\$ 340,266	\$ 57,459	\$ 282,807
Early Retirement	78,105	70,778	7,327
GO Bond Series 2015	1,265,000	1,385,000	(120,000)
Total	\$ 1,683,371	\$ 1,513,237	\$ 170,134

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

Economic Factors and Next Year's Budget

Oregon school districts derive revenue from two primary sources: state aid and *Ad Valorem* property taxes. Over 96.3% of the Colton School District's General Fund revenues, excluding beginning cash, are provided by the State School Support Formula (SSSF) allocated on an average daily membership weighted (ADMw) and 23.7% from Ad Valorem taxes. The balance of the revenues for the General Fund is from charges for services, interest earnings, and grants, among other sources.

The Legislative Assembly, which meets on a biennial basis, is responsible for determining both the amount and allocation formula for education funding. Each student is given a factor as an enrolled student that is then adjusted differently for elementary school districts and high school districts, and subsequently adjusted to include additional factors such as English as a Second Language, Handicapped with an Individualized Education Plan, attending a remote small school, and Impoverished. This factor is totaled and multiplied times the average daily members for each student to equal the weighted average daily members (the "ADMw"). The formula allocates revenues to districts based on the ADMw for each district.

The State of Oregon legislature dedicated \$7.38 billion for the 2015-2017 biennium to K-12 education. This represented an increase of \$.73 billion compared to the 2013-15 biennium and is largely due to the implementation of full day kindergarten and the funding of approximately 28,500 additional ADMw for the state. The State of Oregon Governor's adopted budget for the 2017-2019 biennium represents \$8.20 billion, which will only cover current service levels. The District continues to seek means to maintain expenditures within available resources. The District will be working with the community, staff, and the Board in developing the budget for 2017-18 fiscal year, using available reserves and incorporating other necessary reductions to create a balanced budget, as required by statute.

All of the District's regular teaching staff are represented by the Colton Education Association (CEA). The current bargaining agreement represents a three-year contract that expires June 30, 2020. The majority of all other employees are classified staff, e.g., instructional assistants, kitchen staff and custodians, and are members of the Oregon Employees Association. The bargaining contract governing classified staff members expires on June 30, 2020.

The District's Budget Committee and School Board considered all of these factors when preparing the District's budget for the 2017-18 fiscal year and will do so again when preparing the budget for the 2018-19 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the District's business office at 30429 S. Grays Hill Road, Colton, OR, 97017.

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BASIC FINANCIAL STATEMENTS

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,836,223
Receivables	345,159
Supply inventory	3,716
Capital assets, net of depreciation	3,318,814
Total Assets	5,503,912
Deferred Outflows of Resources	
Pensions	3,826,273
Total Deferred Outflows of Resources	3,826,273
Liabilities	
Accounts payable	60,877
Unearned Revenue	76,626
Payroll liabilities	383,055
Vested compensated absences	25,088
Long-term liabilities:	
Proportionate share of net pension liability	7,009,189
Due within one year	203,664
Due in more than one year	1,479,707
Total Liabilities	9,238,206
Deferred Inflows of Resources	
Pensions	820,225
Total Deferred Inflows of Resources	820,225
Net Position	
Net investment in capital assets	1,713,548
Restricted	171,945
Unrestricted	(2,613,739)
Total Net Position	\$ (728,246)

See notes to the basic financial statements.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Instruction	\$ 4,406,554	\$ -	\$ 350,530	\$ (4,056,024)
Support Services	3,481,807	-	189,833	(3,291,974)
Enterprise and Community Services	167,698	46,651	127,823	6,776
Interest on Long-Term Debt	<u>31,348</u>	<u>-</u>	<u>-</u>	<u>(31,348)</u>
Total Governmental Activities	<u>\$ 8,087,407</u>	<u>\$ 46,651</u>	<u>\$ 668,186</u>	<u>(7,372,570)</u>
General Revenues				
				1,816,742
				114,990
				128,828
				4,683,265
				1,183
				<u>157,525</u>
				<u>6,902,533</u>
				Change in Net Position (470,037)
				Net Position, Beginning of Year <u>(258,209)</u>
				Net Position, End of Year <u>\$ (728,246)</u>

See notes to the basic financial statements.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FOOD SERVICE	TOTAL
ASSETS						
Cash and Investments	\$ 1,724,441	\$ 111,782	\$ -	\$ -	\$ -	\$ 1,836,223
Receivables:						
Accounts	85,987	157,579	-	-	858	244,424
Due from Other Funds	17,619	-	23,181	1,212	11,112	53,124
Property Taxes	95,602	-	5,133	-	-	100,735
Supply Inventory	-	-	-	-	3,716	3,716
Total Assets	\$ 1,923,649	\$ 269,361	\$ 28,314	\$ 1,212	\$ 15,686	\$ 2,238,222
LIABILITIES						
Accounts Payable	\$ 56,547	\$ 4,283	\$ -	\$ -	\$ 47	\$ 60,877
Due to Other Funds	-	53,124	-	-	-	53,124
Payroll Liabilities	383,055	-	-	-	-	383,055
Unearned Revenue - Grants	-	76,626	-	-	-	76,626
Total Liabilities	439,602	134,033	-	-	47	573,682
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenue - Property Taxes	94,446	-	4,832	-	-	99,278
Total Deferred Inflows of Resources	94,446	-	4,832	-	-	99,278
FUND BALANCE						
Nonspendable	-	-	-	-	3,716	3,716
Restricted for Grants	-	23,736	-	-	-	23,736
Restricted for Associated Student Body	-	111,592	-	-	-	111,592
Restricted for Debt Service	-	-	23,482	-	-	23,482
Restricted for Capital Projects	-	-	-	1,212	-	1,212
Restricted for Nutrition Services	-	-	-	-	11,923	11,923
Unassigned	1,389,601	-	-	-	-	1,389,601
Total Fund Balance	1,389,601	135,328	23,482	1,212	15,639	1,565,262
Total Liabilities, Fund Balance, and Deferred Inflows of Resources	\$ 1,923,649	\$ 269,361	\$ 28,314	\$ 1,212	\$ 15,686	\$ 2,238,222

See notes to the basic financial statements.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

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

June 30, 2017

Total Fund Balances		\$ 1,565,262
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 as assets in the governmental funds.		
Capital Assets	10,243,508	
Depreciation	<u>(6,924,694)</u>	3,318,814
Proportionate share of net pension liability		(7,009,189)
Certain items are prepaid or not available to pay for current period expenditures and are deferred or not reported in the governmental funds:		
Deferred outflows of resources related to pensions	3,826,273	
Deferred inflows of resources related to pensions	(820,225)	
Property taxes earned but not available	<u>99,278</u>	3,105,326
Certain items not due and payable in the current period are not reported in the governmental funds:		
Compensated Absences	(25,088)	
Post Retirement	(78,105)	
Capital Leases	(340,266)	
Bond	<u>(1,265,000)</u>	<u>(1,708,459)</u>
Total Net Position		<u>\$ (728,246)</u>

See notes to the basic financial statements.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FOOD SERVICE	TOTAL
REVENUES:						
Local Sources:						
Taxes	\$ 1,648,139	\$ -	\$ 161,277	\$ -	\$ -	\$ 1,809,416
Other Local Sources	114,502	230,215	53	436	46,651	391,857
Intermediate Sources	128,828	-	-	-	-	128,828
State Sources	4,683,266	152,844	-	-	4,412	4,840,522
Federal Sources	1,183	179,796	-	-	100,917	281,896
Total Revenues	6,575,918	562,855	161,330	436	151,980	7,452,519
EXPENDITURES:						
Current:						
Instruction	3,754,358	341,094	-	-	-	4,095,452
Support Services	3,160,407	180,612	-	-	-	3,341,019
Enterprise and Community Services	-	1,867	-	-	158,833	160,700
Capital Outlay:						
Facility Acquisition and Construction	59,889	33,618	-	153,477	-	246,984
Debt Service						
Principal	-	-	120,000	52,479	-	172,479
Interest	-	-	28,940	2,408	-	31,348
Total Expenditures	6,974,654	557,191	148,940	208,364	158,833	8,047,982
Excess of Revenues Over, (Under) Expenditures	(398,736)	5,664	12,390	(207,928)	(6,853)	(595,463)
OTHER FINANCING SOURCES, (USES):						
Proceeds From Sale Of Fixed Assets	157,525	-	-	-	-	157,525
Loan Proceeds	335,205	-	-	-	-	335,205
Transfers In	-	-	-	56,100	5,856	61,956
Transfers Out	(61,956)	-	-	-	-	(61,956)
Total Other Financing Sources, (Uses)	430,774	-	-	56,100	5,856	492,730
Net Change in Fund Balance	32,038	5,664	12,390	(151,828)	(997)	(102,733)
Beginning Fund Balance	1,357,563	129,664	11,092	153,040	16,636	1,667,995
Ending Fund Balance	\$ 1,389,601	\$ 135,328	\$ 23,482	\$ 1,212	\$ 15,639	\$ 1,565,262

See notes to the basic financial statements.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Net Change in Fund Balance \$ (102,733)

Amounts reported for governmental activities in the statement
of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the
Statement of Activities, the cost of those assets is allocated over their estimated useful
lives as depreciation expense. In the current period, these amounts are:

Capital asset additions/deletions	589,469
Depreciation expense	(290,597)

Accrual of proportionate share of the net pension liability is not reported as an
expenditure in the governmental funds. (516,436)

Compensated absences are not accrued in the governmental funds. 13,068

Accrual of post retirement benefits are not reported as expenditures in the
governmental funds. (7,326)

Payments on capital leases and new capital leases are recorded as a change in
liabilities on the statement of net position. (282,806)

Payments on principal are recorded as expenditures in the governmental funds, but as a
decrease in liabilities in the statement of net position. 120,000

Because some property taxes will not be collected for several months after the District's
fiscal year ends, they are not considered as "available" revenues in the governmental
funds, and are instead recorded as deferred revenue. They are, however, recorded
as revenues in the Statement of Activities. 7,324

Change in Net Position \$ (470,037)

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NOTES TO THE FINANCIAL STATEMENTS

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The Colton School District No. 53 (the District) is a municipal corporation governed by an elected five-member board. The District qualifies as a primary government since it has a separately elected body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special districts, which provide service within the District's boundaries, however, the District is not financially accountable for any of these entities, and therefore none of them are considered component units or included in these basic financial statements.

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

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

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

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

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the District's funds. Separate statements are presented for each fund. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

General Fund – This fund accounts for all revenues and expenditures except for those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon.

Special Revenue Fund – This fund accounts for revenues and expenditures for specific purposes and the District's Associated Student Body Fund. Principal revenue sources are federal and state grants.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Service Fund – This Fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes.

Capital Projects Fund – The Capital Projects Fund accounts for revenues and expenditures related to the acquisition and construction of capital assets. The primary revenue source is lease and bond proceeds.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide and fiduciary fund 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 all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

BUDGETS

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

The District begins its 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.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

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. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Directors. The District had three supplemental budgets this year. Appropriations lapse at year-end.

Expenditures cannot legally exceed the adopted appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to unforeseen circumstances that could not be determined at the time the budget was adopted. Budget amounts shown in the required supplementary data reflect the original and final budgeted appropriation amounts. All expenditures were within authorized appropriations.

CASH AND INVESTMENTS

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

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

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation. 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.

PROPERTY TAXES RECEIVABLE

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

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

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANTS

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

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.

SUPPLY INVENTORIES

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

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: Building and Improvements over 10 to 50 years, and Vehicles and Equipment over 3 to 30 years.

INTERFUND PAYABLES AND RECEIVABLES AND TRANSFERS

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

RETIREMENT PLANS

Most of the District employees participate in Oregon Public Employees Retirement System (PERS). For the purpose of measuring the pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and addition to/deductions from PER's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in according 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. Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. No contributions are required from the District.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

POST EMPLOYMENT BENEFITS

Eligible administrative and certified employees who elect early retirement are entitled to a stipend up to a specified maximum limit for a specified number of months. Such costs are recorded as expenses in the General Fund and funded when stipends are paid.

COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they are paid as a result of employee resignation or separation.

NET POSITION

Net position comprise the various net earnings from operations, non-operating 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 position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

FUND BALANCES

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

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

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

USE OF ESTIMATES

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

2. CASH AND INVESTMENTS

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

At June 30, 2017, the District's cash and investments are comprised of the following:

Demand Deposits: Checking	\$ 511,603
Petty Cash	100
Investments	<u>1,324,520</u>
	<u>\$ 1,836,223</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 \$511,603 on June 30, 2017. The bank statement records reflect a balance of \$590,489 at year end. Of this amount, \$250,000 is covered by the FDIC's general deposit insurance rules. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of State Treasurer. As a result the District has no exposure to custodial credit risk for deposits with financial institutions.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

2. CASH AND INVESTMENTS (continued)

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 – Investments – The Oregon State Treasurer's Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Secretary of State and is not required to be categorized by risk. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares. The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the LGIP is a part. It is not registered with the U.S. Securities and Exchange Commission. The Fund currently has no credit rating as assigned by the credit rating agencies. On June 30, 2017 the fund's composite weighted rating was equivalent to S&P's AA ratings. The State's investment policies are governed by statute and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB) and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

As of June 30, 2017 and for the year then ended, the District was in compliance with the State of Oregon statutes regarding investments as discussed under Note 1.

3. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable is comprised of claims for reimbursement of costs under various federal and state grant programs. Amounts are periodically reviewed for collectability. At June 30, 2017, no allowance for doubtful accounts is considered necessary. Receivables are comprised of the following as of June 30, 2017:

Property taxes receivable	
General Fund	\$ 95,602
Debt Service Fund	5,133
Total property taxes receivable	<u>100,735</u>
Grants and other receivables	
General Fund	85,987
Special Revenue Fund	157,579
Food Service Fund	858
Total grants and other receivables	<u>244,424</u>
Total receivables	<u><u>\$ 345,159</u></u>

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

4. CAPITAL ASSETS

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

	Governmental Capital Assets July 1, 2016	Additons	Deletions	Governmental Capital Assets June 30, 2017
Capital Assets Not Being Depreciated:				
Land (non depreciable)	\$ 342,364	\$ -	\$ -	\$ 342,364
Total Capital Assets Not Being Depreciated	342,364	-	-	342,364
Capital Assets Being Depreciated:				
Buildings	8,015,368	201,713	-	8,217,081
Equipment and Vehicles	1,499,536	387,756	(203,229)	1,684,063
Total Capital Assets Being Depreciated	9,514,904	589,469	(203,229)	9,901,144
Less Accumulated Depreciation for:				
Buildings	(5,512,469)	(226,247)	-	(5,738,716)
Equipment and Vehicles	(1,324,857)	(64,350)	203,229	(1,185,978)
Total Accumulated Depreciation	(6,837,326)	(290,597)	203,229	(6,924,694)
Total Capital Assets Being Depreciated, Net	2,677,578	298,872	-	2,976,450
Total Capital Assets, Net	<u>\$ 3,019,942</u>	<u>\$ 298,872</u>	<u>\$ -</u>	<u>\$ 3,318,814</u>

Depreciation was allocated to the functions as followed:

Instruction	\$ 5,537
Support Services	285,060
Total	<u>\$ 290,597</u>

Equipment with a cost of approximately \$430,392 is financed under capital leases. Accumulated depreciation allocated to this equipment is approximately \$37,353.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due from/to Other Funds amounts are comprised of the following at June 30, 2017:

	Due from Other Funds	Due to Other Funds
Major Governmental Funds		
General Fund	\$ 17,619	\$ -
Special Revenue	-	53,124
Debt Service	23,181	-
Capital Projects	1,212	-
Non Major Funds		
Food Service Fund	11,112	-
Totals	<u>\$ 53,124</u>	<u>\$ 53,124</u>

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

A cash pool account is utilized in the General Fund to make cash available to all other funds. The above interfund balances reflect the receivable and payable balances at June 30, 2017 associated with the use of this cash pool.

Interfund transfers were made to provide resources to the Capital Projects Fund and to transfer the Associated Student Body Fund to Special Revenue Fund as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 61,956
Capital Projects Fund	56,100	-
Non Major Funds		
Food Service Fund	5,856	-
Totals	<u>\$ 61,956</u>	<u>\$ 61,956</u>

6. PENSION PLAN

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Plan Description - The District participates in the Oregon Public Employees Retirement System (OPERS), a single cost-sharing multiple-employer defined benefit plan. OPERS provides retirement, disability, and death benefits to plan members and their beneficiaries.

All benefits of OPERS are established by the Oregon Legislature pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. The plan complies with Internal Revenue Service rules prescribed in 401(a). The Oregon Legislature has delegated the authority to the Public Employees Retirement Board (PERB) to administer and manage the system. OPERS issues a publicly available financial report that can be obtained at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

OPERS prepares their financial statements in accordance with GASB statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPERS is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The 1995 Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

6. PENSION PLAN (CONTINUED)

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

TIER ONE/TIER TWO RETIREMENT BENEFIT PLAN (CHAPTER 238)

Pension Benefits - The PERS retirement allowance is payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

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

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

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

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

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

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

OPSRP PENSION PROGRAM (CHAPTER 238A)

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

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

6. PENSION PLAN (CONTINUED)

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

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

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

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

CONTRIBUTIONS

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

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The District's contractually required contribution rate for the year ended June 30, 2017 was 22.33% of eligible payroll for Tier 1/Tier 2 members and 17.64% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2017 were \$773,748.

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions. At June 30, 2017, the District reported a liability of \$7,009,189 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers, actuarially determined. At June 30, 2016 the District's proportion was 0.05%.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

6. PENSION PLAN (CONTINUED)

For the year ended June 30, 2017, the District recognized a pension expense of \$516,436. At June 30, 2017, the District reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 231,895	\$ -
Changes in assumptions	1,494,891	-
Net difference between projected and actual earnings on investments	1,384,722	-
Changes in proportion	26,348	770,030
Differences between employer contributions and proportionate share of contributions	113,437	50,195
Contributions subsequent to the measurement date	574,980	-
Net deferred outflow (inflow) of resources	\$ 3,826,273	\$ 820,225

\$574,980 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

Amortization Period Year Ended June 30,	Deferred Outflow (Inflow) of Resources
2018	\$ 403,117
2019	403,117
2020	910,763
2021	648,508
2022	65,562
	\$ 2,431,067

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Valuations. The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method.

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

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

6. PENSION PLAN (CONTINUED)

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

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

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

6. PENSION PLAN (CONTINUED)

Assumed Asset Allocation

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

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 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.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non –US Small 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%
Assumed Inflation – Mean		2.5%

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

6. PENSION PLAN (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 7.5 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 (6.5 percent) or 1-percentage point higher (8.5% percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability (asset)	\$ 11,317,502	\$ 7,009,189	\$ 3,408,192

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. The effect of OPERS on the District's net position has been determined on the same basis used by OPERS.

7. LONG-TERM OBLIGATIONS

GENERAL OBLIGATION BONDS

On February 11, 2015, the District issued \$1,490,000 of general obligation bonds with an interest rate of 2.09% that mature on June 15, 2025. These bonds were issued to provide funds for the acquisition, construction and improvement of major capital facilities within the District. General obligation bonds are direct obligations of and pledge the full faith and credit of the District.

CAPITAL LEASES

The District has four capital leases: 1) 2014 bus lease for 1 bus; 2) 2014 van lease; 3) 2015 van lease; 4) 2016 bus lease for 3 buses. The 2014 bus lease requires annual payments of \$7,947 through the June 30, 2020 fiscal year. The 2014 van lease requires payments of \$4,054 annually, through the June 30, 2019 fiscal year with final payments of \$1,689 due in the June 30, 2020 fiscal year. The 2015 van lease requires payments of \$4,022 annually, through the June 30, 2019 fiscal year with final payments of \$3,352 in the June 30, 2020 fiscal year. The 2016 bus lease requires annual payments of \$38,864 through June 30, 2026 fiscal year.

EARLY RETIREMENT

The District maintains an early retirement supplement program for its employees. The plan is, in substance, a single employer defined benefit pension plan established under collective bargaining agreements. The optional early retirement program provides eligible employees a monthly stipend of \$400-\$500. Eligible employees must have ten years of employment with the District and be eligible for retirement under PERS rules.

As of June 30, 2017, five employees are receiving benefits under the Plan. Early retirement program costs are recorded as expenditures and funded on a pay as you go basis. Total plan expenditures for the 2016-17 fiscal year were \$24,240. The District estimates its early retirement liability on June 30, 2017 to be \$78,105. The District plans to fund this obligation through annual appropriations. The value of vested and non-vested accumulated benefits cannot be estimated.

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

7. LONG-TERM OBLIGATIONS (CONTINUED)

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

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
G.O. Bonds (2015)	\$ 1,385,000	\$ -	\$ (120,000)	\$ 1,265,000	\$ 130,000
Capital Leases	57,459	335,286	(52,479)	340,266	43,762
Early Retirement	70,778	31,567	(24,240)	78,105	29,902
Total	\$ 1,513,237	\$ 366,853	\$ (196,719)	\$ 1,683,371	\$ 203,664

All long-term debt obligations are payable from the General Fund, Capital Projects Fund, and Debt Service Fund.

Future maturities of bonds are payable as follows:

Years	G.O. Bonds (2015)	Interest	Total
2017-2018	\$ 130,000	\$ 26,439	\$ 156,439
2018-2019	140,000	23,722	163,722
2019-2020	145,000	20,796	165,796
2020-2021	155,000	17,765	172,765
2021-2022	160,000	14,526	174,526
2023-2027	535,000	22,676	557,676
Total	\$ 1,265,000	\$ 125,923	\$ 1,390,923

Future maturities of early retirement obligations and capital leases are as follows:

Years	Early Retirement	Capital Leases	Total
2017-2018	\$ 29,902	\$ 43,762	\$ 73,664
2018-2019	23,102	45,118	68,220
2019-2020	15,134	43,483	58,617
2020-2021	9,967	31,837	41,804
2021-2022	-	32,913	32,913
2023-2026	-	143,153	143,153
Total	\$ 78,105	\$ 340,266	\$ 418,371

8. COMPENSATED ABSENCES

Compensated absences are assumed to be used on a first in first out basis; therefore, all outstanding balances are considered due within one year of June 30, 2017. This benefit is paid primarily from the General Fund.

	Outstanding Balance July 1, 2016	Additions	Payments	Outstanding Balance June 30, 2017
Compensated Absences	\$ 38,156	\$ 5,380	\$ (18,448)	\$ 25,088

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

9. COMMITMENTS AND CONTINGENCIES

The amounts of grant revenue reflected in the financial statements are subject to audit and adjustment by grantor agencies, principally the federal government. Any costs that are questioned or recommended to be disallowed which ultimately result in disallowed claims may become a liability of the District. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although District management expects such amounts, if any, to be immaterial.

10. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon approved ballot measure 5, a constitutional limit on property taxes for schools and no-school government operations, in November 1990. School operations included community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The voters of the State of Oregon passed ballot measure 50 in May 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. Measure 50 supplants measure 47 passed by voters in November 1996. Oregon Senate Bill 1215 was passed on July 4, 1997 to provide statutory direction and clarification for the implementation of the measure.

Measure 50 reduced the amount of operating property tax revenues available for the 1997-98 fiscal year, and thereafter. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of property to no more than 3% per year, subject to certain exceptions. The measure required a 17% overall statewide reduction in operating tax levies in 1997-98. The actual reduction per taxing district varies according to certain exemptions and special provisions of the measure and its implementing legislation. Taxes levied to support bonded debt are exempted from reductions. The measure also set restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact to school district as a result of the tax cuts.

11. SCHOOL FUNDING

The District is dependent on the State of Oregon for a substantial portion of its operating funds. State funding is determined through state wide revenue projections and is paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause the District to either have increases or decreases in revenue. Due to these uncertainties at the State level, the future effect on the District's operations is not yet determinable.

12. RISK MANAGEMENT

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

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2017

13. NEW ACCOUNTING STANDARDS IMPLEMENTED

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
For the Year Ended June 30, 2017

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

Fiscal Year Ended	(a) District's Proportion of the Net Pension Liability (NPL)	(b) District's Proportionate Share of the Net Pension Liability (NPL)	(c) District's Covered Payroll	(b/c) NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.05900723%	\$ 3,011,225	\$ 2,924,579	102.96%	91.97%
6/30/2015	0.05900723%	\$ (1,337,526)	\$ 3,057,219	-43.75%	103.60%
6/30/2016	0.06099327%	\$ 3,501,905	\$ 3,093,880	113.19%	91.90%
6/30/2017	0.04668957%	\$ 7,009,189	\$ 3,317,987	211.25%	90.00%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

SCHEDULE OF DISTRICT CONTRIBUTIONS

Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent of Covered Payroll
2014	\$ 1,140,976	\$ 1,140,976	\$ -	\$ 3,057,219	37.32%
2015	\$ 1,080,565	\$ 1,080,565	\$ -	\$ 3,093,880	34.93%
2016	\$ 743,899	\$ 743,899	\$ -	\$ 3,317,987	22.42%
2017	\$ 773,798	\$ 773,748	\$ -	\$ 3,529,817	21.92%

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

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Local Sources	\$ 1,692,386	\$ 1,692,386	\$ 1,762,641	\$ 70,255
Intermediate Sources	122,000	122,000	128,828	6,828
State Sources	4,498,089	4,498,089	4,683,266	185,177
Federal Sources	-	-	1,183	1,183
Total Revenues	6,312,475	6,312,475	6,575,918	263,443
EXPENDITURES:				
Instruction	3,836,613	3,836,323 (1)	3,754,358	81,965
Support Services	3,302,656	3,309,946 (1)	3,160,407	149,539
Facility Acquisition	-	62,000 (1)	59,889	2,111
Contingency	555,186	480,330 (1)	-	480,330
Total Expenditures	7,694,455	7,688,599	6,974,654	713,945
Excess of Revenues Over, (Under) Expenditures	(1,381,980)	(1,376,124)	(398,736)	977,388
OTHER FINANCING SOURCES, (USES):				
Proceeds From Sale Of Fixed Assets	-	-	157,525	-
Loan Proceeds	345,000	345,000	335,205	(9,795)
Transfers Out	(56,100)	(61,956) (1)	(61,956)	-
Total Other Financing Sources, (Uses)	288,900	283,044	430,774	(9,795)
Net Change in Fund Balance	(1,093,080)	(1,093,080)	32,038	967,593
Beginning Fund Balance	1,093,080	1,093,080	1,357,563	264,483
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,389,601</u>	<u>\$ 1,232,076</u>

(1) Appropriation level

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Local Sources	\$ 400,630	\$ 423,310	\$ 230,215	\$ (193,095)
State Sources	132,500	153,424	152,844	(580)
Federal Sources	278,375	274,846	179,796	(95,050)
Total Revenues	<u>811,505</u>	<u>851,580</u>	<u>562,855</u>	<u>(288,725)</u>
EXPENDITURES:				
Instruction	610,045	583,773 (1)	341,094	242,679
Support Services	145,299	198,223 (1)	180,612	17,611
Community Services	600	2,118 (1)	1,867	251
Facilities Acquisition and Construction	82,000	103,820 (1)	33,618	70,202
Total Expenditures	<u>837,944</u>	<u>887,934</u>	<u>557,191</u>	<u>330,743</u>
Excess of Revenues Over, (Under) Expenditures	(26,439)	(36,354)	5,664	42,018
Beginning Fund Balance	<u>26,439</u>	<u>36,354</u>	<u>129,664</u>	<u>93,310</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,328</u>	<u>\$ 135,328</u>

(1) Appropriation level

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

1. EMPLOYEE RETIREMENT PENSION BENEFITS

CHANGES IN PLAN PROVISIONS

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

https://www.oregon.gov/pers/EMP/Pages/section/er_general_information/gasb-68.aspx

CHANGES IN ASSUMPTIONS

A summary of key changes implemented since the December 31, 2013 valuation are described in the Oregon Public Retirement System's GASB 68 disclosure information which can be found at:

https://www.oregon.gov/pers/EMP/Pages/section/er_general_information/gasb-68.aspx

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

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

2. BUDGET

A budget is prepared and legally adopted for the General Fund, and Special Revenue Fund, on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America basis for the governmental fund types, proprietary fund type and private purpose trust fund type. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of supplemental budget and appropriation resolution. Appropriations lapse at the end of each fiscal year.

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearing before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, there were two amendments to the General Fund and one for the Special Revenue Fund. All expenditures were within authorized appropriations. The Notice of Budget Hearing (Form ED-1) was not published in the local paper of record as required by Oregon State Local Budget Law.

SUPPLEMENTARY INFORMATION

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Current Year Taxes	\$ 148,947	\$ 148,947	\$ 161,277	\$ 12,330
Earnings on Investments	-	-	53	53
Total Resources	148,947	148,947	161,330	12,383
EXPENDITURES:				
Debt Service				
Principal	120,000	120,000 (1)	120,000	-
Interest	28,947	28,947 (1)	28,940	7
Total Expenditures	148,947	148,947	148,940	7
Excess of Revenues Over, (Under) Expenditures	-	-	12,390	12,390
Beginning Fund Balance	-	-	11,092	11,092
Ending Fund Balance	\$ -	\$ -	\$ 23,482	\$ 23,482

(1) Appropriation level

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Earnings on Investments	\$ 100	\$ 100	\$ 436	\$ 336
Total Resources	100	100	436	336
EXPENDITURES:				
Facilities Acquisition and Construction	182,100	182,100 (1)	153,477	28,623
Debt Service				
Principal	56,100	56,100 (1)	52,479	3,621
Interest	-	- (1)	2,408	(2,408)
Total Expenditures	238,200	238,200	208,364	29,836
Excess of Revenues Over, (Under) Expenditures	(238,100)	(238,100)	(207,928)	30,172
OTHER FINANCING SOURCES, (USES):				
Transfers In	56,100	56,100	56,100	-
Total Other Financing Sources, (Uses)	56,100	56,100	56,100	-
Net Change in Fund Balance	(182,000)	(182,000)	(151,828)	30,172
Beginning Fund Balance	182,000	182,000	153,040	(28,960)
Ending Fund Balance	\$ -	\$ -	\$ 1,212	\$ 1,212

(1) Appropriation level

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Local Sources	\$ 62,000	\$ 62,000	\$ 46,651	\$ (15,349)
State Sources	3,200	3,200	4,412	1,212
Federal Sources	115,000	115,000	100,917	(14,083)
Total Revenues	180,200	180,200	151,980	(28,220)
EXPENDITURES:				
Enterprise and Community Services	185,700	185,700 (1)	158,833	26,867
Total Expenditures	185,700	185,700	158,833	26,867
Excess of Revenues Over, (Under) Expenditures	(5,500)	(5,500)	(6,853)	(1,353)
OTHER FINANCING SOURCES, (USES):				
Transfers In	-	-	5,856	5,856
Total Other Financing Sources, (Uses)	-	-	5,856	5,856
Net Change in Fund Balance	(5,500)	(5,500)	(997)	4,503
Beginning Fund Balance	5,500	5,500	16,636	11,136
Ending Fund Balance	\$ -	\$ -	\$ 15,639	\$ 15,639

(1) Appropriation level

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the Year Ended June 30, 2017

GENERAL FUND

Tax Roll Year	Balance July 1, 2016	2016-2017 Tax Levy	Less Discounts	Net Adjustments	Interest	Collections	Balance June 30, 2017
2016-2017	\$ -	\$ 1,695,350	\$ (43,937)	\$ (3,233)	\$ 726	\$ 1,616,524	\$ 32,382
2015-2016	34,672	-	10	(418)	1,315	17,140	18,439
2014-2015	18,380	-	4	(166)	1,160	6,560	12,818
2013-2014	11,681	-	3	(207)	1,215	4,697	7,995
2012-2013	7,820	-	-	(22)	621	1,262	7,157
Prior	18,568	-	10	(1,252)	299	814	16,811
	<u>\$ 91,121</u>	<u>\$ 1,695,350</u>	<u>\$ (43,910)</u>	<u>\$ (5,298)</u>	<u>\$ 5,336</u>	<u>1,646,997</u>	<u>\$ 95,602</u>
Undistributed tax collections, June 30, 2017						4,126	
Undistributed tax collections, June 30, 2016						<u>(2,984)</u>	
Revenue Turned Over to General Fund						<u>\$ 1,648,139</u>	

DEBT SERVICE FUND

Tax Roll Year	Balance July 1, 2016	2016-2017 Tax Levy	Less Discounts	Net Adjustments	Interest	Collections	Balance June 30, 2017
2016-2017	\$ -	\$ 167,197	\$ (3,228)	\$ (1,423)	\$ 72	\$ 159,423	\$ 3,195
2015-2016	3,631	-	1	(44)	138	1,788	1,938
2014-2015	-	-	-	-	-	-	-
2013-2014	-	-	-	-	-	-	-
2012-2013	-	-	-	-	-	-	-
Prior	-	-	-	-	-	-	-
	<u>\$ 3,631</u>	<u>\$ 167,197</u>	<u>\$ (3,227)</u>	<u>\$ (1,467)</u>	<u>\$ 210</u>	<u>161,211</u>	<u>\$ 5,133</u>
Undistributed tax collections, June 30, 2017						291	
Undistributed tax collections, June 30, 2016						<u>(225)</u>	
Revenue Turned Over to Debt Service Fund						<u>\$ 161,277</u>	

COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

2016-17 REVENUE SUMMARY BY FUNCTION-ALL GOVERNMENTAL FUNDS

Revenue from Local Sources

1110	Ad Valorem Taxes Levied by District
1120	Local Option Ad Valorem Taxes Levied by District
1130	Construction Excise Tax
1190	Penalties and Interest on Taxes
1200	Rev from Local Gov't Units Other Than Districts
1310	Regular Day School Tuition
1320	Adult/Continuing Education Tuition
1330	Summer School Tuition
1400	Transportation Fees
1500	Earnings on Investments
1600	Food Service
1700	Extracurricular Activities
1800	Community Services Activities
1910	Rentals
1920	Contributions and Donations From Private Sources
1930	Rental or Lease Payments From Private Contractors
1940	Services Provided Other Local Education Agencies
1950	Textbook Sales and Rentals
1960	Recovery of Prior Years' Expenditure
1970	Services Provided Other Funds
1980	Fees Charged to Grants
1990	Miscellaneous

	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
\$	1,642,750	\$ -	\$ 161,058	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
5,389	-	-	219	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,134	-	-	-	-	-
23,401	-	-	52	436	-
-	46,648	-	-	-	-
51,935	155,504	-	-	-	-
-	-	-	-	-	-
4,145	-	-	-	-	-
13,422	39,117	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
18,467	35,596	-	-	-	-
Total Revenue from Local Sources	\$ 1,762,643	\$ 276,865	\$ 161,329	\$ 436	\$ -

Revenue from Intermediate Sources

2101	County School Funds
2102	Education Service District Apportionment
2105	Natural Gas, Oil, and Mineral Receipts
2199	Other Intermediate Sources
2200	Restricted Revenue
2800	Revenue in Lieu of Taxes
2900	Revenue for/on Behalf of the District

	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
\$	-	\$ -	\$ -	\$ -	\$ -
128,828	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Total Revenue from Intermediate Sources	\$ 128,828	\$ -	\$ -	\$ -	\$ -

Revenue from State Sources

3101	State School Fund - General Support
3102	State School Fund - School Lunch Match
3103	Common School Fund
3104	State Managed County Timber
3199	Other Unrestricted Grants-in-Aid
3200	Restricted Revenue
3204	Driver Education
3299	Other Restricted Grants-in-Aid
3800	Revenue in Lieu of Taxes
3900	Revenue for/on Behalf of the District

	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
\$	4,608,538	\$ -	\$ -	\$ -	\$ -
-	-	1,690	-	-	-
72,298	-	-	-	-	-
-	-	-	-	-	-
-	-	2,722	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,430	152,844	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Total Revenue from State Sources	\$ 4,683,266	\$ 157,256	\$ -	\$ -	\$ -

Revenue from Federal Sources

4100	Unrestricted Rev. Dir. Federal Government
4200	Unrestr. Rev. Federal Government Through State
4300	Restr. Rev. Federal Government
4500	Restricted Rev. Federal Gov. Through State
4700	Grants-In-Aid Fed. Gov. Thru Intern. Agencies
4801	Federal Forest Fees
4802	Impact Aid to School Districts for Operation (PL 874)
4803	Coos Bay Wagon Road Funds
4899	Other Revenue in Lieu of Taxes
4900	Revenue for/on Behalf of the District

	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
\$	-	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	266,568	-	-	-
-	-	-	-	-	-
1,183	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	14,146	-	-	-
Total Revenue from Federal Sources	\$ 1,183	\$ 280,714	\$ -	\$ -	\$ -

Revenue from Other Sources

5100	Long Term Debt Financing Sources
5200	Interfund Transfers
5300	Sale (Loss) from Fixed Asset Disposal
5400	Resources - Beginning Fund Balance
5500	Insurance Proceeds

	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
\$	335,205	\$ -	\$ -	\$ -	\$ -
-	-	5,856	-	56,100	-
157,525	-	-	-	-	-
1,357,562	146,300	11,092	153,040	-	-
-	-	-	-	-	-
Total Revenue from Other Sources	\$ 1,850,292	\$ 152,156	\$ 11,092	\$ 209,140	\$ -

Grand Totals

\$ 8,426,212	\$ 866,991	\$ 172,421	\$ 209,576	\$ -
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COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

2016-17 EXPENDITURES BY FUNCTION/OBJECT-GENERAL FUND

General Fund

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 1,194,374	\$ 702,010	\$ 444,530	\$ 4,052	\$ 43,782	\$ -	\$ -	\$ -
1112 Intermediate Programs	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	751,548	431,884	284,353	4,611	30,700	-	-	-
1121 Middle/Junior High Programs	18,296	13,531	2,152	1,460	1,153	-	-	-
1122 Middle/Junior High School Extracurricular	969,890	573,778	347,857	4,442	38,454	-	5,359	-
1131 High School Programs	112,537	62,573	13,239	12,011	22,781	-	1,933	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	7,097	5,050	1,632	-	415	-	-	-
1220 Restrictive Programs for Students with Disabilities	336,526	76,509	39,395	220,622	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	322,438	199,381	109,647	1,486	11,924	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	352	-	-	352	-	-	-	-
1291 English Second Language Programs	41,301	25,562	15,605	70	64	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ 3,754,359	\$ 2,090,278	\$ 1,258,410	\$ 249,106	\$ 149,273	\$ -	\$ 7,292	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 86,854	\$ -	\$ -	\$ 71,461	\$ 15,393	\$ -	\$ -	\$ -
2120 Guidance Services	73,798	43,953	29,845	-	-	-	-	-
2130 Health Services	16,735	12,673	4,055	-	7	-	-	-
2140 Psychological Services	16,913	-	-	15,010	1,903	-	-	-
2150 Speech Pathology and Audiology Services	30,346	11,236	5,830	13,280	-	-	-	-
2160 Other Student Treatment Services	16,825	4,598	732	11,495	-	-	-	-
2190 Service Direction, Student Support Services	94,432	61,908	32,217	307	-	-	-	-
2210 Improvement of Instruction Services	4,619	695	196	3,728	-	-	-	-
2220 Educational Media Services	70,573	36,144	27,504	1,262	5,663	-	-	-
2230 Assessment & Testing	10,003	3,000	1,528	-	5,475	-	-	-
2240 Instructional Staff Development	9,998	-	8,235	1,763	-	-	-	-
2310 Board of Education Services	51,929	-	-	27,442	1,363	-	23,124	-
2320 Executive Administration Services	178,278	148,212	19,032	2,175	1,811	-	7,048	-
2410 Office of the Principal Services	483,120	284,555	193,408	2,697	1,210	-	1,250	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	239,191	132,551	67,616	31,605	650	-	6,769	-
2540 Operation and Maintenance of Plant Services	819,920	223,426	176,123	304,243	29,958	-	86,170	-
2550 Student Transportation Services	818,499	208,369	161,096	26,697	58,101	341,205	23,031	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	114,132	48,517	32,909	21,070	8,486	-	3,150	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	24,240	13,600	10,640	-	-	-	-	-
Total Support Services Expenditures	\$ 3,160,405	\$ 1,233,437	\$ 770,966	\$ 534,235	\$ 130,020	\$ 341,205	\$ 150,542	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	59,889	-	-	20,911	-	34,055	4,923	-
Total Facilities Acquisition and Construction Expenditures	\$ 59,889	\$ -	\$ -	\$ 20,911	\$ -	\$ 34,055	\$ 4,923	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5200 Transfers of Funds	61,956	-	-	-	-	-	-	61,956
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ 61,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,956

Grand Total

Grand Total	\$ 7,036,609	\$ 3,323,715	\$ 2,029,376	\$ 804,252	\$ 279,293	\$ 375,260	\$ 162,757	\$ 61,956
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COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

2016-17 EXPENDITURES BY FUNCTION/OBJECT-SPECIAL REVENUE FUND

Special Revenue Grants Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 17,502	\$ -	\$ -	\$ -	\$ 17,502	\$ -	\$ -	\$ -
1112 Intermediate Programs	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	23,211	-	-	-	23,211	-	-	-
1122 Middle/Junior High School Extracurricular	61,655	-	-	3,821	49,599	7,980	255	-
1131 High School Programs	103,337	-	-	-	103,337	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	21,801	10,428	11,373	-	-	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	113,588	65,260	48,236	-	92	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ 341,094	\$ 75,688	\$ 59,609	\$ 3,821	\$ 193,741	\$ 7,980	\$ 255	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2120 Guidance Services	1,350	1,000	350	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	15,247	11,270	3,977	-	-	-	-	-
2150 Speech Pathology and Audiology Services	3,954	2,692	1,262	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	113,525	66,394	27,907	16,148	3,076	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	4,500	-	-	-	4,500	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	3,028	-	-	3,028	-	-	-	-
2540 Operation and Maintenance of Plant Services	23,008	-	-	-	-	23,008	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	16,000	-	-	-	16,000	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	\$ 180,612	\$ 81,356	\$ 33,496	\$ 19,176	\$ 23,576	\$ 23,008	\$ -	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$ 160,700	49,058	21,047	1,774	73,254	7,970	7,597	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ 160,700	\$ 49,058	\$ 21,047	\$ 1,774	\$ 73,254	\$ 7,970	\$ 7,597	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	33,618	-	-	-	-	33,618	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ 33,618	\$ -	\$ -	\$ -	\$ -	\$ 33,618	\$ -	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
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

\$ 716,024	\$ 206,102	\$ 114,152	\$ 24,771	\$ 290,571	\$ 72,576	\$ 7,852	\$ -
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COLTON SCHOOL DISTRICT NO. 53
CLACKAMAS COUNTY, OREGON

2016-17 EXPENDITURES BY FUNCTION/OBJECT-CAPITAL PROJECTS FUND

Capital Projects Fund

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1112 Intermediate Programs	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	153,476	-	-	11,813	-	141,633	30	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ 153,476	\$ -	\$ -	\$ 11,813	\$ -	\$ 141,633	\$ 30	\$ -

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$ 54,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,888	\$ -
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ 54,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,888	\$ -

Grand Total

Grand Total	\$ 208,364	\$ -	\$ -	\$ 11,813	\$ -	\$ 141,633	\$ 54,918	\$ -
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COLTON SCHOOL DISTRICT NO. 53
 CLACKAMAS COUNTY, OREGON

SUPPLEMENTAL INFORMATION
 As Required by The Oregon Department of Education
 For the Year Ended June 30, 2017

A. Energy bills for heating - all funds:			<u>Objects 325 and 326</u>
		Function 2540	\$ 174,070
		Function 2550	3,532
B. Replacement of equipment - General Fund:			
Include all General Fund expenditures in Object 542, except for the following exclusions:			<u>Amount</u>
Exclude these functions:			
1113, 1122 & 1132	Co-curricular activities	4150	Construction
1140	Pre-kindergarten	2550	Pupil transportation
1300	Continuing education	3100	Food service
1400	Summer school	3300	Community services
			\$ -

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AUDITORS' COMMENTS AND DISCLOSURES REQUIRED
BY STATE REGULATION



COLTON SCHOOL DISTRICT NO. 53
INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the Colton School District No. 53, Clackamas County, Oregon (District) as of and for the year ended June 30, 2017, and have issued our report thereon dated December 8, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- State school fund factors and calculation.

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except that the Notice of Budget Hearing (Form ED-1) was not published in the local paper of record.

OAR 162-10-0230 Internal Control

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



Purpose of this Report

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

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 8, 2017

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