

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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CLACKAMAS COUNTY, OREGON

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INTRODUCTORY SECTION



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OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

2015-16 BOARD MEMBERS

<u>Name</u>	<u>Term Expires</u>
Terry Lenchitsky, Chair	June 30, 2017
DJ Anderson, Vice-Chair	June 30, 2019
Randy Carmony	June 30, 2017
Candice Lindberg	June 30, 2019
Marjan Salveter	June 30, 2017
VACANT	June 30, 2019
VACANT	June 30, 2017

(All board members receive mail at the address below)

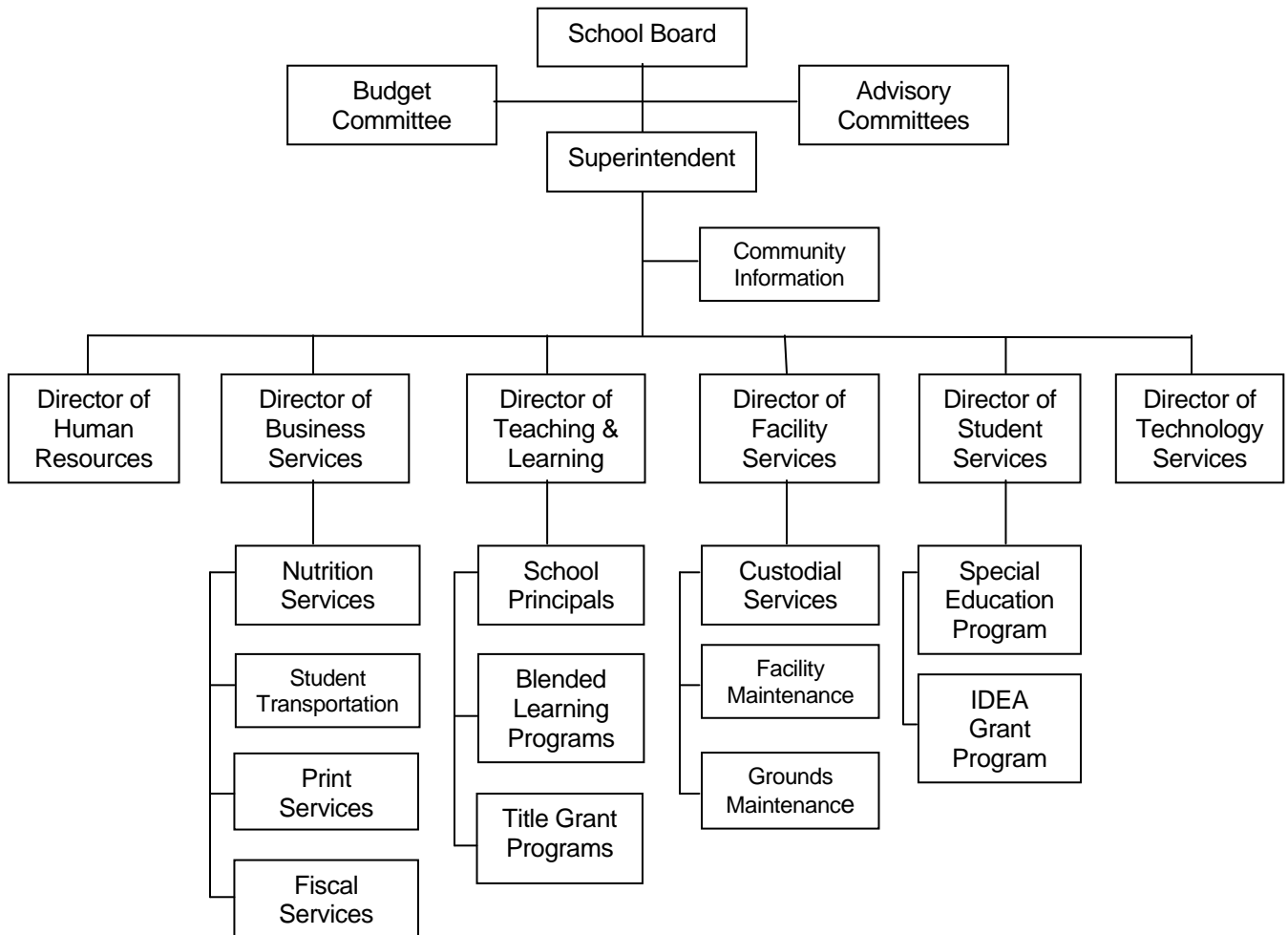
ADMINISTRATION

Aaron Bayer, Superintendent/Clerk
Timothy Belanger, Director of Business Services/Deputy Clerk

P.O. Box 547, 36525 SE Industrial Way
Sandy, Oregon 97055

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

2015-16 ORGANIZATIONAL CHART



FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION
- SUPPLEMENTARY INFORMATION
- OTHER INFORMATION



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www.paulyrogersandcocpas.com

December 14, 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oregon Trail School District
Clackamas County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oregon Trail School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oregon Trail School District, as of June 30, 2016, and the respective changes in financial position and budgetary comparisons for the general fund and federal grant fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 72, Fair Value Measurement and Application during the year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements

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

The introductory, statistical sections and the other information, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 14, 2016, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.

FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
- **MANAGEMENT'S DISCUSSION AND ANALYSIS**
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION
- SUPPLEMENTARY INFORMATION
- OTHER INFORMATION



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Oregon Trail School District 46

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Fax: 503-668-9322

Management's Discussion and Analysis

As management of the Oregon Trail School District 46, we offer this section of the District's annual financial report to present discussion and analysis of the financial activities of the Oregon Trail School District 46 for the fiscal year ended June 30, 2016. The intent of this discussion is to provide an overview of the District's performance as well as past and current position. To enhance their understanding, readers should consider this information in conjunction with the financial statements and notes to the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- In the Government Wide Statements, the liabilities and deferred inflows of the District exceeded its assets at June 30, 2016 by \$8.1 million.
- The Oregon Trail School District's total net position decreased by \$(16.3) million primarily due to recognition of the District's portion of the statewide public employers pension system (PERS) liability as required under GASB pension accounting statement 68 (GASB 68).
- At the close of the current fiscal year, the District's governmental funds reported combined balances of \$16.96 million, an increase of \$591 thousand in comparison with the prior year. Approximately 41% of this amount is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6.99 million, or approximately 17.6% of total general fund revenues.
- The Oregon Trail School District's total outstanding long-term debt decreased by \$2.18 million during the current fiscal year as the district continues to make its scheduled debt service payments with minimal addition of new debt. Long-term debt was 85.8% of total assets at June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the Oregon Trail School District 46's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

- The *Statement of Net Position* presents financial information on all of the District's assets, deferred outflows or resources, liabilities and deferred inflows of resources, 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 condition 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 for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category, e.g. *Governmental Activities*. Most of the District's basic functions are shown here, such as regular and special education, student nutrition services, student transportation, administration, and facilities acquisition and management. These activities are primarily financed through Oregon's State School Fund, property taxes, and other intergovernmental revenues.

June 30, 2016

Management's Discussion and Analysis (continued)

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Oregon Trail School District 46, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for most District activities (essentially the same functions reported as *governmental activities* in the government-wide financial statements). However, unlike the government-wide financial statements, governmental fund statements focus on determining near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing 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 the 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 government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance are reconciled to the government-wide Statement of Net Assets and Statement of Activities to facilitate this comparison.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance for the General, Debt Service, Capital Projects funds, which are considered to be major funds. Data from the five other funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as Supplemental Information in this report.

Proprietary Fund – The School District maintains two proprietary fund types (internal service funds). These funds provide an accounting mechanism to accumulate and allocate central printing services costs as well as property, liability, unemployment and workman's compensation insurance costs internally among the Districts various funds and functions. Because these services benefit governmental activities rather than business type activities, they have been included within the governmental activities in the government-wide financial statements. Proprietary funds are maintained using the accrual basis of accounting. The District's internal service fund is disclosed separately in the fund statements of the District's basic financial statements.

The basic proprietary fund financial statements can be found on pages 17 through 19 of this report. Individual fund data is provided as Supplemental Information in this report.

Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported within the government-wide financial statements because those resources are not available at the District's discretion to finance District programs.

District fiduciary funds include one private purpose trust fund (Scholarship Fund), one pension trust fund and one agency fund (Student Activities Fund). The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report. Individual fund data is provided as Supplemental Information in this report

June 30, 2016

Management's Discussion and Analysis (continued)

Notes to Basic Financial Statements – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 38 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information* concerning the District's general fund budgetary information and the District's progress in funding its obligation to provide OPEB benefits to its employees and detail budgetary information for major funds.

The combining statements referred to earlier in connection with non-major governmental funds, as well as detail individual fund statements are presented in the *Supplementary Information* section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the statement of net assets provides the perspective of the District as a whole and over time and may serve as a useful indicator of the District's financial position. Comparative information is provided to help identify trends

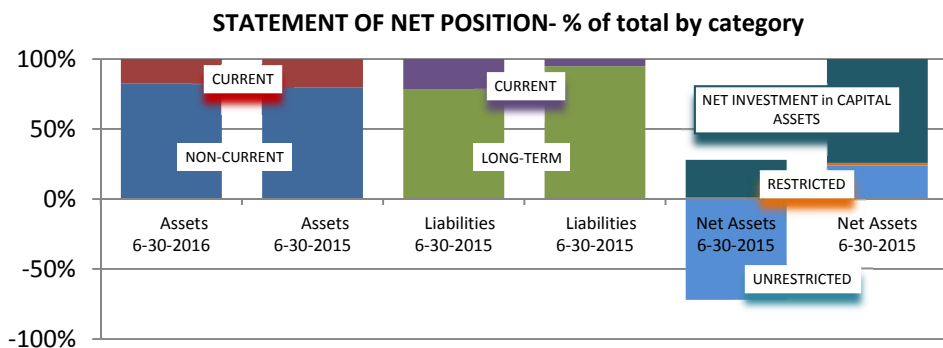
CONDENSED STATEMENT OF NET POSITION				
<u>Governmental Activities</u>				
	At June 30, <u>2016</u>	At June 30, <u>2015</u>	Total \$ <u>Change</u>	Total % <u>Change</u>
Current assets	\$ 22,264,545	\$ 27,518,537	\$ (5,253,992)	(19)%
Non-current assets	<u>103,580,019</u>	<u>106,660,069</u>	<u>(3,080,050)</u>	(3)
Total Assets	<u>125,844,564</u>	<u>134,178,606</u>	<u>(8,334,042)</u>	(6)
Pension related items				
Total Deferred Outflows	<u>5,549,345</u>	<u>4,308,530</u>	<u>1,240,815</u>	29
Current liabilities	29,494,717	5,921,336	23,573,381	398
Long-term liabilities	<u>105,422,665</u>	<u>108,076,455</u>	<u>(2,653,790)</u>	(2)
Total Liabilities	<u>134,917,382</u>	<u>113,997,791</u>	<u>(2,465,577)</u>	(2)
Pension related items				
Total Deferred Inflows	<u>4,594,863</u>	<u>16,297,603</u>	<u>(11,702,740)</u>	(72)
Net assets:				
Net Invested in Capital Assets	4,979,144	6,075,242	(1,096,098)	(18)
Restricted	191,891	165,756	26,135	16
Unrestricted	<u>(13,289,371)</u>	<u>1,950,744</u>	<u>(15,240,115)</u>	(781)
Total Net Position	<u>\$ (8,118,336)</u>	<u>\$ 8,191,742</u>	<u>\$ (16,310,078)</u>	(199)

Cash and cash equivalents represent 16% of total assets at June 30, 2016. Current assets have decreased 19% due to elimination of the prior year net pension assets based upon the current year PERS pension valuation under GASB 68. Total non-current assets have decreased 3% from the prior year, due to depreciation of capitalized assets and a decreased rate of adding new capitalized assets.

Total current liabilities have increased 398% over the prior year primarily due to current year PERS pension valuation under GASB 68. Current liabilities represented 22% of total District liabilities and 132% of current assets at June 30, 2016. District long-term liabilities are payable in excess of one year. Long-term liabilities decreased 2% from continued repayment of general obligation bonds.

Deferred outflows of resources from pension net contributions subsequent to the actuarial measurement date increased 29% and deferred inflows decreased 72%. The change is largely due to the net difference between projected and actual earnings as well as differences between expected and actual experience within the PERS retirement fund.

Net position, which represents the accumulated results of all past years' operations, decreased 199% to (\$8.1) million at June 30, 2016 primarily valuation changes to the PERS retirement plan caused by statutory benefit changes and earnings less than projected as reflect under GASB 68.



Net investment in capital assets represents \$4.97 million. Net investment in capital assets decreased 18% due to minimal addition of new capital assets and depreciation of existing assets at an amount greater than reduction of debt used to finance capital assets. Because ongoing use of capital assets is critical to supporting program services within the district, they do not represent resources available for liquidation and future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net assets increased \$26 thousand primarily due to the increase in outstanding debt service tax levies receivable.

The results of this year's operations for the School District as a whole are reported in the statement of activities.

CONDENSED STATEMENT OF ACTIVITIES				
For the years ended June 30, 2016 and 2015				
	Governmental Activities			
	2016	2015	\$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	\$ 1,103,599	\$ 975,498	\$ 128,101	13%
Operating grants and contributions	3,516,658	3,342,603	174,055	5
General revenues:				
Taxes levied	20,165,007	19,272,423	892,584	5
State school fund-general support	24,507,168	22,951,329	1,555,839	7
Common School Fund	477,076	384,168	92,908	24
Federal Forrest Fees	24,380	21,009	3,371	16
Earnings on investments	167,036	132,551	34,485	26
Miscellaneous	72,614	92,330	(19,716)	(21)
Total Revenues	\$ 45,413,281	\$ 42,853,810	\$ 2,559,471	6
Expenses:				
Instruction	\$ 37,913,449	\$ 19,015,404	\$ 18,898,045	99
Support Services (Instructional and other)	22,359,371	12,344,646	10,014,725	81
Enterprise and community services	1,836,006	1,178,996	657,010	56
Interest on long-term debt	4,233,789	4,308,362	(74,573)	(2)
Depreciation, Unallocated	1,001	1,762	(761)	(43)
Total Expenses	\$ 66,343,616	\$ 36,849,170	\$ 29,494,446	80
Change in net position	\$ (16,310,078)	\$ 10,332,741		

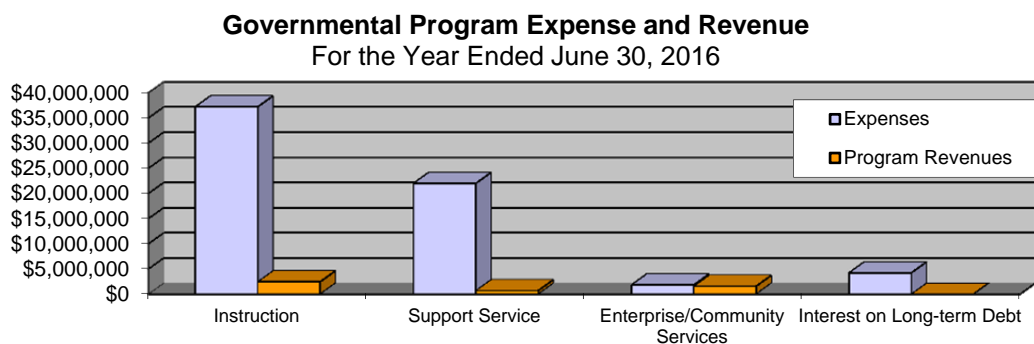
2016 Revenue by Source

2016 Exp. by Program

June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental activities had 7% of costs supported by direct charges for services, operating grants and contributions. The remaining costs are funded through general revenues such as property taxes and state school support.



Significant factors affecting changes in revenue and expense include:

- Charges for services revenue increased 13% largely due to addition of full-day kindergarten programs which have led to an increase in fee based lunch program participation.
- Operating grant and contribution revenue increased 5% over the prior year as student fundraising activity previously captured under agency funds was redefined and is now captured within a special revenue fund as a result in change of how funds are controlled.
- Taxes levied revenue increased 5% due to increased assessed property value, beyond the statutory 3% growth limitations, from new real estate development. New housing starts also contributed to increase construction excise tax collections.
- The state School Support Formula (SSF) operating grant per pupil distribution decreased from \$7,002 to \$6,987 over the prior year but weighted student average daily membership increased 273 (to due addition of state funded full-day kindergarten and modest enrollment growth). As a result, state school fund increased 7% over the prior year.
- State law allows for very conservative investment practices. Based upon these practices and the market, investment yield has been low. Investment income has declined 5% from the prior year.
- Common School Fund revenue increased 24% due to legislative direction to increase distribution from the investment and land holding fund intended to support k-12 public school districts.
- Instruction costs increased 3.5% over the prior year due to staff additions required to support a new full-day kindergarten program. Kindergarten was previously a one-half day program.
- 3.4% for Instruction and Support Service costs increases were due to contractual increases in compensation to staff.
- The remaining increase in expenditures is predominately due to significant expense additions related to the District's portion of statewide PERS pension changes as actuarially determined under GASB 68. Court rulings have required reinstatement of PERS benefits previously enacted by the Oregon legislature. In addition earnings on investments have yielded significantly less than actuarially assumed rates.

DISTRICT INDIVIDUAL FUNDS INFORMATION

As noted earlier, the School District uses fund accounting to help it control and manage resources for particular purposes. The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. In particular, changes to unreserved fund balance may serve as a useful measure of a government's ability to continue support of program expenditures at their current level.

OREGON TRAIL SCHOOL DISTRICT 46
Clackamas County, Oregon

June 30, 2016

Management's Discussion and Analysis (continued)

At the conclusion of this year, governmental funds reported a combined fund balance of \$16.3 million compared to \$16.8 million in the prior year. The changes are summarized as follows:

	General Fund		Facility Improvement Fund		Debt Service Fund		Capital Project Fund G.O. Bond Series 2009		Other Governmental Funds		Total All Governmental Funds	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2015	2015
Fund balances – Beginning of year	\$ 6,280,224	\$ 6,040,131	\$ 3,336,330	\$ 4,139,030	\$ 149,929	\$ 137,902	\$ 6,277,554	\$ 6,321,210	\$ 322,398	\$ 210,461	\$ 16,366,435	\$ 16,848,734
Increases (decreases)	1,270,475	240,093	(743,661)	(802,700)	20,341	12,027	(136,145)	(43,656)	179,685	111,937	590,695	(482,299)
Fund balances – End of year	\$ 7,550,699	\$ 6,280,224	\$ 2,592,669	\$ 3,336,330	\$ 170,270	\$ 149,929	\$ 6,141,409	\$ 6,277,554	\$ 502,083	\$ 322,398	\$ 16,957,130	\$ 16,366,435

General Fund - The general fund is the chief operating fund for the Oregon Trail School District. The general fund balance increased 1,270,475 for the year ended June 30, 2016. The budget was planned to conserve resources in anticipation of transitioning to the significant increase in PERS costs.

Facility Improvement Fund – This fund holds various designated resources for the purpose of supporting facility improvement or enhancements. Fund balance decreased 22% as one-time funds continue to be expended over a multi-year period to support a variety of transition related issues for the new high school.

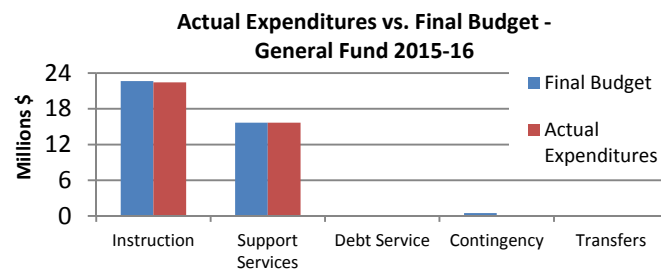
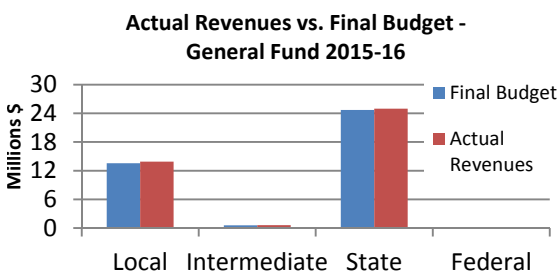
Debt Service Fund – This fund is established to collect revenues necessary for payment of general obligation bond debt. Fund balance increased \$20,341 as actual tax collections rates minimally exceeded planned amounts.

Capital Projects Fund – The Capital Project Fund has a total fund balance of \$6.1 million at June 30, 2016, all of which will be used to plan and manage the construction and renovation of various projects. There was modest activity within the fund as the district is in process of planning final projects to be financed from this fund.

Other Governmental Funds – The combined fund balance for other non-major governmental funds at year-end was \$590,695. The annual increase in fund balance for these funds was primarily due to increased contribution and fundraising activity within the Community Contributions Fund, continued reserve of resources received under the federal E-Rate program for future network equipment replacement and increased participation in the District food service program.

BUDGETARY REVIEW - GENERAL FUND ONLY

Oregon municipal budget law requires the School Board to adopt appropriations (legal spending levels) prior to July 1 of the upcoming budget year. While line item adjustments may be made by administration throughout the year, changes in the appropriation categories are only made subject to School Board approval. Such revisions, if any, are made in order to deal with unexpected changes in revenues and expenditures or changes necessary to meet new program services needs. There were no modifications to adjust legal budget spending levels within the General Fund for the year. District expenditures were within the final spending limits. Comparison of actual expenditures to budget is shown below.



June 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

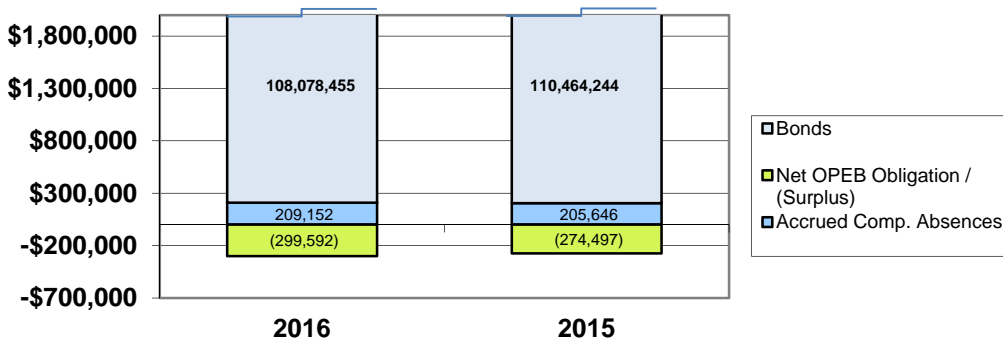
At June 30, 2016, the District had \$103.8 million capital assets, net of depreciation, invested in a broad range of capital assets, including land, buildings, furnishings, equipment and vehicles as follows:

Capital Assets (Net of Depreciation)			
	Governmental Activities		Percentage Change
	2016	2015	
Land	\$ 2,396,628	\$ 2,396,628	% 0
Construction in Progress	-	18,062	(100)
Buildings/ Improvements	100,692,383	103,508,667	(3)
Vehicles/ Equipment	491,008	736,712	(33)
Total	\$ 103,580,019	\$ 106,660,069	(3)

The district is finalizing plans to performing remaining capital projects funded from an April 2009 general obligation bond issue. The most notable project will be renovation the Pioneer Building (former Sandy High School which has been delayed due to an unanticipated conditional land use process. Net capital assets have decreased 3% due to the rate of asset depreciation exceeding the rate of new asset additions.

Debt

At June 30, 2016, the District had \$108 million outstanding long-term debt, a 2% reduction from the prior year, as follows:



General Obligation Bonds – \$114.9 million General Obligation Bonds were issued April 2009. Proceeds have been used to construct a replacements high school and continue to be used perform various improvements at existing buildings within the district. The bonds are in process of repayment over a 30 year period. Debt reflected in the statement of net assets includes unamortized premium of \$2.75 million at June 30, 2016.

Net OPEB Obligation (Asset) – The District offers other post-employment benefits to staff. Changes to the plan benefit structure resulted in the district funding 145% of the actuarially determined annual pension cost for 2015-16. The excess contribution extended the unfunded Net OPEB Obligation surplus to \$299,592 at June 30, 2016. Additional information on long-term debt can be found in the notes to the financial statements.

June 30, 2016

Management's Discussion and Analysis (continued)

CURRENT FACTORS AND NEXT YEAR'S BUDGET

Oregon public school operating revenues are funded primarily with state appropriations (approximately 62%) and local property taxes (approximately 33%) which are combined under a per student funding formula. Oregon's heavy reliance on income taxes combined with low state reserves has made for an unstable funding system for education during economic downturns.

The State of Oregon economic performance has been slowly improving and is expected to continue on a slow upward trend into the second year of the state budget biennium that began July 1, 2015. With this stable outlook, state school fund revenue is anticipated to increase nearly 6% for the upcoming year.

Real estate assessed valued (AV) growth was 4.6% in 2015-16. This trend is expected to continue with an anticipated to growth or 4.3% for 2016-17. AV was 76% of real market value (RMV) for 2015-16. Statutory limits generally allow AV to grow up to 3% per year until reaching RMV. RMV increased 10% over the prior year for 2015-16.

SSF revenue is distributed to districts largely based upon student average daily student membership (ADM), weighted for specific student populations (ADMw). ADMw in 2015-16 had a net increase of 273 from the prior year. This was due to modest growth in ADM and addition weights for ADMw attributable to additional of full-day kindergarten. Under revised state legislation effective July 1, 2015, school districts are now funded for full day kindergarten. Previously kindergarten students were capped at 0.5 ADMw for funding.

All employee group contracts and related compensation increases are settled for 2016-17 and will be factored into the 2016-17 budget planning. Labor costs comprised 81% of the General Fund expenditures in 2015-16 (excluding charter school payments which also included labor within a \$1.9 million payment recorded as alternative program payments within the General Fund). Public pension costs (PERS) and Healthcare costs (both controlled by the state) continue to present an extraordinary burden to staff costs. Recent legislative reforms to PERS have been overturned in a legal challenge. The PERS board sets employer rates in two year increments. The weighted Employer PERS rate will increase by 4.4% of payroll (a 22% PERS cost increase) effective July 1, 2017.

Student transportation is the district's largest contracted service at \$3.16 million for 2015-16. Transportation costs will increase by 2.5% by contract for 2016-17, the last year of the service contract. The contract will be re-bid which will have an undetermined effect on operation costs for 2016-17.

The district's General Fund ending balance was 19.7% of expenditures and other uses at June 30, 2016. Fund balance will allow the district time to effectively transition to addition of PERS cost discussed previously as there is no certainty of the 2017-19 state school support funding level.

The District's Budget Committee and School Board will consider all of these factors while developing the 2016-17 School District budget.

REQUEST FOR INFORMATION

This financial report is designed to provide users (citizens, taxpayers, parents, students, investors and creditors) with a general overview of the District's finances and to show the district's accountability for the resources it receives. Questions concerning any of the information provided in this report, or requests for additional information can be addressed to the districts Director of Business Services, PO Box 547, Sandy, OR 97055-0547, telephone number (503) 668-5541 x4007.

FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- **BASIC FINANCIAL STATEMENTS**
- REQUIRED SUPPLEMENTARY INFORMATION
- SUPPLEMENTARY INFORMATION
- OTHER INFORMATION



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OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 20,131,046
Property Taxes Receivable	1,168,260
Other Receivables	841,703
Prepaid Expenses	16,626
Inventory	106,910
Capital Assets, Net:	
Land	2,396,628
Buildings and Improvements	100,692,383
Vehicles and Equipment	491,008
TOTAL ASSETS	125,844,564
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	5,549,345
LIABILITIES:	
Accrued Salaries and Benefits	2,982,443
Accounts Payable	419,325
Accrued Interest Payable	345,728
Due to Other Agencies	326,582
Unearned Revenue	25,156
Net Pension Liability-Single Employer	1,973,764
Net Pension Liability-Proportional Share of Multiple Employer	20,856,369
Long-Term Liabilities:	
Portion Due or Payable Within One Year	2,565,350
Portion Due or Payable After One Year:	105,422,665
TOTAL LIABILITIES	134,917,382
DEFERRED INFLOWS OF RESOURCES:	
Pension related items	4,594,863
NET POSITION:	
Net Invested in Capital Assets	4,979,144
Restricted for Debt Service	191,891
Unrestricted	(13,289,371)
TOTAL NET POSITION	\$ (8,118,336)

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instructional Programs:					
Regular	\$ 28,025,517	\$ 323,374	\$ 827,140	\$ -	\$ (26,875,003)
Special and Other	9,887,932	-	1,260,543	-	(8,627,389)
Support Services:					
Instructional	10,405,243	79,549	232,723	-	(10,092,971)
Operation and Maintenance of Plant	5,234,241	248,480	70,326	-	(4,915,435)
Student Transportation	3,197,546	-	-	-	(3,197,546)
Other	3,522,341	-	45,424	-	(3,476,917)
Enterprise and Community Services	1,836,006	452,196	1,080,502	-	(303,308)
Interest on Long-Term Debt	4,233,789	-	-	-	(4,233,789)
Depreciation, Unallocated*	1,001	-	-	-	(1,001)
Total Governmental Activities	\$ 66,343,616	\$ 1,103,599	\$ 3,516,658	\$ -	(61,723,359)
General revenues:					
Taxes Levied for General Purposes					20,165,007
State School Fund - General Support					24,507,168
Common School Fund					477,076
Federal Forest Fees					24,380
Investment Earnings					167,036
Miscellaneous					72,614
Total general revenues					45,413,281
CHANGE IN NET POSITION					(16,310,078)
Net Position - July 1, 2015					8,191,742
Net Position - June 30, 2016					\$ (8,118,336)

*This amount excludes depreciation that is included in the direct expenses of the various programs.

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Facilities Improv. Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS						
Equity in Pooled Cash and Investments	\$ 10,293,328	\$ 2,575,419	\$ 129,933	\$ 6,141,409	\$ 555,125	\$ 19,695,214
Property Taxes Receivable	783,867	-	384,393	-	-	1,168,260
Other Receivables	345,867	83,058	23,293	-	388,079	840,297
Due From Other Funds	171,094	-	-	-	-	171,094
Prepays	1,376	15,000	-	-	250	16,626
Inventory	61,764	-	-	-	41,933	103,697
TOTAL ASSETS	<u>\$ 11,657,296</u>	<u>\$ 2,673,477</u>	<u>\$ 537,619</u>	<u>\$ 6,141,409</u>	<u>\$ 985,387</u>	<u>\$ 21,995,188</u>
LIABILITIES						
Accrued Salaries and Benefits	\$ 2,705,868	\$ -	\$ -	\$ -	\$ 275,844	\$ 2,981,712
Accounts Payable	323,358	80,808	-	-	11,710	415,876
Due To General Fund	-	-	-	-	171,094	171,094
Due To Other Agencies	326,582	-	-	-	-	326,582
Unearned Revenue-Other	500	-	-	-	24,656	25,156
TOTAL LIABILITIES	<u>3,356,308</u>	<u>80,808</u>	<u>-</u>	<u>-</u>	<u>483,304</u>	<u>3,920,420</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Property Taxes	750,289	-	367,349	-	-	1,117,638
FUND BALANCES (Deficits)						
Nonspendable	63,140	-	-	-	42,184	105,324
Restricted	-	21,982	170,270	2,183,863	-	2,376,115
Committed	-	2,570,687	-	-	459,899	3,030,586
Assigned	499,738	-	-	3,957,546	-	4,457,284
Unassigned	6,987,821	-	-	-	-	6,987,821
TOTAL FUND BALANCES (DEFICIT)	<u>7,550,699</u>	<u>2,592,669</u>	<u>170,270</u>	<u>6,141,409</u>	<u>502,083</u>	<u>16,957,130</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 11,657,296</u>	<u>\$ 2,673,477</u>	<u>\$ 537,619</u>	<u>\$ 6,141,409</u>	<u>\$ 985,387</u>	<u>\$ 21,995,188</u>

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2016

TOTAL GOVERNMENTAL FUND BALANCES		\$ 16,957,130
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 129,304,735	
Accumulated depreciation	<u>(25,724,716)</u>	103,580,019
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.		
		1,117,638
Internal service funds are used by the District to charge the costs of administering workers' compensation, unemployment, liability, and property insurance to the individual funds and to provide print services. The assets and liabilities of the internal service fund are not included with governmental activities.		
		397,714
Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		(345,728)
Net pension asset/(liability) is not recognized within the governmental funds:		
PERS pension plan	(20,816,529)	
OTSD post retirement stipend plan	<u>(1,973,764)</u>	(22,790,293)
Deferred outflows of resources and deferred inflows of resources related to the District's pension plans are applicable to future periods and, therefore, are not reported in the funds.		
PERS pension plan deferred outflows	5,173,690	
OTSD post retirement stipend plan deferred outflows	<u>365,690</u>	5,539,380
PERS pension plan deferred inflows	(4,536,615)	
OTSD post retirement stipend plan deferred inflows	<u>(49,566)</u>	(4,586,181)
OPEB pension benefit obligation asset is not recognized within the governmental funds		
		299,592
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Compensated absences payable	(209,152)	
General obligation bonds payable	(105,330,487)	
Unamortized bonds premium	<u>(2,747,968)</u>	<u>(108,287,607)</u>
TOTAL NET POSITION		<u>\$ (8,118,336)</u>

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FISCAL THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Facilities Improv. Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
REVENUES:						
Local Sources:						
Taxes	\$ 13,174,851	\$ 300,121	\$ 6,607,545	\$ -	\$ -	\$ 20,082,517
Investment Earnings	114,147	-	12,971	39,918	-	167,036
Charges for Services	483,737	65,928	-	-	457,194	1,006,859
Other Local Sources	116,014	74,356	-	-	342,980	533,350
Intermediate Sources	619,374	-	-	-	76,120	695,494
State Sources	24,984,244	-	-	-	101,369	25,085,613
Federal Sources	24,380	-	-	-	2,401,370	2,425,750
TOTAL REVENUES	39,516,747	440,405	6,620,516	39,918	3,379,033	49,996,619
EXPENDITURES:						
Current:						
Instruction	22,171,430	7,132	-	-	1,338,879	23,517,441
Support Services	15,440,073	509,134	-	-	375,003	16,324,210
Enterprise and Community Services	-	-	-	-	1,500,449	1,500,449
Facilities Acquisition and Construction	-	443,516	-	30,471	-	473,987
Charges from Pension Fund	425,530	-	-	-	16,699	442,229
Debt Service:						
Principal	-	-	2,265,000	-	-	2,265,000
Interest	-	-	4,335,175	-	-	4,335,175
Capital Outlay	64,239	224,284	-	145,592	48,318	482,433
TOTAL EXPENDITURES	38,101,272	1,184,066	6,600,175	176,063	3,279,348	49,340,924
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,415,475	(743,661)	20,341	(136,145)	99,685	655,695
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	-	80,000	80,000
Transfers Out	(145,000)	-	-	-	-	(145,000)
TOTAL OTHER SOURCES (USES)	(145,000)	-	-	-	80,000	(65,000)
NET CHANGE IN FUND BALANCE	1,270,475	(743,661)	20,341	(136,145)	179,685	590,695
FUND BALANCE July 1, 2015	6,280,224	3,336,330	149,929	6,277,554	322,398	16,366,435
FUND BALANCE, June 30, 2016	\$ 7,550,699	\$ 2,592,669	\$ 170,270	\$ 6,141,409	\$ 502,083	\$ 16,957,130

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46

CLACKAMAS COUNTY, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2016

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 590,695

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for, and contributions of capital assets	\$ 482,433	
Less current year depreciation	(3,542,340)	
Less net value of disposed assets	<u>(20,142)</u>	(3,080,049)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest is recognized as it accrues, regardless of when due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Interest expense accrued	(19,404)	
Bond premium amortization, net	120,790	
Bond principal repaid	<u>2,265,000</u>	2,366,386

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied. 82,490

Certain operating expenses are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities these items are recognized as an expenditure when earned.

These expenses include:

Compensated absences	(3,506)	
PERS net pension liability	(16,654,269)	
OTSD post retirement stipend plan liability	339,184	
Net OPEB obligation	<u>25,095</u>	(16,293,496)

Internal service funds are used by the District to charge the costs of administering workers' compensation, unemployment, liability, and property insurance to the individual funds and to provide print services. The net revenue of the internal The net revenue of the internal service fund is reported with governmental activities. 23,896

CHANGE IN NET POSITION \$ (16,310,078)

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
JUNE 30, 2016

PROPRIETARY FUNDS

	Total Proprietary Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 435,832
Accounts Receivable	1,406
Inventory	3,213
	<hr/>
TOTAL ASSETS	440,451
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	9,965
	<hr/>
LIABILITIES	
Current Liabilities:	
Accrued Salaries and Benefits	731
Accounts Payable	3,449
Net Pension Liability	39,840
	<hr/>
TOTAL LIABILITIES	44,020
	<hr/>
DEFERRED INFLOWS OF RESOURCES:	
Pension related items	8,682
	<hr/>
NET POSITION	
Unrestricted	397,714
	<hr/>
TOTAL NET POSITION	\$ 397,714
	<hr/> <hr/>

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2016

PROPRIETARY FUNDS

	Total Proprietary Funds
OPERATING REVENUES:	
Charges for Services	\$ 456,995
Reimbursements/Misc.	28,731
TOTAL OPERATING REVENUES	<u>485,726</u>
OPERATING EXPENSES:	
Salaries and Benefits	91,078
Services, Supplies and Materials	77,104
Insurance Premiums and Assessments	360,861
TOTAL OPERATING EXPENSES	<u>529,043</u>
OPERATING GAIN (LOSS)	(43,317)
NONOPERATING REVENUE:	
Investment Earnings	2,213
Operating Transfer	65,000
TOTAL NONOPERATING REVENUE	<u>67,213</u>
CHANGE IN NET POSITION	23,896
NET POSITION (restated), July 1, 2015	<u>373,818</u>
NET POSITION, June 30, 2016	<u><u>\$ 397,714</u></u>

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2016

PROPRIETARY FUNDS

	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Received for Services	\$ 488,582
Paid to:	
Employees	(59,712)
Servicers & Suppliers	(442,528)
NET CASH FROM OPERATING ACTIVITIES	(13,658)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers form Other Funds	65,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	2,213
NET DECREASE IN CASH AND CASH EQUIVALENTS	53,555
CASH AND CASH EQUIVALENTS, July 1, 2015	382,277
CASH AND CASH EQUIVALENTS, June 30, 2016	\$ 435,832
 RECONCILIATION OF OPERATING GAIN TO NET CASH FROM OPERATING ACTIVITIES:	
Operating Gain (Loss)	\$ (43,317)
Adjustments to Reconcile Operating Loss to Net Cash Used By Operating Activities:	
Changes in Assets and Liabilites:	
Receivables	2,856
Inventory	4,327
Accrued Salaries and Benefits	(506)
Accounts Payable	(8,890)
Net Pension Liability	55,685
Net Differed Pension Outflows (Inflows)	(23,813)
NET CASH FROM OPERATING ACTIVITIES	\$ (13,658)

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
 JUNE 30, 2016

FIDUCIARY FUNDS

	Scholarship Private Purpose Trust Fund	Pension Trust Fund	Agency Fund
ASSETS			
Equity in Pooled Cash and Investments	\$ 128,389	\$ 200,286	\$ 256,760
Accounts Receivable	6,724	-	-
TOTAL ASSETS	135,113	200,286	256,760
LIABILITIES			
Accounts Payable	-	573	-
Other Liabilities-Due to Student Groups	-	-	256,760
TOTAL LIABILITIES	-	573	256,760
NET POSITION			
Held in Trust For:			
Pension Benefits	-	200,859	-
Scholarships	135,113	-	-
TOTAL NET POSITION	\$ 135,113	\$ 200,859	\$ -

See notes to basic financial statements.

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

STATEMENT OF CHANGES IN NET POSITION
 FISCAL YEAR ENDED JUNE 30, 2016

FIDUCIARY FUNDS

	Scholarship Private Purpose Trust Fund	Pension Trust Fund
	<u> </u>	<u> </u>
ADDITIONS:		
Investment Earnings	\$ 626	\$ 962
Contributions and Donations	117,726	458,681
	<u> </u>	<u> </u>
Total Additions	118,352	459,643
DEDUCTIONS:		
Employee Benefit Payments	-	445,989
Scholarships	35,266	-
	<u> </u>	<u> </u>
Total Deductions	35,266	445,989
CHANGE IN NET POSITION	83,086	13,654
NET POSITION, July 1, 2015	<u>52,027</u>	<u>187,205</u>
NET POSITION, June 30, 2016	<u>\$ 135,113</u>	<u>\$ 200,859</u>

See notes to basic financial statements.

**OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Oregon Trail School District 46 (the District) was organized under provisions of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. The District is a municipal corporation governed by an elected seven-member board. Daily functioning of the District is supervised by the Superintendent.

Generally accepted accounting principles require that these financial statements present the District (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statements No. 39 and 61, are separate organizations that are included in the District's reporting entity because of the significance of their operational and financial relationships with the District. The District has no component units, is not a component unit of any other entity and specifically has no relationship or connection with Clackamas County.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Eliminations have been made to minimize the double counting of internal 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 the District's functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

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

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

Fund Financial Statements

The fund financial statements provide information about the District's funds including those of a fiduciary nature. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on "major" governmental funds, each displayed in a separate column. Major governmental funds are generally those funds that individually comprise at least 10% of all governmental funds. All remaining governmental funds are aggregated and reported as "other" governmental funds.

The District reports the following major governmental fund:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Debt Service Fund - Provides for the payment of principal and interest on long-term general obligation debt of governmental funds. Principal revenue source is property taxes.

Capital Projects - This fund accounts for the proceeds from a general obligation bonds issued April 2009 and the related expenditure of those proceeds toward capital improvements.

Additionally, the District reports the following fund types:

Internal Service Fund – This fund accounts for insurance services provided to other departments of the District on a cost reimbursement basis.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Fiduciary, Pension Trust Fund - This fund is used to account for the accumulation of resources used for payment of employee other post-retirement benefits.

Fiduciary, Private-purpose Trust Fund – This fund accounts for scholarship resources held by the District in a fiduciary capacity for use by students. Disbursements from this fund are made in accordance with the trust agreements.

Fiduciary, Agency Fund – This fund accounts for transactions of the schools' student body and club activities.

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 the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

Private sector standards of accounting and reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that these standards do not conflict or contradict the guidance of the Governmental Accounting Standards Board.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at cost which approximates fair value.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (continued)

Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

Fair Value Inputs, Methodologies and Hierarchy

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

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

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

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

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

Property Taxes Receivable

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Assets. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore no allowance for uncollectible taxes has been established by management. All property taxes receivable are due from property owners within the District.

Accounts and Other Receivables

Accounts and other receivables consist primarily of claims for reimbursement of costs under various federal, state and local grants and investment interest. Receivables are regularly reviewed for collectability. No allowance for doubtful accounts is considered necessary by management at June 30, 2015.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supply Inventories

Inventory of materials and supplies are carried on the basis of the last invoice cost, which approximates first-in, first-out (FIFO) and are subsequently charged to budgetary expenditures when consumed. Inventories are offset at year-end by a non-spendable fund balance, which indicates they do not represent "available spendable resources."

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reflected as prepaid costs.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of three years. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets, except for land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	8 to 50 years
Equipment	5 to 20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District reports unavailable resources from property taxes not collected within 60 days of fiscal year end. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that they become available.

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

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

In addition, licensed, classified and administrative employees who meet eligibility requirements, predominately based upon years of service within district, receive early retirement stipend benefits under a district program. These benefits are funded and charged to expenditures at actuarially determined amounts. Benefits under the district plan are reported under GASB Statements 68 and 71, implemented as of July 1, 2014, which involves reporting the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense in the government-wide statements.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans (continued)

The District offers its employees a tax deferred annuity plan established pursuant to Section 403(b) and a deferred compensation plan under Section 457 of the Internal Revenue Code. Contributions are made by salary reductions from participating employees up to amounts specified in the Code.

Post-Employment Health Care Benefits

Eligible administrative, supervisory, and confidential employees who elect early retirement are entitled to payment of group medical and dental insurance premiums up to specified maximum limits. These benefits are funded and charged to expenditures at actuarially determined amounts. An additional charge is made to expenses in the government-wide financial statements for the actuarially determined, but unfunded annual required contribution.

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 have matured, for example, as a result of employee resignation and retirements.

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized as expenditures when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Flow Assumption

Net assets, as reported in the government-wide financial statements, are comprised of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net assets are classified in the following categories:

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

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

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

Unassigned – The residual classification for the government's General Fund, and includes all spendable amounts not contained in other classifications.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide financial statements, a flow assumption must be made regarding the order in which resources are used. It is the District's policy to consider depleting restricted net position prior to applying unrestricted net position

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

In the fund financial statements, governmental fund balance is classified according to its relative availability as a resource to support the following period's budget. Fund Balance is classified in the following categories:

Non-spendable – Amounts that will never convert to cash, will not convert to cash soon enough to affect the current period and resources that must be maintained intact pursuant to legal or contractual provisions.

Restricted – Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed – Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making authority.

Assigned – Amounts intended to be used by the government for specific purposes, but which do not meet the criteria to be classified as *restricted* or *committed*.

Unassigned – The residual classification for the government's General Fund, and includes all spendable amounts not contained in other classifications.

Budget

A budget is prepared and legally adopted for each governmental fund type, proprietary fund type, and private purpose trust fund on the modified accrual basis of accounting. The agency fund is not required to be budgeted. The budgetary basis of accounting, as required by Oregon statute, is substantially the same as accounting principles generally accepted in the United States of America basis for the governmental fund types and private purpose trust fund, except capital outlay expenditures, including items below the District's capitalization level, are budgeted by major function in governmental fund types, property taxes are recorded as revenue when received instead of when levied, inventory is expensed when purchased, long term debt and OPEB obligations are expensed when paid and depreciation and amortization expense are not reported. 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 a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year there was one appropriation transfer and one supplemental budget adopted. Appropriations lapse at the end of each fiscal year. All funds were within authorized appropriations for the year ended June 30, 2016 with the exception of the Grants fund which exceeded appropriations by \$3,820.

Use of Estimates

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

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

2. CASH AND INVESTMENTS

Cash and investments are comprised of the following as of June 30, 2016:

Petty cash	\$	3,374
Deposits with financial institutions:		
Demand deposits		-470,923
Investments		21,184,030
	\$	<u>20,716,481</u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position		
Equity in Cash and Investments	\$	20,131,046
Statement of Fiduciary Funds Net Position		
Equity in Cash and Investments		585,435
	\$	<u>20,716,481</u>

Deposits with Financial Institutions:

Deposits with financial institutions are comprised of bank, interest and non-interest bearing, demand deposits. The total bank balance per the bank statements was \$448,862. Of these deposits, \$342,278 was covered by federal depositor insurance. To provide additional deposit protection Oregon Revised Statutes require the district to use only financial institutes qualified under the Public Funds Collateralization Program. This program is administered by the Oregon State Treasurer Office and requires financial institutions to pledge collateral against any public fund deposits in excess of deposit insurance. Collateralization levels vary, 10% to 110%, by institute base upon the State Treasurer's ongoing review and monitoring of each financial institutes capitalization level.

Investments:

Policies adopted by the Oregon Trail School District's school board authorize the District to invest in obligations of U.S. government agencies, U.S. government sponsored enterprises, the U.S. Treasury, time certificates of deposit, repurchase agreements, money market investments, bankers' acceptances, commercial paper, the State of Oregon and local government securities, and the State Treasurer's investment pool. Oregon Revised Statutes and the Oregon Short-term Fund Board (OSTFB) govern the State Treasurer's investment policies. Additional State Treasurer's Investment Pool information is available by reviewing the audited financial statements of the OSTFB.

There were no known violations of legal or contractual provisions for investments.

As of June 30, 2016, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3 to 17</u>	<u>18 to 36</u>
Overnight Repurchase Agreements:				
U.S. Government Agencies - Various	\$ 2,892,593	\$ 2,892,593	\$ -	\$ -
State Treasurer's investment Pool	<u>18,291,437</u>	<u>18,291,437</u>	<u>-</u>	<u>-</u>
Total	\$ 21,184,030	\$ 21,184,030	\$ -	\$ -

Interest Rate Risk – The District has adopted a written investment policy that limits investments maturities to eighteen months or less for general district funds and three years or less for general obligation bond proceeds. As an additional means of managing its exposure to fair value losses arising from increasing interest rates, the District investments policy also allows only the purchase of investments that can be held to maturity. Investments cannot be made predicated upon selling the security prior to maturity. The district investment policy also requires a minimum of 10% of capital projects fund cash and investments be held in the State Treasurer's Investment Pool of which the actual balance was 80% at June 30, 2016.

Credit Risk – Neither the Oregon Revised Statutes or the District's investment policy limits investments as to credit rating for securities purchased from U.S. government agencies. The District's investments in U.S. Government Agencies were rated at AAA by Standard & Poor and Aaa by Moody's Investor Service. The State Treasurer's investment pool is unrated.

**OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk – To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the District's investment practice limits the concentration of the portfolio that is invested in any one type of security. The district has the following investment portfolio diversification policy:

<u>Diversification by Issuer</u>	<u>Maximum Portfolio %</u>	<u>Actual Portfolio %</u>
U.S. Treasury	100 %	0 %
U.S. Agencies		
TVA	33	3
FHLB	33	11
State Treasurer's investment Pool	100	86

Oregon Revised Statutes require bankers' acceptances to be guaranteed by and carried on the books of a qualified financial institution, eligible for discount by the Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

3. RECEIVABLES

Receivables, all due within one year, are comprised of the following as of June 30, 2016:

Property taxes receivable:		
General Fund Operating Levy		\$ 783,867
Debt Service Fund GO Bond Levy		384,393
Total property taxes receivable		<u>\$ 1,168,260</u>
Other Receivables:		
General Fund - Collected Property Tax with Fiscal Agent		\$ 45,791
General Fund - Common School Fund		286,245
General Fund - Other Receivables		13,830
Debt Service Fund - Collected Property Tax with Fiscal Agent		23,293
Other Governmental Funds – Federal & State Grants through Oregon Department of Education		368,947
Other Governmental Funds - Collected Construction Excise Tax with Fiscal Agent		83,057
Other Governmental Funds - Other Receivables		19,134
Proprietary Funds-Other Receivables		1,406
Total receivables		<u>\$ 841,703</u>

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<u>Balance July 1, 2015</u>	<u>Transfers/ Increases</u>	<u>Transfers/ Decreases</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 2,396,628	\$ -	\$ -	\$ 2,396,628
Construction in progress	18,062	-	(18,062)	-
Total capital assets not being depreciated	<u>2,414,690</u>	<u>-</u>	<u>(18,062)</u>	<u>2,396,628</u>
Capital assets being depreciated:				
Buildings and improvements	123,918,725	347,239	(25,341)	124,240,622
Vehicles and equipment	2,567,156	135,194	(34,866)	2,667,485
Total capital assets being depreciated	<u>126,485,881</u>	<u>482,433</u>	<u>(60,207)</u>	<u>126,908,107</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,410,058)	(3,165,797)	(27,617)	(23,548,239)
Vehicles and equipment	(1,830,444)	(376,543)	(30,510)	(2,176,477)
Total accumulated depreciation	<u>(22,240,502)</u>	<u>(3,542,340)</u>	<u>(58,127)</u>	<u>(25,724,716)</u>
Total capital assets being depreciated, net	<u>104,245,379</u>	<u>(3,059,908)</u>	<u>(2,080)</u>	<u>101,183,391</u>
	<u>\$ 106,660,069</u>	<u>\$ (3,059,908)</u>	<u>\$ (20,142)</u>	<u>\$ 103,580,019</u>

**OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

4. CAPITAL ASSETS (CONTINUED)

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

<u>Program</u>		
Regular Instruction programs	\$	3,391,031
Special and Other Instruction programs		51,003
Support Services:		
Instruction		1,160
Operation and maintenance of plant		43,401
Student transportation		1,822
Other support services		49,204
Enterprise and community services		3,718
Unallocated		1,001
Total	\$	<u>3,542,340</u>

5. Accrued Salaries and Benefits

Accrued salaries and benefits payable are composed of the following:

Salary and Wages	\$	837,021
Employer Paid Tax/Benefits		2,059,767
Employee Voluntary Deductions/Other		<u>85,655</u>
Total	\$	<u>2,982,443</u>

6. DUE TO OTHER AGENCIES

The District is the fiscal agent for the Oregon Trail Academy (OTA) public charter school. \$326,582 cash was held on behalf of, and due to, OTA as of June 30, 2016.

7. LONG-TERM DEBT

Changes to long-term debt are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bonds Payable:				
Bond Series 2009, Issued April 2009				
rates ranges from 2.5% to 5.96%	\$ 107,595,487	\$ -	\$ (2,265,000)	\$ 105,330,487
Unamortized Premium	<u>2,868,757</u>	-	<u>(120,790)</u>	<u>2,747,968</u>
Total Bonds Payable, Net	110,464,244	-	(2,120,790)	108,078,455
Accrued Compensated Absences	205,646	209,152	(205,646)	209,152
Net OPEB Obligation	<u>(274,497)</u>	<u>66,172</u>	<u>(91,267)</u>	<u>(299,592)</u>
Total Payments	<u>\$ 110,395,393</u>	<u>\$ 275,324</u>	<u>\$ (2,682,702)</u>	<u>\$ 107,988,015</u>
Due within one year				\$ 2,565,350
Due in more than one year				<u>105,422,665</u>
				<u>\$ 107,988,015</u>

**OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

7. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds – On November 4, 2008, the public voted to authorize the district to issue \$114,900,000 of general obligation bonds for the construction of a replacement high school and renovations at existing schools. All bonds were issued on April 15, 2009. Future maturities of bond principal and interest are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2016-17	\$ 2,535,000	\$ 4,260,775
2017-18	2,850,000	4,153,300
2018-19	3,200,000	4,011,550
2019-20	3,560,000	3,866,175
2020-21	3,965,000	3,688,175
2019-24	26,820,000	15,018,875
2024-29	41,575,000	6,935,363
2029-34	14,042,320	41,511,879
2034-39	<u>6,783,167</u>	<u>30,711,834</u>
TOTAL	<u>\$ 105,330,487</u>	<u>\$ 114,157,926</u>

8. PENSION PLAN

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

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx (If the link is expired please contact Oregon PERS for this information)

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

8. PENSION PLAN (CONTINUED)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **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.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer paid contributions for the year ended June 30, 2016 were \$5,052,734, excluding amounts to fund employer specific liabilities. Within this amount was \$1,150,462 in employee contributions that were paid or picked up by the District in fiscal 2016.

Pension Asset or Liability - At June 30, 2016, the District reported a net pension liability of \$20,856,371 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2013, the District's proportion was .36 percent.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

8. PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,124,681	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	4,371,968
Changes in proportion and differences between District contributions and proportionate share of contributions	156,702	173,330
District contributions subsequent to measuring date	3,902,272	-
	<u>5,183,655</u>	<u>4,545,298</u>
Deferred outflow (inflow) of resources	<u>\$ 5,183,655</u>	<u>\$ 4,545,298</u>

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

Years Ending June 30,	Amount
2017	\$ (2,076,000)
2018	1,826,272
2019	1,826,271
2020	(2,128,410)
2021	(86,490)
Total	<u>\$ (638,357)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

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

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

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

**OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

8. PENSION PLAN (CONTINUED)

Actuarial Valuations Continued –

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	(6.75%)	(7.75%)	(8.75%)
District's proportionate share of the net pension liability	\$ 50,336,075	\$ 22,856,371	\$ (3,987,275)

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

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

**OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

8. PENSION PLAN (CONTINUED)

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The District makes this contribution on behalf of its employees. The District contributed approximately \$1,255,463 for the year ended June 30, 2016.

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

9. EARLY RETIREMENT STIPEND PLAN

Plan Description - The District has established an early retirement programs for employees under a single-employer defined benefit pension plan resulting from collective bargaining agreements. The programs generally provide post-employment stipends for employees who meet years of service and age requirements as follows:

Employee Group	Maximum Monthly Payment	Minimum Year of Service	Minimum Retirement Age	Maximum Retirement Age	Maximum Number of Payments
Classified	\$ 600	15	58	62	48
Licensed	709	15	n/a	65	48
Confidential/Supervisory	500	10	n/a	65	48
Administrative	500	5	n/a	65	48

Plan membership consisted of the following as of the most recent actuarial valuation at June 30, 2016:

Retirees currently receiving benefits	41
Active covered employees	<u>403</u>
Total included in valuation	444

Summary of Significant Accounting Policy - The plan is accounted for in the OPEB Pension Trust Fund. The District's contributions are recognized when a formal commitment to provide the contribution has been made. Plan investments are part of the District's investment pool, reported at fair value. Benefits are recognized in the pension trust fund when due and payable in accordance with the terms of the plan.

Actuarial Methods and Assumptions:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	20 year open amortization period
Inflation rate	2.5 percent all future years
Investment rate of return	3.0 percent estimated long-term yield
Projected salary increase	1.6 all future years
Mortality	Rates of mortality, withdrawal and retirement are generally the same used for school district employees in the December 31, 2014 actuarial valuation of the Oregon Public Employees Retirement System

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

9. EARLY RETIREMENT STIPEND PLAN (CONTINUED)

Funding Policy – The benefits from this program, as established under collective bargaining and employee contracts, are fully paid by the District, and consequently no contributions by employees are required. Although there is no obligation on the part of the District to fund these benefits in advance, the District partially funded the obligation in the OPEB Pension Trust Fund on an actuarially determined basis.

Change in Net Pension Liability -

	Total Pension Liability	Funding Net Position	Net Pension Liability
Contributions		\$ (367,415)	\$ (367,415)
Expected investment income		(4,930)	(4,930)
Adjustment to annual required contribution		4,113	4,113
Benefit payments made	\$ (357,403)	357,403	-
Service cost	74,845		74,845
Interest on total pension liability	56,784		56,784
Change in benefit terms	26,757		26,757
Change in assumptions	198,170		198,170
Experience (gain)/loss	73,290		73,290
Net change in pension liability			61,614
Net Pension Liability July 1, 2015			1,912,150
Net Pension Liability June 30, 2016			<u>\$ 1,973,764</u>

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 183,411	\$ -
Changes in assumptions	177,505	49,566
Net difference between projected and actual earnings on plan investments	4,774	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	<u>\$ 365,690</u>	<u>\$ 49,566</u>

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

2017	\$ (40,827)
2018	(40,827)
2019	(40,826)
2020	(39,975)
2021	(39,005)
All subsequent years	(114,664)
Total	<u>\$ (316,124)</u>

10. OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The district maintains single employer defined benefit postemployment benefit programs (commonly referred to as early retirement). Within this program confidential, supervisor and administrative groups receive a \$1,000 per month contribution toward two-party medical coverage from retirement until age 65. The benefits were established as a result of collective bargaining agreements and are funded solely by the District. Eligible employees generally must work 10 years within the district and receive retirement benefits under PERS.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Summary of Significant Accounting Policy - The District implemented GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* (OPEB) commencing the fiscal year ended June 30, 2009. This implementation allows the district to report, within the entity wide financial statements, its liability for other postemployment benefits based upon an actuarially determined amounts for the present value of projected future benefits payments to employees. The plan is accounted for in the OPEB Pension Trust Fund. The District's contributions are recognized when a formal commitment to provide the contribution has been made. Plan investments are part of the District's investment pool, reported at fair value. Benefits are recognized in the pension trust fund when due and payable in accordance with the terms of the plan.

Actuarial Methods and Assumptions:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	20 year open amortization period
Inflation rate	2.5 percent all future years
Investment rate of return	3.0 percent estimated long-term yield
Projected salary increase	1.6 all future years
Healthcare Premium increase	Medical premiums are projected increase at a rate of 8% for 2017, then decrease 0.5% per year until reaching 5% in 2023 and remain at that rate forward.
Mortality	Rates of mortality, withdrawal and retirement are generally the same used for school district employees in the December 31, 2014 actuarial valuation of the Oregon Public Employees Retirement System

Funding Policy – The benefits from this program, as established under collective bargaining and employee contracts, are fully paid by the District, and consequently no contributions by employees are required. Although there is no obligation on the part of the District to fund these benefits in advance, the District partially funded the obligation in the OPEB Pension Trust Fund on an actuarially determined basis. The pension fund also accounts for resources and payment of post-employment health care benefits for early retirees.

Annual Pension Cost and Net Pension Obligation - The District's annual (OPEB) pension cost and actuarial net pension asset (valued at fair market value) for the year ended June 30, 2015 are summarized below:

Annual recommended contribution (ARC)	\$ 55,956
Interest on net pension obligation	(8,235)
Adjustment to annual required contribution	<u>18,451</u>
Annual Pension Cost	66,172
Contributions Made	<u>(91,267)</u>
(Increase)/Decrease in Net Pension Asset	(25,095)
Net Pension Asset July 1, 2015	<u>(274,497)</u>
Net Pension Asset June 30, 2016	<u>\$ (299,592)</u>
Percentage of APC Contributed	138%

The District's annual OPEB cost and contribution trend information is as follows:

Fiscal Year Ended June 30	Annual OPEB cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 93,519	\$ 135,206	145 %	\$ (41,687)
2010	109,694	148,871	136	(80,864)
2011	111,103	148,972	134	(128,305)
2012	82,823	116,674	141	(162,156)
2013	88,604	116,674	132	(187,956)
2014	66,961	111,715	167	(232,710)
2015	64,110	105,897	165	(274,497)
2016	64,172	91,267	138	(299,592)

**OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Status – As of June 30, 2016, the most recent bi-annual actuarial valuation, the plan is 5.0% funded and the UAAL is \$556,431. The schedule of funding progress is presented in required supplementary information and presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

Post-Employment Health Premiums

The District, as required by state statute, allows all retirees to continue participation in the District's group health insurance plan by paying the group premium charged to active employees once eligibility for District paid benefits is exhausted. This practice can create an OPEB liability based upon the normal health cost of retirees typically being higher than active employees. By not adjusting retiree premiums to recover this additional cost, the premium to retirees is understated creating a subsidy. This implicit rate subsidy is considered an OPEB benefit. The district participates in the Oregon Educators Benefit Board (OEBB), a statewide agent multiple-employer plan. In OEBB, the individual employer health plans are rated collectively, rather than by employer, with the blended rate charged to all participants. With less than 1% of OEBB membership, the District's has no material effect on OEBB's health insurance premiums. As such, when using the blended premium for actuarial valuations the District has no implicit rate subsidy or related liability.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters. To safeguard against such losses, the District purchases insurance thru Property and Casualty for Education (PACE), a public entity risk pool serving Oregon school districts and community colleges. The District self-insures for the first \$25,000 of property loss per incident and maintains minimal deductibles for all other loss types. The District has not established a reserve for claims incurred but not reported (IBNR) because management believes the amount to be immaterial to the financial statements. Settled claims have not exceeded this commercial coverage in any of the past five fiscal years and there have been no reductions in insurance coverage from the prior year.

Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Oregon. The District is fully insured for worker's compensation claims.

12. COMMITMENTS AND CONTINGENCIES

The District is dependent on the State of Oregon for a substantial portion of its operating funds. State funding is appropriated on a biennial basis, currently ending June 30, 2017. The funding level for K-12 schools is not guaranteed and has fluctuated significantly in prior years. The ultimate effect of new biennial state funding on the District's future operations is not yet determinable.

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

The Oregon Supreme Court on April 30, 2015 ruled, in the Moro decision, that provisions of Senate Bill 861, signed into law in October 2013, which revised certain benefit provisions for retirees was unconstitutional. In response PERS will make restorative payments to retirees disadvantaged by cost-of-living provision of Senate Bill 861 and adjust future benefits based upon the court ruling. As a result of these increased benefit liabilities to the PERS fund, employer rates will rise markedly effective July 1, 2017. Based upon information from the PERS board September 30, 2016 actuarial valuation report, the weighted average increase is estimated at 4.49% of payroll. The legislative response to state school funding will not be determined until the conclusion of the 2017 legislative session which will begin on February 1, 2016.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

13. FUND EQUITY

Governmental fund balances are categorized as follows:

	Major Funds					Total
	General Fund	Facility Improvement Fund	Debt Service Fund	Capital Projects Fund	Other Non- major Funds	
Fund Balances:						
Non-spendable:						
Prepaid Expense	\$ 1,376	\$ -	\$ -	\$ -	\$ 250	\$ 1,626
Inventory	61,764	-	-	-	41,934	103,698
Restricted for:						
GO Bond Debt Service	-	-	170,270	-	-	170,270
Capital Projects (Bond Proceeds)	-	-	-	2,183,863	-	2,183,863
Donor Program. Directives	-	21,982	-	-	178,343	200,325
Committed to:						
Facility Improvements	-	2,570,687	-	-	-	2,570,687
Technology (E-rate)	-	-	-	-	161,571	161,571
Food Service Program	-	-	-	-	119,985	119,985
Assigned to:						
Capital Projects (Bond Invest...Earnings)	-	-	-	3,957,546	-	3,957,546
Appropriated to Next Year Budget	499,738	-	-	-	-	499,738
Unassigned:	<u>6,987,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,987,821</u>
Total Fund Balances	<u>\$ 7,550,699</u>	<u>\$ 2,592,669</u>	<u>\$ 170,270</u>	<u>\$ 6,141,409</u>	<u>\$ 502,083</u>	<u>\$ 16,957,130</u>



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FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- **REQUIRED SUPPLEMENTARY INFORMATION**
 - Schedule of Funding Progress, Other Post-Employment Benefits
 - Schedule of Contributions
 - Schedule of Net Pension Liability
 - Schedule of Revenue, Expenditures and Changes in Fund Balance Budget and Actual:
 - GENERAL FUND
- SUPPLEMENTARY INFORMATION
- OTHER INFORMATION



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OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS
 OTHER POST-EMPLOYMENT BENEFITS FOR EARLY RETIREMENT
 FISCAL YEAR ENDED JUNE 30, 2016

OTSD - OPEB Insurance

Actuarial Valuation Date	Actuarial Value of Assets (a)	EAN Actuarial Accrued Liability (AAL) (b)	Unfunded AAL or (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
June 30, 2016	\$ 30,691	\$ 587,122	\$ 556,431	5%	\$ 2,882,434	19%
June 30, 2014	26,146	661,755	635,609	4%	2,621,949	24%
June 30, 2012	11,923	782,400	770,477	2%	2,533,740	30%
June 30, 2010	836	1,058,256	1,057,420	0%	2,417,001	44%

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

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF CONTRIBUTIONS
 FISCAL YEAR ENDED JUNE 30, 2016

OTSD - Post Retirement Stipends
 (Single employer plan)

Actuarial Valuation Date	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
June 30, 2016	\$ 207,513	\$ 367,415	\$ (159,902)	\$ 18,530,487	2%
June 30, 2015	202,156	474,885	(272,729)	17,860,416	3%
June 30, 2014	223,710	579,578	(355,868)	16,855,894	3%

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

Data includes employees of Oregon Trail Academy which are employees of Oregon Trail School District 46 for purposes of PERS.

Oregon Public Employee Pension System (PERS)
 (Cost sharing multiple-employer Pension Plan)

Actuarial Valuation Date	Statutorily required contributions	Contributions in relation to the statutorily required contributions	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
June 30, 2016	\$ 5,052,734	\$ 5,052,734	\$ -	\$ 20,924,387	24.1%
June 30, 2015	4,050,958	4,050,958	-	19,996,386	20.3%
June 30, 2014	3,887,075	3,887,075	-	17,847,406	21.8

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

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

Data includes employees of Oregon Trail Academy which are employees of Oregon Trail School District 46 for purposes of PERS.

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

SCHEDULES OF NET PENSION LIABILITY - Early Retirement Stipends
FISCAL YEAR ENDED JUNE 30, 2016

OTSD - Post Retirement Stipends
(Single employer plan)

Fiscal Year End Date	Funding Net Position (a)	Total Pension Liability (b)	Net Pension Liability (NPL) (b-a)	Funded Ratio (a/b)	Employer's Covered Payroll (c)	NPL as a Percentage of Covered Payroll
June 30, 2016	\$ 170,168	\$ 2,143,932	\$ 1,973,764	8%	\$ 18,530,487	11%
June 30, 2015	159,339	2,071,489	1,912,150	8%	17,860,416	11%
June 30, 2014	152,697	2,401,710	2,249,013	6%	16,855,894	13%
June 30, 2013	120,765	3,929,862	3,809,097	3%	16,533,149	23%

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

Data includes employees of Oregon Trail Academy which are employees of Oregon Trail School District 46 for purposes of PERS.

Oregon Public Employee Pension System (PERS)
(Cost sharing multiple-employer Pension Plan)

Fiscal Year End Date	Employer's proportion of the net pension liability (NPL)	Employer's proportionate share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (c)	NPL as a Percentage of Covered Payroll (b)/(a)	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2016	0.36%	\$ 20,856,371	\$ 20,924,387	100%	91.4%
June 30, 2015	0.37%	(8,372,528)	19,996,386	-42%	103.6%
June 30, 2014	0.37	18,849,412	17,847,406	106%	92.0

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

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

Data includes employees of Oregon Trail Academy which are employees of Oregon Trail School District 46 for purposes of PERS.

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2016

GENERAL FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources	\$ 13,552,200	\$ 13,552,200	\$ 13,888,749	\$ 336,549
Intermediate Sources	580,000	580,000	619,374	39,374
State Sources	24,708,000	24,708,000	24,984,244	276,244
Federal Sources	-	-	24,380	24,380
TOTAL REVENUES	38,840,200	38,840,200	39,516,747	676,547
EXPENDITURES:				
Instruction*	22,660,913	22,660,913	22,430,112	230,801
Support Services*	15,682,287	15,672,287	15,671,160	1,127
Other Uses-Debt Service*	34,000	34,000	-	34,000
Contingency*	500,000	500,000	-	500,000
TOTAL EXPENDITURES	38,877,200	38,867,200	38,101,272	765,928
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,000)	(27,000)	1,415,475	1,442,475
OTHER FINANCING USES:				
Transfers Out*	(145,000)	(155,000)	(145,000)	(10,000)
NET CHANGE IN FUND BALANCE	(182,000)	(182,000)	1,270,475	1,432,475
FUND BALANCE, July 1, 2015	5,950,000	5,950,000	6,280,224	330,224
FUND BALANCE, June 30, 2016	\$ 5,768,000	\$ 5,768,000	\$ 7,550,699	\$ 1,762,699

*Appropriation level

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OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2016

FACILITY IMPROVEMENT FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Construction Excise Tax	\$ 140,000	\$ 140,000	\$ 300,121	\$ 160,121
Lease/Rental Fees	66,000	66,000	65,928	(72)
Miscellaneous- Other	-	-	4,103	4,103
Miscellaneous- SB 1149	76,000	76,000	70,253	(5,747)
TOTAL REVENUES	282,000	282,000	440,405	158,405
EXPENDITURES:				
Instruction*	400,000	400,000	7,132	392,868
Support Services*	1,417,000	1,417,000	638,548	778,452
Facility Acquisition and Construction*	4,332,000	4,332,000	538,386	3,793,614
TOTAL EXPENDITURES	6,149,000	6,149,000	1,184,066	4,964,934
NET CHANGE IN FUND BALANCE	(5,867,000)	(5,867,000)	(743,661)	5,123,339
OTHER FINANCING SOURCES (USES):				
Sale of Fixed Assets	3,200,000	3,200,000	-	(3,200,000)
NET CHANGE IN FUND BALANCE	(2,667,000)	(2,667,000)	(743,661)	1,923,339
FUND BALANCE, July 1, 2015	3,517,000	3,517,000	3,336,330	(180,670)
FUND BALANCE, June 30, 2016	\$ 850,000	\$ 850,000	\$ 2,592,669	\$ 1,742,669

*Appropriation level

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2016

DEBT SERVICE FUND

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Local Sources:				
Property Taxes	\$ 6,508,200	\$ 6,508,200	\$ 6,607,545	\$ 99,345
Earnings	11,000	11,000	12,971	1,971
TOTAL REVENUES	6,519,200	6,519,200	6,620,516	101,316
EXPENDITURES:				
Other Uses-Debt Service:*	6,600,176	6,600,176	6,600,175	1
NET CHANGE IN FUND BALANCE	(80,976)	(80,976)	20,341	101,317
FUND BALANCE, July 1, 2015	124,500	124,500	149,929	25,429
FUND BALANCE, June 30, 2016	\$ 43,524	\$ 43,524	\$ 170,270	\$ 126,746

*Appropriation level

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2016

CAPITAL PROJECTS FUND: G.O. BOND SERIES 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Investment Earnings	\$ 18,000	\$ 18,000	\$ 39,918	\$ 21,918
TOTAL REVENUES	18,000	18,000	39,918	21,918
EXPENDITURES:				
Facilities Acquisition and Construction*	6,270,000	6,270,000	176,063	6,093,937
NET CHANGE IN FUND BALANCE	(6,252,000)	(6,252,000)	(136,145)	6,115,855
FUND BALANCE, July 1, 2015	6,252,000	6,252,000	6,277,554	25,554
FUND BALANCE, June 30, 2016	\$ -	\$ -	\$ 6,141,409	\$ 6,141,409

*Appropriation level



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OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	SPECIAL REVENUE FUNDS				Total
	Grants Fund	Community Contributions Fund	Technology Fund	Food Service Fund	
ASSETS					
Equity in Pooled Cash and Investments	\$ -	\$ 185,849	\$ 146,531	\$ 222,745	\$ 555,125
Accounts Receivable	357,598	302	15,040	15,139	388,079
Prepaid Expenditures	-	250	-	-	250
Inventory	-	-	-	41,933	41,933
TOTAL ASSETS	\$ 357,598	\$ 186,401	\$ 161,571	\$ 279,817	\$ 985,387
LIABILITIES					
Accrued Salaries and Benefits	\$ 171,907	\$ 1,214	\$ -	\$ 102,723	\$ 275,844
Accounts Payable	3,932	6,594	-	1,184	11,710
Due To General Fund	171,094	-	-	-	171,094
Unearned Revenue-Other	10,665	-	-	13,991	24,656
TOTAL LIABILITIES	357,598	7,808	-	117,898	483,304
FUND BALANCES (Deficits)					
Nonspendable	-	250	-	41,934	42,184
Committed	-	178,343	161,571	119,985	459,899
TOTAL FUND BALANCES (Deficits)	-	178,593	161,571	161,919	502,083
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 357,598	\$ 186,401	\$ 161,571	\$ 279,817	\$ 985,387

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS				Total
	Grants Fund	Community Contributions Fund	Technology Fund	Food Service Fund	
REVENUES:					
Local Sources:					
Charges for Services	\$ -	\$ -	\$ -	\$ 457,194	\$ 457,194
Other Local Sources	32,342	256,832	53,424	382	342,980
Intermediate Sources	76,120	-	-	-	76,120
State Sources	61,858	-	-	39,511	101,369
Federal Sources	1,360,306	73	-	1,040,991	2,401,370
TOTAL REVENUES	1,530,626	256,905	53,424	1,538,078	3,379,033
EXPENDITURES:					
Current:					
Instruction	1,148,877	190,002	-	-	1,338,879
Support Services	331,868	40,435	2,700	-	375,003
Enterprise and Community Services	6,019	100	-	1,494,330	1,500,449
Charges from Pension Fund	12,401	-	-	4,298	16,699
Capital Outlay	31,461	5,000	-	11,857	48,318
TOTAL EXPENDITURES	1,530,626	235,537	2,700	1,510,485	3,279,348
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	21,368	50,724	27,593	99,685
OTHER FINANCING SOURCES (USES):					
Transfer In	-	-	-	80,000	80,000
NET CHANGE IN FUND BALANCE	-	21,368	50,724	107,593	179,685
FUND BALANCE, July 1, 2015	-	157,225	110,847	54,326	322,398
FUND BALANCE, June 30, 2016	\$ -	\$ 178,593	\$ 161,571	\$ 161,919	\$ 502,083

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2016

GRANTS FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Contributions	\$ -	\$ 24,000	\$ 1,589	\$ (22,411)
Miscellaneous	-	22,000	30,753	8,753
Total Local Sources	-	46,000	32,342	(13,658)
Intermediate Sources:				
Other Restricted Grants	-	80,000	76,120	(3,880)
State Sources:				
Other Restricted Grants	-	20,000	61,858	41,858
Federal Sources:				
Restricted Grants-Through State	-	1,681,008	1,357,125	(323,883)
Restricted Grants-Through Other Agencies	-	90,952	3,181	(87,771)
Total federal sources	-	1,771,960	1,360,306	(411,654)
TOTAL REVENUES	-	1,917,960	1,530,626	(387,334)
EXPENDITURES:				
Instruction*	-	1,360,649	1,181,219	179,430
Support Services*	-	519,329	334,568	184,761
Enterprise and Community Services:*	-	32,982	6,019	26,963
Facilities Acquisition and Construction*	-	5,000	8,820	(3,820)
TOTAL EXPENDITURES	-	1,917,960	1,530,626	387,334
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2015	-	-	-	-
FUND BALANCE, June 30, 2016	\$ -	\$ -	\$ -	\$ -

*Appropriation level

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2016

COMMUNITY CONTRIBUTIONS FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Contributions	\$ 248,000	\$ 248,000	\$ 256,832	\$ 8,832
Federal Sources:				
Commodity Food Distribution	-	-	73	73
TOTAL REVENUES	-	248,000	256,905	8,905
EXPENDITURES:				
Instruction*	255,000	251,000	190,002	60,998
Support Services*	81,000	81,000	40,435	40,565
Enterprise and Community Services:*	2,000	2,000	100	1,900
Facilities Acquisition and Construction*	5,000	9,000	5,000	4,000
TOTAL EXPENDITURES	343,000	343,000	235,537	107,463
NET CHANGE IN FUND BALANCE	-	(95,000)	21,368	116,368
FUND BALANCE, July 1, 2015	95,000	95,000	157,225	62,225
FUND BALANCE, June 30, 2016	\$ -	\$ -	\$ 178,593	\$ 178,593

*Appropriation level

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2016

TECHNOLOGY FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Miscellaneous Revenue/E-Rate	\$ 48,940	\$ 48,940	\$ 53,424	\$ 4,484
EXPENDITURES:				
Support Services*	157,780	157,780	2,700	155,080
NET CHANGE IN FUND BALANCE	(108,840)	(108,840)	50,724	159,564
FUND BALANCE, July 1, 2015	108,840	108,840	110,847	2,007
FUND BALANCE, June 30, 2016	\$ -	\$ -	\$ 161,571	\$ 161,571

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OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET (NON-GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2016

FOOD SERVICE FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Food Services Sales	\$ 456,944	\$ 456,944	\$ 452,194	\$ (4,750)
Service Provided to Other LEAs	-	-	5,000	5,000
Miscellaneous	-	-	382	382
Total Local Sources	456,944	456,944	457,576	632
State Sources:				
State School Fund - School Lunch Match	13,334	13,334	13,113	(221)
Other State Grants	6,072	6,072	26,398	20,326
Total State Sources	19,406	19,406	39,511	20,105
Federal Sources:				
NSLP-Received Through State Agencies	927,091	927,091	930,459	3,368
Commodity Food Distribution	78,082	78,082	110,532	32,450
Total federal sources	1,005,173	1,005,173	1,040,991	35,818
TOTAL REVENUES	1,481,523	1,481,523	1,538,078	56,555
EXPENDITURES:				
Enterprise and Community Services^	1,579,523	1,579,523	1,510,485	69,038
TOTAL EXPENDITURES	1,579,523	1,579,523	1,510,485	69,038
EXCESS OF REVENUE OVER, (UNDER) EXPENDITURES	(98,000)	(98,000)	27,593	125,593
OTHER FINANCING SOURCES (USES):				
Transfers In	80,000	80,000	80,000	-
NET CHANGE IN FUND BALANCE	(18,000)	(18,000)	107,593	125,593
FUND BALANCE, July 1, 2015	18,000	18,000	54,326	36,326
FUND BALANCE, June 30, 2016	\$ -	\$ -	\$ 161,919	\$ 161,919

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
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 FISCAL YEAR ENDED JUNE 30, 2016

INSURANCE SERVICES FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 2,213	\$ 1,213
Charges for Services	388,400	388,400	388,187	(213)
Miscellaneous/Restitution	1,000	1,000	27,708	26,708
TOTAL REVENUES	390,400	390,400	418,108	27,708
EXPENDITURES:				
Support Services*	685,400	685,400	370,585	314,815
NET CHANGE IN FUND BALANCE	(295,000)	(295,000)	47,523	342,523
FUND BALANCE, July 1, 2015	295,000	295,000	377,319	82,319
FUND BALANCE, June 30, 2016	\$ -	\$ -	\$ 424,842	\$ 424,842

*Appropriation level

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET (NON-GAAP BASIS) AND ACTUAL
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PRINT SERVICES FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Charges for Services	\$ 66,000	\$ 66,000	\$ 68,808	\$ 2,808
Miscellaneous	-	-	1,023	1,023
TOTAL REVENUES	66,000	66,000	69,831	3,831
EXPENDITURES:				
Support Services*	133,000	133,000	126,585	6,415
NET CHANGE IN FUND BALANCE	(67,000)	(67,000)	(56,754)	10,246
OTHER FINANCING SOURCES (USES):				
Transfers In	65,000	65,000	65,000	-
NET CHANGE IN FUND BALANCE	(2,000)	(2,000)	8,246	10,246
FUND BALANCE, July 1, 2015	2,000	2,000	3,184	1,184
FUND BALANCE, June 30, 2016	\$ -	\$ -	\$ 11,430	\$ 11,430

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 FISCAL YEAR ENDED JUNE 30, 2016

SCHOLARSHIP PRIVATE PURPOSE TRUST FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Investment Earnings	\$ 300	\$ 300	\$ 626	\$ 326
Contributions and Donations	10,000	10,000	117,726	107,726
TOTAL REVENUES	10,300	10,300	118,352	108,052
EXPENDITURES:				
Enterprise and Community Services*	58,300	58,300	35,266	23,034
NET CHANGE IN FUND BALANCE	(48,000)	(48,000)	83,086	131,086
FUND BALANCE, July 1, 2015	48,000	48,000	52,027	4,027
FUND BALANCE, June 30, 2016	\$ -	\$ -	\$ 135,113	\$ 135,113

*Appropriation level

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2016

OPEB PENSION TRUST FUND

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Local Sources:				
Investment Earnings	\$ 500	\$ 500	\$ 962	\$ 462
Charges to Other Funds	478,000	478,000	458,681	(19,319)
TOTAL REVENUES	478,500	478,500	459,643	(18,857)
EXPENDITURES:				
Support Services*	439,000	449,000	445,989	3,011
NET CHANGE IN FUND BALANCE	39,500	29,500	13,654	(15,846)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	10,000	-	(10,000)
NET CHANGE IN FUND BALANCE	39,500	39,500	13,654	(25,846)
FUND BALANCE, July 1, 2015	212,500	212,500	187,205	(25,295)
FUND BALANCE, June 30, 2016	\$ 252,000	\$ 252,000	\$ 200,859	\$ (51,141)

*Appropriation level

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OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
FISCAL YEAR ENDED JUNE 30, 2016

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/15	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/16
GENERAL FUND:						
Current:						
2015-16	\$ 13,551,513	\$ (348,146)	\$ (19,384)	\$ 5,680	\$ 12,891,988	\$ 297,675
Prior Years:						
2014-15	299,759	75	(5,305)	12,005	147,484	159,050
2013-14	153,787	17	(914)	10,367	57,987	105,270
2012-13	112,246	14	(645)	14,084	55,097	70,602
2011-12	71,288	1	(261)	8,044	27,277	51,795
2010-11 & Prior	106,176	2	(457)	4,583	10,829	99,475
Total Prior	743,256	109	(7,582)	49,083	298,674	486,192
Total General Fund	\$ 14,294,769	\$ (348,037)	\$ (26,966)	\$ 54,763	\$ 13,190,662	\$ 783,867
RECONCILIATION TO REVENUE:						
				Current	Prior	Total
Cash Collections by County Treasurers Above				\$ 12,891,988	\$ 298,674	\$ 13,190,662
Accrual of Receivables:						
June 30, 2015				-	(50,259)	(50,259)
June 30, 2016				19,109	14,469	33,578
Payments in Lieu of Property Taxes				-	-	870
Total Revenue				\$ 12,911,097	\$ 262,884	\$ 13,174,851
DEBT SERVICE FUND:						
Current:						
2015-16	\$ 6,794,309	\$ (174,549)	\$ (9,719)	\$ 2,101	\$ 6,464,391	\$ 147,751
Prior Years:						
2014-15	153,636	38	(2,705)	6,122	75,214	81,877
2013-14	80,500	9	(478)	5,424	30,344	55,111
2012-13	55,765	7	(339)	7,408	28,977	33,864
2011-12	35,769	1	(131)	4,037	13,687	25,989
2010-11 & Prior	42,215	1	(166)	1,373	3,622	39,801
Total Prior	367,885	56	(3,819)	24,364	151,844	236,642
Total Debt Svs Fund	\$ 7,162,194	\$ (174,493)	\$ (13,538)	\$ 26,465	\$ 6,616,235	\$ 384,393
RECONCILIATION TO REVENUE:						
				Current	Prior	Total
Cash Collections by County Treasurers Above				\$ 6,464,391	\$ 151,844	\$ 6,616,235
Accrual of Receivables:						
June 30, 2015				-	(25,734)	(25,734)
June 30, 2016				9,585	7,459	17,044
Total Revenue				\$ 6,473,976	\$ 133,569	\$ 6,607,545



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FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION
- SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

NON-MAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUNDS

FIDUCIARY FUNDS

OTHER FINANCIAL SCHEDULES

➤ OTHER INFORMATION

- Oregon Department of Education (ODE) form 3211-C
- ODE – Schedule of Revenues and Other Sources by Fund Type
- ODE – Schedule of Expenditures and Ending Fund Balance
 - GENERAL FUND
 - SPECIAL REVENUE FUNDS
 - DEBT SERVICE FUND
 - CAPITAL PROJECTS FUND
 - PROPRIETARY FUND
 - FIDUCIARY FUNDS



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SUPPLEMENTAL INFORMATION, 2015-2016

School District Business Managers and Auditors:

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

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

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

Please enter your expenditures for electricity & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 714,204
Function 2550	\$ 0

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

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

Exclude these functions:

1113, 1122 & 1132
 1140
 1300
 1400

Co-curricular Activities
 Pre-Kindergarten
 Continuing Education
 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$ 36,666

OREGON TRAIL SCHOOL DISTRICT 46
CLACKAMAS COUNTY, OREGON

ODE - SCHEDULE OF REVENUES AND OTHER SOURCES BY FUND TYPE
BUDGET (NON-GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2016

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
Revenue from Local Sources							
1110 Ad Valorem Taxes Levied by District	\$ 13,174,851	\$ -	\$ 6,607,545	\$ -	\$ -	\$ -	\$ -
1120 Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	300,121	-	-	-	-	-
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	17,266	-	-	-	-	-	-
1400 Local & Federal Sources	-	-	-	-	-	-	-
1500 Earnings on Investments	114,147	-	12,971	39,918	-	2,213	1,588
1600 Food Service	-	425,826	-	-	-	-	-
1700 Extracurricular Activities	216,309	104,168	-	-	-	-	731,577
1800 Community Services Activities	-	-	-	-	-	-	-
1910 Rentals	188,552	71,928	-	-	-	-	-
1920 Contributions and Donations From Private Sources	-	174,621	-	-	-	-	117,726
1930 Rental or Lease Payments From Private Contractors	-	-	-	-	-	-	-
1940 Services Provided Other Local Education Agencies	61,610	13,000	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditure	-	-	-	-	-	-	-
1970 Services Provided Other Funds	-	-	-	-	-	456,995	458,681
1980 Fees Charged to Grants	45,569	-	-	-	-	-	-
1990 Miscellaneous	70,445	150,915	-	-	-	28,731	-
Total Revenue from Local Sources	13,888,749	1,240,579	6,620,516	39,918	-	487,939	1,309,572
Revenue from Intermediate Sources							
2101 County School Funds	-	-	-	-	-	-	-
2102 Education Service District Apportionment	-	-	-	-	-	-	-
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-
2199 Other Intermediate Sources	619,374	-	-	-	-	-	-
2200 Restricted Revenue	-	76,120	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	619,374	76,120	-	-	-	-	-
Revenue from State Sources							
3101 State School Fund - General Support	24,507,168	-	-	-	-	-	-
3102 State School Fund - School Lunch Match	-	13,113	-	-	-	-	-
3103 Common School Fund	477,076	-	-	-	-	-	-
3104 State Managed County Timber	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	-	-	-	-	-	-	-
3204 Driver Education	-	-	-	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	-	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	-	88,256	-	-	-	-	-
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from State Sources	24,984,244	101,369	-	-	-	-	-
Revenue from Federal Sources							
4100 Unrestricted Revenue Direct From the Federal Government	-	-	-	-	-	-	-
4200 Through the State	-	-	-	-	-	-	-
4300 Restricted Revenue From the Federal Govt.	-	-	-	-	-	-	-
4500 the State	-	2,287,584	-	-	-	-	-
4700 Intermediate Agencies	-	3,181	-	-	-	-	-
4801 Federal Forest Fees	24,380	-	-	-	-	-	-
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	-	110,605	-	-	-	-	-
Total Revenue from Federal Sources	24,380	2,401,370	-	-	-	-	-
Other Sources							
5100 Long Term Debt Financing Sources	-	-	-	-	-	-	-
5200 Interfund Transfers	-	80,000	-	-	-	65,000	-
5300 Sale of or Compensation for Loss of Fixed Assets	-	-	-	-	-	-	-
5400 Resources - Beginning Fund Balance	6,280,224	3,658,728	149,929	6,277,554	-	380,503	485,510
Total Other Sources	6,280,224	3,738,728	149,929	6,277,554	-	445,503	485,510
Total Revenues and Other Sources	\$ 45,796,971	\$ 7,558,166	\$ 6,770,445	\$ 6,317,472	\$ -	\$ 933,442	\$ 1,795,082

100 General Fund

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
Instruction Expenditures								
1111 Primary, K-5	\$ 3,974,124	\$ 2,393,536	\$ 27,827	\$ 304,494	\$ -	\$ -	\$ -	\$ 6,699,981
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	1,952,283	1,227,351	14,717	288,259	-	900	-	3,483,510
1122 Middle/Junior High School Extracurricular	108,618	30,112	12,012	8,347	-	-	-	159,089
1131 High School Programs	3,072,940	1,801,434	27,593	311,009	-	1,111	-	5,214,087
1132 High School Extracurricular	395,308	131,702	85,865	29,916	-	8,519	-	651,310
1140 Pre-Kindergarten Programs	67,187	41,140	-	1,161	-	-	-	109,488
1210 Programs for the Talented and Gifted	-	-	620	2,666	-	-	-	3,286
1220 Restrictive Programs for Students with Disabilities	951,045	622,042	124,771	9,356	-	-	-	1,707,214
1250 Less Restrictive Programs for Students with Disabilities	959,081	643,891	2,404	13,342	-	-	-	1,618,718
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	1,057	335	-	-	-	-	-	1,392
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	194,135	120,814	1,893,335	21,150	-	-	-	2,229,434
1291 English Second Language Programs	328,591	212,120	2,772	5,956	-	-	-	549,439
1292 Teen Parent Program	2,830	334	-	-	-	-	-	3,164
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	12,007,199	7,224,811	2,191,916	995,656	-	10,530	-	22,430,112
Support Services Expenditures								
2110 Attendance and Social Work Services	242,401	174,936	39,040	15,642	-	200	-	472,219
2120 Guidance Services	608,830	412,519	44,589	10,846	-	-	-	1,076,784
2130 Health Services	30,685	13,448	132,329	2,028	-	140	-	178,630
2140 Psychological Services	107,963	62,920	48,802	5,920	-	-	-	225,605
2150 Speech Pathology and Audiology Services	316,542	198,007	6,216	1,357	-	-	-	522,122
2160 Other Student Treatment Services	24,637	14,051	90,251	805	-	-	-	129,744
2190 Service Direction, Student Support Services	234,617	146,237	3,409	3,926	-	-	-	388,189
2210 Improvement of Instruction Services	179,227	109,588	975	1,411	-	595	-	291,796
2220 Educational Media Services	284,740	169,687	3,496	27,884	-	-	-	485,807
2230 Assessment & Testing	620	205	58	-	-	-	-	883
2240 Instructional Staff Development	11,095	100,987	10,016	534	-	-	-	122,632
2310 Board of Education Services	28,317	18,130	51,647	7,440	-	106,407	-	211,941
2320 Executive Administration Services	175,444	108,050	6,728	5,102	-	798	-	296,122
2410 Office of the Principal Services	1,673,018	1,052,628	20,361	19,800	-	2,467	-	2,768,274
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	393,049	259,219	15,039	4,501	-	4,270	-	676,078
2540 Operation and Maintenance of Plant Services	1,193,335	768,010	885,121	234,487	64,240	163,837	-	3,309,030
2550 Student Transportation Services	3,811	1,332	3,155,102	-	-	-	-	3,160,245
2570 Internal Services	29,093	22,432	-	-	-	-	-	51,525
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Devel., Eval., Grant Writing and Statistics	-	-	-	-	-	-	-	-
2630 Information Services	84,537	43,263	3,556	2,100	-	510	-	133,966
2640 Staff Services	247,634	152,989	15,895	13,968	-	219	-	430,705
2660 Technology Services	351,290	217,062	126,756	43,455	-	300	-	738,863
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	6,220,885	4,045,700	4,659,386	401,206	64,240	279,743	-	15,671,160
Enterprise and Community Services Expenditures								
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								
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures								
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	145,000	145,000
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	-	145,000	145,000
Total Expenditures								38,246,272
7000 Ending Fund Balance								7,550,699
Total Expenditures and Ending Fund Balance	\$18,228,084	\$11,270,511	\$6,851,302	\$1,396,862	\$64,240	\$290,273	\$145,000	\$45,796,971

200 Special Revenue Funds

Instruction Expenditures	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
1111 Primary, K-5	\$ 174	\$ 53	\$ 10,590	\$ 66,866	\$ -	\$ -	\$ -	\$ 77,683
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	531	74	-	16,347	-	-	-	16,952
1122 Middle/Junior High School Extracurricula	-	-	-	-	-	-	-	-
1131 High School Programs	347	67	4,568	45,323	22,641	908	-	73,854
1132 High School Extracurricular	26,035	3,759	13,678	48,809	-	3,712	-	95,993
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	239	-	-	-	-	-	-	239
1220 Restrictive Programs for Students with Disabilities	57,617	38,239	-	423	-	-	-	96,279
1250 Less Restrictive Programs for Students with Disabilities	257,382	207,908	-	-	-	-	-	465,290
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	281,146	163,055	-	5,574	-	-	-	449,775
1280 Alternative Education	42,525	33,328	1,694	2,252	-	-	-	79,799
1291 English Second Language Programs	7,709	2,576	-	9,112	-	-	-	19,397
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	2,248	782	62	-	-	-	-	3,092
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	675,953	449,841	30,592	194,706	22,641	4,620	-	1,378,353
Support Services Expenditures								
2110 Attendance and Social Work Services	4,830	3,295	-	1,537	-	-	-	9,662
2120 Guidance Services	-	-	100	-	-	-	-	100
2130 Health Services	-	-	-	1,268	-	-	-	1,268
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	18,778	14,668	-	-	-	-	-	33,446
2160 Other Student Treatment Services	42,889	24,311	-	-	-	-	-	67,200
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	14,262	-	-	-	14,262
2240 Instructional Staff Development	68,288	28,514	30,113	715	-	-	-	127,630
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	250	-	-	-	250
2410 Office of the Principal Services	-	-	12	7,638	-	-	-	7,650
2490 Other Support Services - School Administration	23,254	14,354	-	-	-	-	-	37,608
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	44,661	-	44,661
2540 Operation and Maintenance of Plant Services	53	18	434,727	9,887	129,414	34,431	-	608,530
2550 Student Transportation Services	-	-	31,123	-	-	-	-	31,123
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Devel., Eval., Grant Writing and Statistics	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	3,886	28,975	-	-	-	32,861
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	158,092	85,160	499,961	64,532	129,414	79,092	-	1,016,251
Enterprise and Community Services Expenditures								
3100 Food Services	459,258	356,001	22,544	654,663	11,857	6,162	-	1,510,485
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	1,170	210	2,251	2,488	-	-	-	6,119
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	460,428	356,211	24,795	657,151	11,857	6,162	-	1,516,604
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	434,617	-	108,689	8,900	-	552,206
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	-	-	434,617	-	108,689	8,900	-	552,206
Other Uses Expenditures								
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	-	-	-
Total Expenditures								4,463,414
7000 Ending Fund Balance								3,094,752
Total Expenditures and Ending Fund Balance	\$ 1,294,473	\$ 891,212	\$ 989,965	\$ 916,389	\$ 272,601	\$ 98,774	\$ -	\$7,558,166

300 Debt Service Funds

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
Instruction Expenditures								
1111 Primary, K-5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
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								
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, Devel., Eval., Grant Writing and Statistics	-	-	-	-	-	-	-	-
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								
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								
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures								
5100 Debt Service	-	-	-	-	-	6,600,175	-	6,600,175
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	6,600,175	-	6,600,175
Total Expenditures								6,600,175
7000 Ending Fund Balance								170,270
Total Expenditures and Ending Fund Balance	\$	\$	\$	\$	\$	\$ 6,600,175	\$	\$6,770,445

400 Capital Projects Funds

Instruction Expenditures

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
1111 Primary, K-5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
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

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, Devel., Eval., Grant Writing and Statistics	-	-	-	-	-	-	-	-
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

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

4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	7,014	23,457	145,592	-	-	176,063
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	-	-	7,014	23,457	145,592	-	-	176,063

Other Uses Expenditures

5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	-	-	-

Total Expenditures

7000 Ending Fund Balance								176,063
Total Expenditures and Ending Fund Balance	\$	\$	\$ 7,014	\$ 23,457	\$ 145,592	\$	\$	\$ 6,317,472

600 Proprietary Funds

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
Instruction Expenditures								
1111 Primary, K-5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricula	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
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 Educator	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	-	-	-	-	-	-	-	-
Support Services Expenditures								
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 Administrator	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	37,364	21,841	26,481	50,623	-	360,861	-	497,170
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Devel., Eval., Grant Writing and Statistics	-	-	-	-	-	-	-	-
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	37,364	21,841	26,481	50,623	-	360,861	-	497,170
Enterprise and Community Services Expenditures								
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								
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-
Other Uses Expenditures								
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	-	-	-
Total Expenditures								497,170
7000 Ending Fund Balance								436,272
Total Expenditures and Ending Fund Balance	\$ 37,364	\$ 21,841	\$ 26,481	\$ 50,623	\$ -	\$ 360,861	\$ -	\$ 933,442

ODE - SCHEDULE OF EXPENDITURES AND ENDING FUND BALANCE BY FUND TYPE
BUDGET (NON-GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2016

700 Fiduciary Funds

Instruction Expenditures

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Totals
1111 Primary, K-5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	59,188	-	-	-	59,188
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	661,907	-	-	-	661,907
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
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	-	-	-	721,095	-	-	-	721,095

Support Services Expenditures

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, Devel., Eval., Grant Writing and Statistics	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	343,922	102,067	-	-	-	-	-	445,989
Total Support Services Expenditures	343,922	102,067	-	-	-	-	-	445,989

Enterprise and Community Services Expenditures

3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	35,266	-	-	-	-	35,266
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	-	-	35,266	-	-	-	-	35,266

Facilities Acquisition and Construction Expenditures

4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-

Other Uses Expenditures

5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	-	-	-

Total Expenditures

1,202,350

7000 Ending Fund Balance

592,732

Total Expenditures and Ending Fund Balance

\$ 343,922	\$ 102,067	\$ 35,266	\$ 721,095	\$ -	\$ -	\$ -	\$ -	\$ 1,795,082
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**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS**



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Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Oregon Trail School District as of and for the year ended June 30, 2016, and have issued our report thereon dated December 14, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

We performed procedures to the extent we considered necessary to address the required comments and disclosures 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 Oregon Trail School 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 Corporation.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink that reads "Matthew Graves". The signature is written in a cursive style with a large initial "M".

Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.

SINGLE AUDIT SECTION



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OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Supplementary Information)
 YEAR ENDED JUNE 30, 2016

Federal Grantor Pass through Grantor Program Title	Federal CFDA Number	Pass through Grantor Number	Original Grant Period	Expenditures	Amount Provided to Subrecipients
U.S. Department of Education					
<u>Passed through Oregon Department of Education:</u>					
¹ Title 1A/1D Grants to Local Educational Agencies:					
IA - Grants to LEAs	84.010	32652	07/01/14 - 09/30/15	53,176	-
IA - Grants to LEAs	84.010	36043	07/01/15 - 09/30/16	470,554	-
ID - Grant to LEAs	84.010	36567	07/01/15 - 09/30/16	8,396	-
				532,126	-
Title IIA Support Effective Instruction State Grant	84.367	32976	07/01/14 - 09/30/15	13,799	-
Title IIA Support Effective Instruction State Grant	84.367	36240	07/01/15 - 09/30/16	92,941	-
				106,740	-
Title III English Language Acquisition State Grants	84.365	32354	07/01/14 - 09/30/15	5,428	-
	84.365	36353	07/01/15 - 09/30/16	16,099	-
				21,528	-
Special Education Cluster:					
Grants to States-Enhancement	84.027	36398	10/01/15 - 09/30/16	2,134	-
Grants to States-Extended Assessment	84.027	35790	07/01/15 - 06/30/16	-	-
Grants to States-IDEA Part B, section 611	84.027	36942	07/01/15 - 09/30/17	609,354	-
Grants to States-Post School Outcomes	84.027	39840	07/01/15 - 06/30/16	136	-
Grants to States-SPRI	84.027	37963	08/01/15 - 06/30/16	2,561	-
Preschool Grants-IDEA Part B, section 619	84.173	33514	07/01/14 - 09/30/15	276	-
Preschool Grants-IDEA Part B, section 619	84.173	37233	07/01/15 - 09/30/16	4,776	-
				619,237	-
<u>Passed through Vocational Rehabilitation Division:</u>					
Rehabilitation Services - Voc. Rehab. Grants to States	84.126	143299-1	07/01/15 - 06/30/16	44,348	-
				44,348	-
<u>Passed through Clackamas County Education Service District:</u>					
Title IC Perkins Vocational Ed. - Consortium	84.048	36426	07/01/15 - 09/30/16	33,147	-
				33,147	-
Title 1C Migrant Education - State Grant Program	84.011	37112	07/01/15 - 06/30/16	3,181	-
				3,181	-
Total U.S. Department of Education				1,360,306	-

OREGON TRAIL SCHOOL DISTRICT 46
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Supplementary Information)
 YEAR ENDED JUNE 30, 2016

Federal Grantor Pass through Grantor Program Title	Federal CFDA Number	Pass through Grantor Number	Original Grant Period	Revenues	Amount Provided to Subrecipients
U.S. Department of Agriculture:					
<u>Passed through Oregon Department of Education:</u>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	n/a	07/01/14 - 06/30/15	212,953	-
National School Lunch Program	10.555	n/a	07/01/14 - 06/30/15	693,826	-
Food Commodities Donation (non-cash assistance)	10.555	n/a	07/01/14 - 06/30/15	110,532	-
				<u>1,017,311</u>	<u>-</u>
Child and Adult Care Food Program (CACFP)	10.558	n/a	07/01/14 - 06/30/15	23,680	-
				<u>23,680</u>	<u>-</u>
<u>Passed through Clackamas County, Oregon</u>					
Federal Forest Fees	10.665	n/a	07/01/15 - 06/30/16	24,380	-
				<u>24,380</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>1,065,371</u>	<u>-</u>
General Services Administration					
<u>Passed through Oregon Department of Administrative Services:</u>					
Donation of Federal Surplus Personal Property (non-cash assistance)	39.003	n/a	07/01/15 - 06/30/16	73	-
				<u>73</u>	<u>-</u>
TOTAL FEDERAL GRANTS				<u>2,425,750</u>	<u>-</u>

¹ Major Program for the year ended June 30, 2016
 Note: The Schedule of Federal Assistance is presented based upon the modified accrual basis of accounting.



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December 14, 2016

To the Board of Directors
Oregon Trail School District
Clackamas County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oregon Trail School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Matthew Graves, CPA
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December 14, 2016

To the Board of Directors
Oregon Trail School District
Clackamas County, Oregon

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited Oregon Trail School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2016. The major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Oregon Trail School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Matthew Graves, CPA
PAULY, ROGERS AND CO., P.C.

OREGON TRAIL SCHOOL DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)? yes no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

10.553, 10.555 and 10.558

NAME OF FEDERAL PROGRAM CLUSTER

Child Nutrition Cluster

OREGON TRAIL SCHOOL DISTRICT
CLACKAMAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal expenditures includes federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.