

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016



12700 SW 72nd Ave.
Tigard, OR 97223

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

2015-16 FINANCIAL REPORT

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

2015-16 FINANCIAL REPORT

Board of Directors

Steve Phillips, Chair	June 30, 2019
Max Truax, Vice-Chair	June 30, 2019
Tom Maltman	June 30, 2017
Patrick Nofield	June 30, 2019
Dr. Hugh Stelson	June 30, 2017
Brian Taylor	June 30, 2017
Lynn Ulbricht	June 30, 2017

Board members receive mail at the District address listed below.

ADMINISTRATION

Dr. Doug Dougherty
Superintendent

Justine Hill
Business Manager
1801 S. Franklin Street
Seaside, OR 97138

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

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December 22, 2016

Board of Directors
Seaside School District
Clatsop County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Seaside School District (the 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 basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Seaside School District thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The School adopted the provisions of GASB Statement No.72 – *Fair Value Measurement and Application* and GASB Statement No.79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary 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 Schedules of Funding Progress and Employer Contributions or Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our reports dated December 22, 2016 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 the reports 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. The reports are 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 22, 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.



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

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**SEASIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year ended June 30, 2016**

The Management's Discussion and Analysis of Seaside School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the District's financial statements, which follow the Management's Discussion and Analysis. The discussion and analysis is designed to:

- 1) Assist the reader in focusing on significant financial issues;
- 2) Provide an overview of the District's financial activities;
- 3) Identify changes in the District's financial position;
- 4) Identify any material deviations from the adopted financial plan (budget); and,
- 5) Identify specific issues related to individual funds and the economic factors affecting the District.

The District's annual financial report consists of several sections. Taken together they provide a comprehensive view of the District's finances.

FINANCIAL HIGHLIGHTS

- On June 30, 2016, the District's Net Position was \$(7,273,480) due to implementation of GASB Statements 68 and 71.
- The District's governmental funds report a combined ending fund balance of \$3,952,701 which is an increase of \$595,368 in comparison with the prior year. Approximately \$3,360,137 is available for spending at the District's discretion.
- At the end of the fiscal year, the General Fund balance was \$3,289,228 [unassigned \$3,225,266 and restricted \$63,962] or about 20% of total General Fund expenditures of \$16,492,980. The District has no outstanding general obligation bond debt.
- Budgeted transfers out of the General Fund of \$55,761 were made to the Food Service Fund [\$49,231] and to the ASPIRE Fund [\$6,530].
- The District has no outstanding construction commitments as of June 30, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Basic Financial Statements: The basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to basic financial statements.

- **Government-Wide Financial Statements:** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:
 - *The Statement of Net Position:* The statement of net position presents information on all of the assets and liabilities of the District as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
 - *The Statement of Activities:* The statement of activities presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues, expenses, and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the

timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and, earned, but unused vacation/personal leave).

In the government-wide financial statements, the District's activities are shown in one category:

- *Governmental activities:* The District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, timber revenue, and other intergovernmental revenues.

The government-wide financial statements can be found on pages 5 and 6 of this report.

Fund Financial Statements: The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. 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. Seaside School District 10, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the District can be classified in one category: *governmental funds*.

Governmental Funds: The governmental funds are used to account for the governmental activities. Unlike the government-wide financial statements, governmental fund financial statements focus on 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 evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between government funds and government-wide financial statements.

The District maintains four individual governmental funds. Information for the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances.

The basic governmental fund financial statements can be found on pages 7 through 11 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 34.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Management's Discussion and Analysis, is considered required supplementary information.

Other required supplementary information is presented on the basic financial statements on pages 35 through 39. Other additional supplemental information and additional schedules are presented on pages 40 through 51. The independent auditors' report required by Oregon State regulations are presented on pages 52 and 53; as well as, grant compliance review on pages 54 through 59.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Seaside School District 10, liabilities exceeded assets creating a negative net position of \$(7,273,480) on June 30, 2016.

Capital assets, which consist of the land, buildings, building improvements, vehicles, and equipment, represent about 28% of the District's total assets. The contribution to prepaid pension costs (PERS UAL) represents 16% of the District's total assets and the remaining 56% of assets consist mainly of investments, cash, grants, and property taxes receivable.

Seaside School District 10			
Net Position			
	Governmental Activities		Increase (Decrease) from Fiscal 2015
	2016	2015	
Current and Other Assets	\$ 6,924,367	\$ 8,751,389	\$ (1,827,022)
Capital Assets	\$ 3,364,524	\$ 3,293,958	\$ 70,566
Total Assets	\$ 10,288,891	\$ 12,045,347	\$ (1,756,456)
Pension Related Deferred Outflows	\$ 1,926,687	\$ -	\$ 1,926,687
Current Liabilities	\$ 2,280,299	\$ 2,116,288	\$ 164,012
Long-Term Debt	\$ 15,770,292	\$ 10,550,499	\$ 5,219,794
Total Liabilities	\$ 18,050,591	\$ 12,666,787	\$ 5,383,803
Pension Related Deferred Inflows	\$ 1,438,647	\$ 3,762,445	\$ (2,323,798)
Invested in Capital Assets, Net of Related Debt	\$ 3,298,503	\$ 3,293,958	\$ 4,545
Restricted	\$ 326,984	\$ 550,504	\$ (223,520)
Unrestricted	\$ (10,898,967)	\$ (8,228,346)	\$ (2,670,621)
Total Net Position	\$ (7,273,480)	\$ (4,383,884)	\$ (2,889,596)

The District's largest liabilities [94%] are for the repayment of net pension and other post employment benefit (OPEB) obligations, a short-term loan, general obligation bonds and the PERS UAL. The PERS UAL will be paid off in 2028. Other liabilities combined, representing about 6% of the District's total liabilities, consist almost entirely of payables on accounts, salaries and benefits and accrued compensated absences. During the current fiscal year, the District's net position decreased by \$(2,889,596).

Governmental activities: The key elements of the change in the District's net position for the year ended June 30, 2016 are as follows:

- State timber revenue increased by \$175,886 due to higher stumpage prices from actual sales and increased timber volumes.
- Property tax revenues increased by \$642,445 due to strong assessed values in our taxing Districts, solid tax collections, and the expiration of the City of Seaside's Urban Renewal Plan.
- Expenses increased by \$8,110,555 due to the pension expense required by GASB Statements 68 and 71.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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- Property tax revenues increased by \$642,445 due to strong assessed values in our taxing Districts, solid tax collections, and the expiration of the City of Seaside's Urban Renewal Plan.
- Expenses increased by \$8,110,555 due to the pension expense allocated to GASB Statements 68 and 71.

Seaside School District 10 Changes in Net Position			
	<u>Government Activities</u>		Increase (Decrease) from Fiscal 2015
	<u>2016</u>	<u>2015</u>	<u>2015</u>
Revenues			
Program Revenues			
Charges for Services	\$ 91,205	\$ 83,282	\$ 7,923
Operating Grants and Contributions	1,121,269	1,088,101	33,168
General Revenues			
Property taxes	14,792,754	14,150,309	642,445
Timber Revenue	1,805,414	1,629,528	175,886
State and Local Sources	911,354	854,564	56,790
Intermediate Sources	54,700	20,833	33,867
State Revenue Sharing	141,499	139,458	2,041
Other State Sources	-	44,800	(44,800)
Earnings on Investments	44,236	32,358	11,878
Total Revenues	<u>18,962,431</u>	<u>18,043,233</u>	<u>919,198</u>
Expenses			
Instruction	13,426,243	8,480,904	4,945,339
Support Services	7,638,415	4,673,699	2,964,716
Enterprise and Community Services	691,680	463,093	228,587
Interest on Long-Term Debt	95,689	123,776	(28,087)
Total Expenses	<u>21,852,027</u>	<u>13,741,472</u>	<u>8,110,555</u>
(Decrease) Increase in Net Position	(2,889,596)	4,301,761	(7,191,357)
Net Assets July 1	<u>(4,383,884)</u>	<u>(8,685,645) *</u>	<u>4,301,761</u>
Net Assets June 30	<u>\$ (7,273,480)</u>	<u>\$ (4,383,884)</u>	<u>\$ (2,889,596)</u>
* Beginning as restated by GASB Statements 68 and 71.			

Financial Analysis of the District's Funds: As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information of relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. On June 30, 2016, the District's governmental funds reported combined ending fund balances of \$3,952,701 which is an increase of \$595,368 in comparison with the prior year.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2016, the total fund balance of \$3,289,228 [unassigned or *unreserved* \$3,225,266 and restricted \$63,962].

Special Revenue Fund: These funds consist of local, state and federal grants, as well as, the Student Body Accounts, Food Service Account, and Scholarship Accounts. The combined ending fund balance for these accounts is \$380,325.

Debt Service Fund: The Debt Service Fund has a total fund balance of \$17,568. The District currently has no outstanding general obligation bond debt.

Capital Projects Fund: The Capital Fund has a total fund balance of \$265,580.

General Fund Budgetary Highlights: There were minor changes made to the General Fund adopted budget for the fiscal year ended June 30, 2016.

Two transfers were allocated from the General Fund to Special Funds. A transfer of \$49,231 was needed to support the District's food service program and eliminate the negative fund balance in that account. Over the last few years, this program has been more carefully managed, but the program has continued to operate in the negative. The Oregon Department of Education Child Nutrition Program has declared this unacceptable. They are adamant that resources to cover the debt are required. A \$6,530 transfer was allocated to support the High School ASPIRE program which receives a yearly State grant award of \$3,000. This grant may be reduced to \$2,700 next year.

Long-Term Debt: At the end of the current fiscal year, the District had total bonded debt outstanding for its limited tax pension obligation bond debt of \$8,205,000.

The District's Measure 5 Real Market Value for 2016 is \$4,213,678,344. State statute (ORS 328.245) establishes the limit on bonded indebtedness for K-12 school districts at 7.95% of Measure 5 Real Market Value. As of 2016, the District's limit on bonded indebtedness is \$334,987,428.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Local property taxes collected coupled with State timber monies continue to be the most significant revenue factors for the District. For the year ended June 30, 2016, the taxes provided 83% of the District's program resources. State timber revenue provided 10% on the modified accrual basis.

According to the March Oregon Economic and Revenue Forecast, "Oregon continues to see full-throttle rates of growth." Growth positively impacts the District's property tax revenues which are the District's largest revenue source. Clatsop County tax collections are shaping up to be better than last year, issuance of building permits are continuing to increase, there are no drastic changes on the horizon as far as appraisals, and there are no significant lawsuits pending; these are all favorable revenue markers. According to the State Forestry Office, the initial projection for next year has decreased; however, they stated that many of the timber sales projected to deliver revenue in FY17 have not yet been sold which means that actual sales could increase if prices stay strong. The District is anticipating seeing a growth in the overall percentage of assessed value; as well as, strong timber sales, which both directly translate into increase revenue.

Seaside School District 10 does not receive any State School Fund monies due to the fact that the local revenues applicable to the State School Fund formula are too high. Based on current Oregon Department of Education (ODE) revenue projections for educational entities, it does not appear that the District will fall into the State School Formula again next year. In the future, if the state timber revenue decreases, property tax collections weaken, and/or assessed value growth rates stagnate; the District may be forced to rely on the State School Fund Grant. This would put the District in a lower funding level which will mean budget reductions.

In November 2015, the Seaside School District passed a ballot measure to renew a local option tax to help fund operations for an additional five years. This levy is a temporary property tax that is used to fund school district operations. It provided an additional \$1,137,228 in current and prior local option tax revenue (included in the above 84% local property tax figure). This levy costs property tax payers \$0.52 per thousand of assessed value each year for five years and does not exceed the Measure 5 limit of \$5 per thousand of real market value. The District is aware that revenues from the local option level will likely not be as strong as anticipated. As the Real Market Value and Assessed Value on properties move closer together, the tax gap that is used in the local option calculation also becomes smaller. The real estate market continues to have upward momentum which will eventually assist in elevating some of the impacts of compression loss; however, the District is projecting another year of compression loss.

The District receives the majority of revenue (property taxes) in November and relies on an ending/beginning fund balance that is able to cover operating costs from July through October. Our fund balance has not been sufficient which has required us to participate in a short-term operating loan program through Oregon School Boards Association [\$1,095,000].

In an attempt to continue essential facility repair and maintenance, allocations have been placed in the budget for new flooring at Gearhart Elementary; a new Broadway Roof Pack; parking lot renovations at the Bus Garage; internal walls, internal doors and playground safety measures at the Heights; track resurfacing, an American with Disabilities (ADA) compliant restroom and the reroofing of specific areas on the gym at Seaside High School.

Allocations [\$300,000] for the purchase of two new buses have been appropriated as part of a regular vehicle replacement schedule; as well as, the purchase of a vehicle for the Maintenance Department. The District will continue the same procedure for vehicle replacement as it did this year. A new bus will be purchased for delivery in November after the majority of tax revenue is collected and any additional purchases will be made if revenue targets are met in late January.

General Fund and Debt Service Fund transfers will be allocated to the following Special Revenue Funds: ASPIRE program [\$7,467] and the Food Service program [\$122,000]. New to the food service program next year will be the District's participation in the Universal Breakfast/Lunch Program. All students enrolled in elementary school may participate in the program at no charge to them if they take a reimbursable meal. Studies have shown that children who eat breakfast perform better in school. By providing breakfast to all children at no charge, the District is hoping to create a better learning environment for students. The meal programs follow the U.S. Department of Agriculture guidelines for healthy school meals.

All employee groups' contracts started effective July 1, 2014 and expire June 30, 2017. For next year, all employee groups have agreed to a 2.25% salary increase and the same insurance cap amount of \$1,550. Oregon Educators Benefit Board's (OEBB) current contracts are in effect through September 30, 2017. It is unclear how or if the oversight of the Oregon Department of Consumer and Business Services to stabilize MODA will impact rates and/or coverage.

There are no projected PERS rate changes next school year; however, the decisions in the *Moro v. State* (PERS litigation) case will significantly impact the next PERS rate cycle. There were roughly \$5.3 billion in savings calculated had the court upheld the legislative changes. The bulk of those savings came in the COLA modification. This decision eliminates most of the savings and will require an increase in the PERS rates going forward. Please remember that the rates schools are paying now are the rates in place until the next rate cycle. PERS rates are set in a biennial cycle and the next scheduled rate increase will be July 1, 2017.

The Seaside School District is also preparing for a general obligation construction bond for November 2016. The bond would be expected to fund: the building and furnishing of a new middle and high school; facility improvement and a new addition to Seaside Heights Elementary School to serve all elementary students; and, site development, bond issuance, oversight, and accountability costs. Seaside School District 10's enrollment fluctuated by 48 students from September 2015 to June 2016. Enrollment for 2016-2017 is projected to be the same or similar.

As a reminder, in May 2012, the long-standing tax appeals between Georgia Pacific Wauna Mill and Clatsop County was settled. The terms of the settlement include a refund to Georgia Pacific in the amount of \$2,500,000 and establishing the Real Market Value for 2011-2012 at \$291,000,000. Because the settlement is over \$1 million, as per the collaborative taxing districts' intergovernmental agreement with the County regarding repayment, the District is looking at an estimated yearly tax revenue reduction for the next 10 years. The reduction amount in 2015-2016 was \$60,653.21.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager(s) at 1801 South Franklin Street, Seaside, Oregon 97138.



Justine Hill
Business Manager



Dr. Doug Dougherty
Superintendent

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2016

ASSETS:	
Cash and Investments	\$ 4,580,350
Property Taxes Receivable	1,033,854
Accounts Receivable	1,310,163
Capital Assets:	
Non-depreciable	86,420
Depreciable, Net of Depreciation	<u>3,278,104</u>
Total Assets	10,288,891
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferrals	<u>1,926,687</u>
TOTAL ASSETS AND PENSION RELATED DEFERRALS	<u>12,215,578</u>
LIABILITIES:	
Current:	
Accounts Payable	72,355
Accrued Payroll, Taxes, and Employee Withholdings	867,542
Scholarships Payable	4,711
Accrued Compensated Absences	240,691
Short -Term Debt	1,095,000
Net Pension Liability	5,665,583
Long-term Liabilities Due within One Year	465,479
Noncurrent:	
Long-term Liabilities Due in More Than One Year	<u>9,639,230</u>
Total Liabilities	18,050,591
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Deferrals	<u>1,438,467</u>
TOTAL LIABILITIES AND PENSION RELATED DEFERRALS	<u>19,489,058</u>
NET POSITION:	
Net Investment in Capital Assets	3,298,503
Restricted:	
Debt Service	81,530
Student Body	233,646
Scholarships	11,808
Unrestricted	<u>(10,898,967)</u>
Total Net Position	<u>\$ (7,273,480)</u>

See accompanying notes to the basic financial statements.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 13,426,243	\$ 10,500	\$ 556,603	\$ (12,859,140)
Support Services	7,638,415	-	112,131	(7,526,284)
Community Services	691,680	80,705	452,535	(158,440)
Interest on Long-Term Debt	95,689	-	-	(95,689)
Total Governmental Activities	<u>\$ 21,852,027</u>	<u>\$ 91,205</u>	<u>\$ 1,121,269</u>	<u>(20,639,553)</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	14,793,199
Property Taxes, Levied for Debt Service	(445)
Timber Harvest Tax Revenue	1,805,414

Income Not Restricted to Specific Programs:

Local Sources	911,354
Intermediate Sources	54,700
Common School Fund	141,499
Interest and Investment Earnings	44,236

Total General Revenues	<u>17,749,957</u>
Changes in Net Position	(2,889,596)
Net Position – Beginning	<u>(4,383,884)</u>
Net Position – Ending	<u>\$ (7,273,480)</u>

See accompanying notes to the basic financial statements

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS:					
Cash and Investments	\$ 4,580,187	\$ -	\$ 163	-	\$ 4,580,350
Receivables:					
Taxes	1,031,145	-	2,709	-	1,033,854
Accounts	640,585	669,342	-	236	1,310,163
Interfund Receivables	990,811	635,380	17,297	335,785	1,979,273
Total Assets	\$ 7,242,728	\$ 1,304,722	\$ 20,169	\$ 336,021	\$ 8,903,640
LIABILITIES:					
Payroll Liabilities	\$ 867,542	\$ -	\$ -	\$ -	\$ 867,542
Accounts Payable	72,355	-	-	-	72,355
Scholarships Payable	-	4,711	-	-	4,711
Interfund Payable	989,146	919,686	-	70,441	1,979,273
Short-Term Debt	1,095,000	-	-	-	1,095,000
Total Liabilities	3,024,043	924,397	-	70,441	4,018,881
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Property Taxes	929,457	-	2,601	-	932,058
FUND BALANCES:					
Restricted:					
Debt Service	63,962	-	17,568	-	81,530
Student Body	-	233,646	-	-	233,646
Scholarships	-	11,808	-	-	11,808
Assigned	-	-	-	265,580	265,580
Unassigned	3,225,266	134,871	-	-	3,360,137
Total Fund Balances	3,289,228	380,325	17,568	265,580	3,952,701
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,242,728	\$ 1,304,722	\$ 20,169	\$ 336,021	\$ 8,903,640

See accompanying notes to the basic financial statements

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2016

Total Fund Balances - Governmental Funds	\$	3,952,701
<p>The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p>		
Capital Assets, Net of Depreciation		3,364,524
<p>The Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p>		
		(5,665,583)
<p>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.</p>		
Deferred Outflows		1,926,687
Deferred Inflows		(1,438,467)
<p>The net pension obligation is not reported as a liability in the governmental funds.</p>		
		(604,738)
<p>The net OPEB obligation is not reported as a liability in the governmental funds.</p>		
		(971,382)
<p>Long-term liabilities applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.</p>		
Long term Liabilities		
PERS Bonds Payable	\$	(8,205,000)
Capital Leases Payable		(66,021)
Loan Payable		(257,568)
Accrued Compensated Absences		(240,691)
		<u>(8,769,280)</u>
<p>Unavailable revenue related to property taxes</p>		
		<u>932,058</u>
Net Position	\$	<u><u>(7,273,480)</u></u>

See accompanying notes to the basic financial statements

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:					
Local Sources	\$ 15,103,389	\$ 721,725	732	\$ 68,251	\$ 15,894,097
Intermediate Sources	38,700	16,000	-	-	54,700
State Sources	1,951,587	19,943	-	-	1,971,530
Federal Sources	7,921	1,088,731	-	-	1,096,652
Total Revenues	17,101,597	1,846,399	732	68,251	19,016,979
EXPENDITURES:					
Current:					
Instruction	10,009,300	1,057,125	-	-	11,066,425
Support Services	6,415,531	212,964	-	-	6,628,495
Community Services	-	628,320	-	-	628,320
Facilities Acquisition	-	-	-	2,681	2,681
Debt Service:					
Principal	63,962	18,886	-	-	82,848
Interest	4,187	8,654	-	-	12,841
Total Expenditures	16,492,980	1,925,950	-	2,681	18,421,611
Excess of Revenues Over, (Under) Expenditures	608,617	(79,551)	732	65,570	595,368
Other Financing Sources, (Uses):					
Transfers In	-	55,761	-	-	55,761
Transfers Out	(55,761)	-	-	-	(55,761)
Total Other Financing Sources, (Uses)	(55,761)	55,761	-	-	-
Net Change in Fund Balance	552,856	(23,790)	732	65,570	595,368
Beginning Fund Balance	2,736,372	404,115	16,836	200,010	3,357,333
Ending Fund Balance	\$ 3,289,228	\$ 380,325	\$ 17,568	\$ 265,580	\$ 3,952,701

See accompanying notes to the basic financial statements.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2016

Total Net Changes in Fund Balances - Governmental Funds \$ 595,368

Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions exceeds depreciation.

Capital Asset Additions (Net)	247,093	
Depreciation Expense (Net)	<u>(176,527)</u>	70,566

The Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. (3,951,352)

Repayment of bond principal, capital leases, compensated absences and post retirement obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to these liabilities are an expense for the Statement of Activities but not the governmental funds. This is the amount by which proceeds exceeded repayments:

PERS Bond Repaid	\$ 335,000	
Capital Lease Repaid	63,962	
Loan Repaid	18,834	
Accrued Compensated Absences	<u>4,579</u>	422,375

Net pension activity is not reported in the governmental funds. 38,944

Net OPEB activity is not reported in the governmental funds. (10,950)

Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unavailable revenue for all property taxes levied but not received; however, in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued. (54,546)

Change in Net Position of Governmental Activities \$ (2,889,596)

See accompanying notes to the basic financial statements

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2016

	<u>TRUST FUND</u>
ASSETS:	
Interfund Receivables	\$ 684
Total Assets	<u>\$ 684</u>
LIABILITIES:	
Interfund Loans Payable	\$ 684
Total Liabilities	<u>\$ 684</u>

See accompanying notes to the basic financial statements

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Administrative School District No. 10 (Seaside) (the District) is a municipal corporation organized under provisions of Oregon Revised Statutes Chapter 332 for the purpose of operating elementary and secondary public schools. Control is vested in its elected Board of Directors. Administrative functions are delegated to individuals who report to and are responsible to the Board. The chief administrative officer is the Superintendent. As required by accounting principles generally accepted in the United States of America, all activities have been included in these basic financial statements.

The major sources of revenue are property taxes, timber sales, and grants from the federal and state governments. Monies are expended to provide elementary and secondary education to school-age children residing within the school district boundaries.

The District has authority to levy taxes on property within the district for elementary and secondary education and for payment of general obligation bonds. It has exercised that authority for several years.

Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. Based on these criteria, the District is not a component unit of another entity, nor is any other entity required to be included in the financial statements of the District.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities display information about the District as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the general revenues. Program revenues include (1) charges for 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.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities.

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

There are the following major governmental funds:

GENERAL FUND

This fund accounts for all financial operations that are not accounted for in any other fund. Principal sources of revenue are property taxes and distributions from the State of Oregon. Expenditures in the fund are made for instructional purposes and related support services.

SPECIAL REVENUE FUND

This fund accounts for revenues and expenditures of grants and scholarships. Principal revenue sources are federal and state grants.

DEBT SERVICE FUND

Bond principal and interest payments are accounted for in the Debt Service Fund. The main source of revenue is local property taxes.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND TYPES (Continued)

CAPITAL PROJECTS FUND

This fund accounts for activities related to acquisition, construction, and furnishing of facilities.

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY TAXES

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

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

GRANTS

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

SUPPLIES INVENTORIES

District operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in inventories at USDA wholesale value. Inventory is accounted for based on the consumption method in the government-wide statements and on the purchase method in the governmental statements. Under the consumption method inventory is recorded when purchased and expenditures/expenses are recorded when inventory items are used. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused donated commodities at the balance sheet date is considered immaterial by management for reporting purposes.

CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost.

Donated capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Land	Not depreciated
Land Improvement	20 years
Buildings	45 years
Equipment	5 to 10 years

COMPENSATED ABSENCES

It is policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued in the government-wide statements.

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which is substantially the same as the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

NET POSITION

Net position is comprised of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

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

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RETIREMENT PLANS

Substantially all of the School'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.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Financial Statements 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(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. At June 30, 2016, there were deferred outflows of \$1,926,687 in the statement of net position representing pension related deferrals.

In addition to liabilities, the Financial Statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2016, there were deferred inflows of \$1,438,467 in the statement of net position representing pension related deferrals. There is also a deferred inflow in the governmental funds of \$932,058 representing unavailable revenue from property tax.

FUND BALANCE

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND BALANCE (Continued)

- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to assign ending fund balances has been granted to the Superintendent and Business Manager.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable or committed fund balance amounts at year end.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for each fund in accordance with Oregon Local Budget Law. The budget is prepared using the modified accrual basis of accounting.

The budgeting process begins by appointing Budget Committee members in late fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund.

Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

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 the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the basic financial statements include the original budget amounts. Appropriations lapse at the end of each fiscal year.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

BUDGETARY INFORMATION (Continued)

Expenditures are appropriated at any or all of the following levels of control for each fund:

Instruction	Debt Service
Support Services	Interfund Transfers
Community Services	Operating Contingency
Facilities Acquisition/Construction	

Expenditures of the various funds were within authorized appropriations, except the special revenue fund which exceeded the appropriated redemption of principal by \$52.

3. BUDGET/GAAP REPORTING DIFFERENCES

The budgetary statements provided as part of supplementary information in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exceptions that capital outlay expenditures are expensed when purchased and depreciation and amortization are not recorded, property taxes are recorded as revenue when received, inventories of supplies are budgeted as expenditures when purchased, debt, OPEB liabilities, and compensated absences are expensed as paid instead of when incurred, pension costs are not recorded until paid, and debt is recorded as a revenue when borrowed.

4. CASH AND INVESTMENTS

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:	
Petty Cash	\$ 550
Demand Deposits	554,882
Certificates of Deposit	109,255
Savings Bonds	15,000
Investments - LGIP	<u>3,900,663</u>
 Total Cash and Investments	 <u>\$ 4,580,350</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. There is no formal adopted deposit and investment policy.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (Continued)

DEPOSITS (Continued)

Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2016, combined bank balances totaled \$1,725,992, of which \$500,000 was insured by FDIC and the remaining \$1,225,992 was collateralized in the Oregon Public Funds Collateralization Program (PFCP).

INVESTMENTS

Statutes authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the State Treasurer's Investment Pool. The investments during the year were invested in the State Treasurer's Investment Pool.

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 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.

At year-end, the investment balances were as follows (carrying value is the same as fair market value):

Investment Type	Fair Value	Investment Maturities (in Months)	
		Less than 3	More than 3
State Treasurer's Investment Pool	\$ 3,900,663	\$ 3,900,663	\$ -
Certificates of Deposit	109,255	109,255	-
Savings Bonds	15,000	15,000	-
Total Investments	\$ 4,024,918	\$ 4,024,918	\$ -

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. Cash not expected or used within thirty days is invested in the Local Government Investment Pool which manages investment rate risk. Other funds are invested in certificates of deposit with maturities of less than one year.

Credit Risk

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration Of Risk

At June 30, 2016, 97% of total investments were in the State Treasurer's Investment Pool, savings bonds and certificates of deposit. State statutes do not limit the percentage of investments in these instruments.

5. ACCOUNTS / GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Accounts receivable is mostly comprised of grant money. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2016 are as follows:

	<u>7/1/2015</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>6/30/2016</u>
Non-Depreciable Capital Assets				
Land	\$ 86,420	\$ -	\$ -	\$ 86,420
Total Non-Depreciable Capital Assets	86,420	-	-	86,420
Depreciable Capital Assets				
Land Improvements	682,321	-	-	682,321
Buildings & Improvements	7,895,075	-	-	7,895,075
Equipment	410,471	59,398	-	469,869
Licensed Vehicles	1,680,592	277,695	(90,000)	1,868,287
Total Depreciable Capital Assets	10,668,459	337,093	(90,000)	10,915,552
Accumulated Depreciation				
Land Improvements	570,894	9,910	-	580,804
Buildings & Improvements	5,687,632	132,180	-	5,819,812
Equipment	228,490	21,503	-	249,993
Licensed Vehicles	973,905	102,934	(90,000)	986,839
Total	7,460,921	\$ 266,527	\$ (90,000)	7,637,448
Total Net Capital Assets	<u>\$ 3,293,958</u>			<u>\$ 3,364,524</u>

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

Instruction	\$ 160,971
Support Services	96,417
Community Services	<u>9,139</u>
Total Depreciation Expense	<u>\$ 266,527</u>

7. RETIREMENT PLANS

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.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS (Continued)

PLAN DESCRIPTION (Continued)

- 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 one 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.
- 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.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS (Continued)

PLAN DESCRIPTION (continued)

- 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 contributions for the year ended June 30, 2016 were \$1,621,170, excluding amounts to fund employer specific liabilities.

PENSION ASSET OR LIABILITY

At June 30, 2016, the District reported a net pension liability of \$5,665,583 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 December 31, 2013. 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 June 30, 2015, the District's proportion was .099 percent.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS (Continued)

PENSION ASSET OR LIABILITY (Continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 305,517	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,187,635
Net changes in proportionate share and differences between District contributions and proportionate share of contributions	-	250,832
Subtotal - Amortized Deferrals (below)	305,517	1,438,467
District contributions subsequent to measurement date	1,621,170	-
Net deferred outflow (inflow) of resources	\$ 1,926,687	\$ 1,438,467

Subtotal amounts related to pension as deferred outflows of resources, \$305,517, and deferred inflows of resources, \$(1,438,467), net to \$(1,132,950) and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2017	(555,092)
2018	(555,092)
2019	(555,092)
2020	525,809
2021	6,518
Thereafter	-
Total	\$(1,132,950)

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.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS (Continued)

ACTUARIAL VALUATIONS (Continued)

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.

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.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS (Continued)

ACTUARIAL VALUATIONS (Continued)

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 (asset)	\$ 13,673,674	\$ 5,665,583	\$ (1,083,134)

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.

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

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. RETIREMENT PLANS (Continued)

ACTUARIAL VALUATIONS (Continued)

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.

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

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

8. NET PENSION OBLIGATION (NPO) / OTHER POST-EMPLOYMENT BENEFITS (OPEB)

POST-EMPLOYMENT STIPENDS

An early retirement program is in effect for regular full-time teachers. To qualify for the plan, a teacher must have 15 years of experience in education, have been employed by the district for a minimum of ten years and be at least 58 years of age at retirement. Teachers receive a monthly payment of \$452 until age 65. This program is not available to any employee hired after July 1, 2004.

Teachers who have 30 years of participation with the Oregon Public Employees Retirement System and 20 years of service with the District are eligible for early retirement prior to age 58. They receive the dollar amount they would have received from age 58 to age 65 prorated monthly from age of retirement until age 65. Ten years of service prior to July 1, 2004 is required for full benefits. Benefits are prorated for individuals with less than ten years of service prior to July 1, 2004. Administrators have an early retirement program available at age 58 after ten years of service. They receive 1% per month of their final year's salary to age 62 and \$200 per month from age 62 to age 65 and paid medical insurance coverage based on the amount at retirement date.

The annual pension cost and net pension obligation is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual pension cost for the year ending June 30, 2016, the amount actually contributed to the plan, and changes in the net pension obligation:

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. NET PENSION OBLIGATION (NPO) / OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

POST-EMPLOYMENT STIPENDS (Continued)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual required contribution (ARC)	\$ 448,795	\$ 416,357	\$ 375,813	\$ 358,052
Interest on prior year Net Pension Obligation	25,838	24,882	23,668	22,529
Adjustment to ARC for Net Pension Obligation	<u>(388,596)</u>	<u>(374,221)</u>	<u>(355,965)</u>	<u>(338,832)</u>
Annual pension cost (APC)	86,037	67,018	43,516	41,749
Expected Stipend Payments	<u>(113,345)</u>	<u>(101,700)</u>	<u>(76,064)</u>	<u>(80,693)</u>
Increase in Net Pension Obligation	(27,308)	(34,682)	(32,548)	(38,944)
Net Pension Obligation at beginning of year	<u>738,220</u>	<u>710,912</u>	<u>676,230</u>	<u>643,682</u>
Net Pension Obligation at end of year	<u>\$ 710,912</u>	<u>\$ 676,230</u>	<u>\$ 643,682</u>	<u>\$ 604,738</u>
Percentage of APC contributed	132%	152%	175%	193%

Actuarial Methods and Assumptions

The annual required contribution (ARC) for the current year was determined as part of the October 1, 2014 actuarial valuation using the projected unit credit cost method actuarial cost method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of 3.5%, (b) health cost trend rate for medical and prescription drugs of 7.5% then downgraded accordingly until it reaches 5.25%; and (c) retirement rate assumptions. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Under this method, the Plan's benefit obligations for participants for past service are computed on a present value basis using projected benefits (including future accruals). The Accrued Liability is equal to a pro-rata portion of the total present value of benefits based on the ratio of service as of the valuation date to the projected service at assumed retirement (or other decrement).

As of October 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$683,150 at October 1, 2014, and the actuarial value of assets was zero, resulting in an unfunded accrued liability (UAAL) of \$683,150. The covered payroll is not available. The Annual Required Contribution (ARC) for June 30, 2016 was actuarially determined to be \$358,052 for District contributions.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. NET PENSION OBLIGATION (NPO) / OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

ANNUAL OPEB COST AND NET OPEB OBLIGATION (HEALTH INSURANCE)

The annual OPEB cost and net OPEB obligation is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year ending June 30, 2016, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual Required Contribution	\$ 340,042	\$ 349,100	\$ 256,614	\$ 254,306
Interest on prior year Net OPEB Obligation	25,239	29,590	33,708	33,615
Adjustment to Annual Required Contribution	<u>(86,708)</u>	<u>(101,656)</u>	<u>(115,803)</u>	<u>(115,483)</u>
Annual OPEB cost	278,573	277,034	174,519	172,438
Contributions made	<u>(154,259)</u>	<u>(159,376)</u>	<u>(177,180)</u>	<u>(161,488)</u>
Increase in Net OPEB obligation	124,314	117,658	(2,661)	10,950
Net OPEB Obligation at beginning of year	<u>721,121</u>	<u>845,435</u>	<u>963,093</u>	<u>960,432</u>
Net OPEB Obligation at end of year	<u>\$ 845,435</u>	<u>\$ 963,093</u>	<u>\$ 960,432</u>	<u>\$ 971,382</u>
Percentage of APC contributed	55%	58%	102%	94%

Actuarial Methods and Assumptions

The annual required contribution (ARC) for the current year was determined as part of the October 1, 2014 actuarial valuation using the projected unit credit cost method actuarial cost method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of 3.5%, (b) health cost trend rate for medical and prescription drugs of 7.5% then downgraded accordingly until it reaches 5.25%; and (c) retirement rate assumptions. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Funding Status and Funding Progress:

As of October 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,559,279, and the actuarial value of assets was zero, resulting in an unfunded accrued liability (UAAL) of \$1,559,279. The covered payroll is not available. The Annual Required Contribution (ARC) for June 30, 2016 was actuarially determined to be \$254,306 for District contributions.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon approved ballot Measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990. School operations include community colleges, local school districts and education service districts.

The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The voters of the State of Oregon passed ballot Measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. The District's permanent operating property tax rate was fixed at \$4.7448 per thousand of assessed value.

Measure 50 reduced the amount of operating property tax revenues available to the District for its 1998-1999 fiscal year, and thereafter. This reduction was accomplished by rolling assessed property values back to their 1995-96 values less 10%, and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to school districts. The ultimate impact to the Districts as a result of this measure has been greater reliance on state funding and less reliance on local funding. However, Seaside relies more heavily on Timber Revenue and local funding.

10. LONG-TERM DEBT

The following changes occurred in the liabilities during the year ended June 30, 2016:

	PERS Bonds	Capital Leases	SELP Obligation	Pension Obligation	OPEB Obligation	Total
Balance 7/1/15	\$ 8,540,000	\$ 129,983	\$ 276,402	\$ 643,682	\$ 960,432	\$ 10,550,499
Additions	-	-	-	-	10,950	10,950
Payments & Deletions	(335,000)	(63,962)	(18,834)	(38,944)	-	(456,740)
Balance 6/30/16	<u>\$ 8,205,000</u>	<u>\$ 66,021</u>	<u>\$ 257,568</u>	<u>\$ 604,738</u>	<u>\$ 971,382</u>	<u>\$ 10,104,709</u>
Amounts Payable In Fiscal Year:						
2016-2017	\$ 380,000	\$ 66,021	\$ 19,458	\$ -	\$ -	\$ 465,479
2017-2018	430,000	-	20,098	-	-	450,098
2018-2019	485,000	-	20,762	-	-	505,762
2019-2020	540,000	-	21,445	-	-	561,445
2020-2021	600,000	-	22,155	-	-	622,155
2021-2026	4,120,000	-	122,227	-	-	4,242,227
2026-2031	1,650,000	-	31,423	-	-	1,681,423
Other	-	-	-	604,738	971,382	1,576,120
	<u>\$ 8,205,000</u>	<u>\$ 66,021</u>	<u>\$ 257,568</u>	<u>\$ 604,738</u>	<u>\$ 971,382</u>	<u>\$ 10,104,709</u>

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG-TERM DEBT (Continued)

A summary of the PERS bonds, SELP Loan, and capital leases due is as follows:

	Issue Date	Original Amount	Interest Rates	Maturity Date	Remaining At 6/30/16
PERS Bonds	6/30/2005	\$ 10,080,000	4.849 to 5.011%	6/30/2028	\$8,205,000
SELP Obligation	8/1/2012	326,570	20.00%	8/1/2027	257,568
Bus Lease II	9/14/2011	209,281	3.3 to 15.8%	9/14/2016	44,775
Bus Lease III	1/30/2013	103,553	5.00%	1/30/2017	21,246

11. RISK MANAGEMENT

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

12. COMMITMENTS AND CONTINGENCIES

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

A number of federally assisted grant programs are participated in. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2016 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts, if any, are expected by management to be immaterial.

13. OPERATING LEASE AGREEMENTS

LEASE RECEIVABLE

On December 15, 2006, an agreement with the City of Seaside was entered into to allow the City to continue to lease the following described property: Seaside Chamber of Commerce Office Building, restrooms, parking facilities, together with other pertinent structures. It was agreed that the City would assume all of the responsibility for maintenance and upkeep of the improvements and the grounds and carry insurance coverage as full consideration of the rental. The lease is set to expire on December 15, 2031.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. OPERATING LEASE AGREEMENTS (Continued)

LEASE PAYABLE

On August 23, 2012 a five year operating lease agreement for three copier machines was entered into with ABS Finance. The monthly charge for this service is \$2,121. This lease will expire on September 30, 2017. Lease payments for the year ended June 30, 2016 totaled \$25,452.

Future minimum operating lease obligation is as follows:

Year Ended June 30,	Amount
2017	25,452
2018	<u>6,363</u>
Total	<u>\$ 31,815</u>

14. SHORT-TERM OBLIGATIONS

The following changes occurred in short-term obligations during the year ended June 30, 2016.

	Interest Rates	Original Issue	Beginning Balance	Additions	(Reductions)	Ending Balance	Due Within One Year
Tax Revenue Anticipated Note	0.65%	\$ 1,095,000	\$ -	\$ 1,095,000	\$ -	\$ 1,095,000	\$ 1,095,000
Tax Revenue Anticipated Note	0.25%	975,000	975,000	-	(975,000)	-	-
Total Short-term Liabilities			<u>\$ 975,000</u>	<u>\$ 1,095,000</u>	<u>\$ (975,000)</u>	<u>\$ 1,095,000</u>	<u>\$ 1,095,000</u>

15. INTERFUND TRANSFERS

The composition of interfund transfers is as follows:

	Transfers Out:	Transfers In:
General Fund	\$ 55,761	\$ -
Special Revenue Fund	<u>-</u>	<u>55,761</u>
Total Transfers	<u>\$ 55,761</u>	<u>\$ 55,761</u>

The internal transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

16. INTERFUND BALANCES

The composition of interfund balances is as follows:

	Due from Other Funds:	Due to Other Funds:
General Fund	\$ 990,811	\$ 989,146
Special Revenue Fund	635,380	919,686
Debt Service Fund	17,297	-
Capital Projects Fund	335,785	70,441
Trust Fund	<u>684</u>	<u>684</u>
Total Transfers	<u>\$ 1,979,957</u>	<u>\$ 1,979,957</u>

The internal balances are recorded to show legal and operational commitments between funds.

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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**SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2016

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.10 %	\$ 5,665,583	\$ 8,318,382	68.1 %	91.9 %
2015	0.11	(2,536,434)	7,739,243	(32.8)	103.6
2014	0.11	5,710,377	8,423,979	67.8	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 1,621,170	\$ 1,621,170	\$ -	\$ 8,519,028	19.0 %
2015	1,882,433	1,882,433	-	8,318,382	22.6
2014	1,770,618	1,770,618	-	7,739,243	22.9

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS
June 30, 2016

PLAN I (STIPENDS):

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
10/1/2014	\$ -	\$ 683,150	\$ 683,150	0.00%	n/a	n/a
10/1/2012	-	812,987	812,987	0.00%	n/a	n/a
10/1/2010	-	985,312	985,312	0.00%	n/a	n/a

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed
2016	\$ 41,749	193%
2015	43,516	175%
2014	67,018	152%
2013	86,037	132%
2012	155,396	88%
2011	247,122	55%

The above table presents the most recent actuarial valuations for the District's post-retirement pension stipend and it provides information that approximates the funding progress of the plan.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS
June 30, 2016

PLAN II (HEALTH INSURANCE)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
10/1/2014	\$ -	\$ 1,559,279	\$ 1,559,279	0.00%	n/a	n/a
10/1/2012	-	1,935,996	1,935,996	0.00%	n/a	n/a
10/1/2010	-	3,071,628	3,071,628	0.00%	n/a	n/a

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Pension Cost	Percentage Contributed
2016	\$ 172,438	94%
2015	174,519	102%
2014	277,034	58%
2013	278,573	55%
2012	390,050	60%
2011	378,682	57%

The above table presents the most recent actuarial valuations for the District's post-retirement health insurance and it provides information that approximates the funding progress of the plan.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 14,839,836	\$ 14,839,836	\$ 15,103,389	\$ 263,553
Intermediate Sources	75,000	75,000	38,700	(36,300)
State Sources	1,414,348	1,414,348	1,951,587	537,239
Federal Sources	7,000	7,000	7,921	921
Total Revenues	<u>16,336,184</u>	<u>16,336,184</u>	<u>17,101,597</u>	<u>765,413</u>
EXPENDITURES:				
Current:				
Instruction	10,739,712	10,739,712 (1)	10,009,300	730,412
Support Services	6,836,024	6,836,024 (1)	6,415,531	420,493
Principal	63,962	63,962	63,962	-
Interest	4,187	4,187	4,187	-
Contingency	650,000	650,000	-	650,000
Total Expenditures	<u>18,293,885</u>	<u>18,293,885</u>	<u>16,492,980</u>	<u>1,800,905</u>
Excess of Revenues Over, (Under) Expenditures	(1,957,701)	(1,957,701)	608,617	2,566,318
Other Financing Sources, (Uses):				
Transfers Out	(112,634)	(112,635) (1)	(55,761)	56,874
Total Other Financing Sources, (Uses)	<u>(112,634)</u>	<u>(112,635)</u>	<u>(55,761)</u>	<u>56,874</u>
Net Change in Fund Balance	<u>(2,070,335)</u>	<u>(2,070,336)</u>	<u>552,856</u>	<u>2,623,192</u>
Beginning Fund Balance	<u>2,070,335</u>	<u>2,070,335</u>	<u>2,736,372</u>	<u>666,037</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,289,228</u>	<u>\$ 3,289,228</u>

(1) Appropriation Level

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

<u>SPECIAL REVENUE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 713,196	\$ 713,196	\$ 721,725	\$ 8,529
Intermediate Sources	-	-	16,000	16,000
State Sources	7,650	7,650	19,943	12,293
Federal Sources	1,090,509	1,090,509	1,088,731	(1,778)
Total Revenues	1,811,355	1,811,355	1,846,399	35,044
EXPENDITURES:				
Current:				
Instruction	1,255,690	1,255,690 (1)	1,057,125	198,565
Support Services	388,336	388,336 (1)	212,964	175,372
Community Service	645,446	645,446 (1)	628,320	17,126
Debt Service:				
Redemption of Principal	18,834	18,834	18,886	(52)
Interest	8,706	8,706	8,654	52
Total Expenditures	2,317,012	2,317,012	1,925,950	391,062
Excess of Revenues Over, (Under) Expenditures	(505,657)	(505,657)	(79,551)	426,106
Other Financing Sources, (Uses):				
Transfers In	176,634	176,634	55,761	(120,873)
Transfers Out	(33,000)	(33,000) (1)	-	33,000
Total Other Financing Sources, (Uses)	143,634	143,634	55,761	(87,873)
Net Change in Fund Balance	(362,023)	(362,023)	(23,790)	338,233
Beginning Fund Balance	396,409	396,409	404,115	7,706
Ending Fund Balance	\$ 34,386	\$ 34,386	\$ 380,325	\$ 345,939

(1) Appropriation Level

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources	\$ 15,250	\$ 15,250	\$ 732	\$ (14,518)
Total Revenues	<u>15,250</u>	<u>15,250</u>	<u>732</u>	<u>(14,518)</u>
Other Financing Sources, (Uses):				
Transfers Out	(31,000)	(31,000) (1)	-	31,000
Total Other Financing Sources, (Uses)	<u>(31,000)</u>	<u>(31,000)</u>	<u>-</u>	<u>31,000</u>
Net Change in Fund Balance	(15,750)	(15,750)	732	16,482
Beginning Fund Balance	<u>24,750</u>	<u>24,750</u>	<u>16,836</u>	<u>(7,914)</u>
Ending Fund Balance	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 17,568</u>	<u>\$ 8,568</u>

(1) Appropriation Level

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2016

<u>CAPITAL PROJECTS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 1,000	\$ 1,000	\$ 68,251	\$ 67,251
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>68,251</u>	<u>67,251</u>
EXPENDITURES:				
Facilities Acquisition and Construction	<u>201,000</u>	<u>201,000 (1)</u>	<u>2,681</u>	<u>198,319</u>
Total Expenditures	<u>201,000</u>	<u>201,000</u>	<u>2,681</u>	<u>198,319</u>
Excess of Revenues Over, (Under) Expenditures	(200,000)	(200,000)	65,570	265,570
Beginning Fund Balance	<u>200,000</u>	<u>200,000</u>	<u>200,010</u>	<u>10</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,580</u>	<u>\$ 265,580</u>

(1) Appropriation Level

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the 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 AT 6/30/16
<u>GENERAL FUND:</u>						
Current:						
2015-16	\$ 15,114,192	\$ 384,975	\$ (23,630)	\$ 10,249	\$ 14,196,676	\$ 519,160
Prior Years:						
2014-15	535,630	-	(24,332)	23,259	302,500	232,057
2013-14	268,396	-	(22,255)	21,618	114,597	153,162
2012-13	173,962	-	(32,005)	31,728	108,218	65,467
2011-12	74,950	-	(17,292)	16,807	49,052	25,413
Prior Years	45,984	-	(7,524)	6,836	9,410	35,886
Total Prior	1,098,922	-	(103,408)	100,248	583,777	511,985
Total General Fund	<u>\$ 16,213,114</u>	<u>\$ 384,975</u>	<u>\$ (127,038)</u>	<u>\$ 110,497</u>	<u>\$ 14,780,453</u>	<u>\$ 1,031,145</u>

RECONCILIATION TO REVENUE:		GENERAL FUND
Cash Collections by County Treasurer Above		\$ 14,780,453
Accrual of Receivables:		
June 30, 2015		(115,957)
June 30, 2016		101,688
Taxes in Lieu		80,524
Total Revenue		<u>\$ 14,846,708</u>

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the 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 AT 6/30/16
<u>DEBT SERVICE</u>						
Current:						
2015-16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Years:						
2014-15	-	-	-	-	-	-
2013-14	246	-	(20)	20	105	141
2012-13	11	-	(2)	2	7	4
2011-12	2,189	-	(505)	491	1,433	742
Prior Years	<u>2,334</u>	<u>-</u>	<u>(382)</u>	<u>347</u>	<u>477</u>	<u>1,822</u>
Total Prior	<u>4,780</u>	<u>-</u>	<u>(909)</u>	<u>860</u>	<u>2,022</u>	<u>2,709</u>
Total Debt Service	<u>\$ 4,780</u>	<u>\$ -</u>	<u>\$ (909)</u>	<u>\$ 860</u>	<u>\$ 2,022</u>	<u>\$ 2,709</u>

RECONCILIATION TO REVENUE:	DEBT SERVICE FUND
Cash Collections by County Treasurer Above	\$ 2,022
Accrual of Receivables:	
June 30, 2015	(1,142)
June 30, 2016	108
Taxes in Lieu	<u>(396)</u>
Total Revenue	<u>\$ 592</u>

Seaside School District 10
Schedule of Expenditures of Federal Awards
Year Ending June 30, 2016

Program Title	Pass Through Organization	Federal CFDA Number	Pass Through Entity Number	Period Covered	Expenditures
US Department of Education					
Title I Grants to Local Education Agencies	Oregon Department of Education	84.010	36072	07/01/15-09/30/16	\$ 328,282
Title II-A Teacher Quality	Oregon Department of Education	84.367	33005	07/01/14-09/30/15	18,433
Title II-A Teacher Quality	Oregon Department of Education	84.367	36269	07/01/15-09/30/16	25,882
Total Title II-A Teacher Quality		84.367			\$ 44,315
Special Education Cluster					
IDEA Part B, Section 611	Oregon Department of Education	84.027	36964	07/01/15-09/30/17	234,276
SPR&I IDEA Part B, Section 611	Oregon Department of Education	84.027	37992	07/01/15-09/30/16	114
IDEA Enhancement IDEA Part B, Section 611	Oregon Department of Education	84.027	32222	10/01/14-09/30/15	282
IDEA Enhancement IDEA Part B, Section 611	Oregon Department of Education	84.027	38428	10/01/15-09/30/16	2,640
Extended Assessment IDEA Part B, Section 611	Oregon Department of Education	84.027	35801	07/01/15-06/30/16	587
Total Special Education Cluster		84.027			\$ 237,899
IDEA Part B, Section 619 Preschool Education Grant	Oregon Department of Education	84.173	37250	07/01/15-09/30/17	\$ 2,395
Rural and Low Income Schools Title VI-B	Oregon Department of Education	84.358	37774	07/01/15-09/30/16	\$ 26,207
Carl D. Perkins Career and Technical Education	ODE/Clatsop Community College	84.048	36401	07/01/15-06/30/16	\$ 7,921
Total US Department of Education					\$ 647,019
US Department of Agriculture					
School Breakfast Program	Oregon Department of Education	10.553		07/01/15-06/30/16	103,698
Food Distribution-Commodities	Oregon Department of Education	10.555		07/01/15-06/30/16	33,662
National School Lunch Program	Oregon Department of Education	10.555		07/01/15-06/30/16	304,010
Summer Lunch Program	Oregon Department of Education	10.559		07/01/15-06/30/16	8,263
Total US Department of Agriculture					\$ 449,633
Grants Expended or Passed Through to Subrecipients					\$ 1,096,652

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

OTHER INFORMATION

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF FUTURE REQUIREMENTS OF BONDED DEBT
June 30, 2016

YEAR	2005 PERS BOND		TOTAL REQUIREMENT ALL ISSUES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	Due 6/30	Due 12/30 & 6/30		
2016-2017	380,000	408,180	380,000	408,180
2017-2018	430,000	389,754	430,000	389,754
2018-2019	485,000	368,903	485,000	368,903
2019-2020	540,000	345,385	540,000	345,385
2020-2021	600,000	319,201	600,000	319,201
2021-2022	670,000	289,135	670,000	289,135
2022-2023	740,000	255,561	740,000	255,561
2023-2024	820,000	218,480	820,000	218,480
2024-2025	900,000	177,389	900,000	177,389
2025-2026	990,000	132,290	990,000	132,290
2026-2027	1,080,000	82,682	1,080,000	82,682
2027-2028	570,000	28,563	570,000	28,563
TOTALS	\$ 8,205,000	\$ 3,015,522	\$ 8,205,000	\$ 3,015,522

**2015 - 16 DISTRICT AUDIT REVENUE SUMMARY
SEASIDE SCHOOL DISTRICT 10**

	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	\$13,709,481	\$0	\$0	\$0	\$0	\$0	\$0
1120 Local Option Ad Valorem Taxes Levied by District	\$1,137,228	\$0	\$592	\$0	\$0	\$0	\$0
1130 Construction Excise Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1190 Penalties and Interest on Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1200 Revenue from Local Governmental Units Other Than Districts	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1311 Regular Day School Tuition - From Individuals	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1312 Regular Day School Tuition - Other Dist Within State	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1313 Regular Day School Tuition - Other Districts Outside	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1320 Adult/Continuing Education Tuition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1330 Summer School Tuition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1411 Transportation Fees - From Individuals	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1412 Transportation Fees - Other Dist Within State	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1413 Transportation Fees - Other Districts Outside	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1420 Summer School Transportation Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1500 Earnings on Investments	\$42,409	\$156	\$139	\$1,532	\$0	\$0	\$0
1600 Food Service	\$0	\$80,705	\$0	\$0	\$0	\$0	\$0
1700 Extracurricular Activities	\$21,963	\$357,355	\$0	\$0	\$0	\$0	\$0
1800 Community Services Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1910 Rentals	\$61,596	\$0	\$0	\$0	\$0	\$0	\$0
1920 Contributions and Donations From Private Sources	\$0	\$1,000	\$0	\$0	\$0	\$0	\$0
1930 Rental or Lease Payments From Private Contractors	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1940 Services Provided Other Local Education Agencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1950 Textbook Sales and Rentals	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1960 Recovery of Prior Years' Expenditure	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1970 Services Provided Other Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1980 Fees Charged to Grants.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1990 Miscellaneous	\$130,711	\$282,509	\$0	\$66,719	\$0	\$0	\$0
Total Revenue from Local Sources	\$15,103,387	\$721,726	\$731	\$68,251	\$0	\$0	\$0
Revenue from Intermediate Sources							
2101 County School Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2102 General ESD Revenue	\$38,700	\$16,000	\$0	\$0	\$0	\$0	\$0
2103 Excess ESD Local Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2105 Natural Gas, Oil, and Mineral Receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2110 Intermediate "I" Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2199 Other Intermediate Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2200 Restricted Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2800 Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2900 Revenue for/on Behalf of the District	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue from Intermediate Sources	\$38,700	\$16,000	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources							
3101 State School Fund - General Support	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3102 State School Fund - School Lunch Match	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3103 Common School Fund	\$141,499	\$0	\$0	\$0	\$0	\$0	\$0
3104 State Managed County Timber	\$1,805,414	\$0	\$0	\$0	\$0	\$0	\$0
3106 State School Fund - Accrual	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3199 Other Unrestricted Grants-in-Aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3204 Driver Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3222 State School Fund (SSF) Transportation Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3299 Other Restricted Grants-in-Aid	\$4,674	\$19,943	\$0	\$0	\$0	\$0	\$0
3800 Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3900 Revenue for/on Behalf of the District	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue from State Sources	\$1,951,587	\$19,943	\$0	\$0	\$0	\$0	\$0
Revenue from Federal Sources							
4100 Unrestricted Revenue Direct From the Federal Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4200 Unrestricted Revenue From the Federal Government Through the State	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4300 Restricted Revenue From the Federal Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4500 Restricted Revenue From the Federal Government Through the State	\$7,921	\$984,546	\$0	\$0	\$0	\$0	\$0
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4801 Federal Forest Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4802 Impact Aid to School Districts for Operation (PL 874)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4803 Coos Bay Wagon Road Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4899 Other Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4900 Revenue for/on Behalf of the District	\$0	\$104,184	\$0	\$0	\$0	\$0	\$0
Total Revenue from Federal Sources	\$7,921	\$1,088,731	\$0	\$0	\$0	\$0	\$0
Revenue from Other Sources							
5100 Long Term Debt Financing Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Interfund Transfers	\$0	\$55,761	\$0	\$0	\$0	\$0	\$0
5300 Sale of or Compensation for Loss of Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 Resources - Beginning Fund Balance	\$2,736,372	\$404,115	\$16,836	\$200,011	\$0	\$0	\$0
Total Revenue from Other Sources	\$2,736,372	\$459,876	\$16,836	\$200,011	\$0	\$0	\$0
Grand Totals	\$19,837,967	\$2,306,275	\$17,567	\$268,262	\$0	\$0	\$0

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
SEASIDE SCHOOL DISTRICT 10**

Fund: 100 General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$3,624,344	\$2,138,633	\$1,203,876	\$20,187	\$261,649	\$0	\$0	\$0
1113 Elementary Extracurricular	\$543	\$424	\$119	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$1,534,362	\$944,821	\$509,028	\$9,928	\$70,587	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$53,961	\$36,372	\$8,462	\$1,684	\$7,143	\$0	\$300	\$0
1131 High School Programs	\$2,106,037	\$1,313,658	\$695,170	\$23,633	\$73,576	\$0	\$0	\$0
1132 High School Extracurricular	\$299,288	\$228,027	\$47,182	\$16,699	\$2,851	\$0	\$4,528	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$418	\$344	\$74	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$743,670	\$367,475	\$303,739	\$69,462	\$2,995	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$1,089,754	\$576,727	\$478,754	\$28,420	\$5,852	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$39,160	\$21,080	\$18,080	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$22,199	\$10,128	\$12,071	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$483,503	\$279,939	\$202,671	\$0	\$894	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$12,059	\$9,633	\$2,426	\$0	\$0	\$0	\$0	\$0
Total Instruction Expenditures	\$10,009,300	\$5,927,261	\$3,481,650	\$170,013	\$425,548	\$0	\$4,828	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$64,947	\$34,945	\$30,002	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$494,722	\$319,319	\$175,167	\$64	\$172	\$0	\$0	\$0
2130 Health Services	\$100,462	\$63,985	\$26,327	\$2,917	\$1,471	\$0	\$5,762	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$118,241	\$0	\$0	\$118,241	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$136,917	\$90,718	\$41,505	\$3,660	\$440	\$0	\$595	\$0
2210 Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$186,571	\$80,855	\$94,778	\$0	\$10,938	\$0	\$0	\$0
2230 Assessment & Testing	\$7,314	\$0	\$0	\$6,540	\$774	\$0	\$0	\$0
2240 Instructional Staff Development	\$48,835	\$21,139	\$5,379	\$22,316	\$0	\$0	\$0	\$0
2310 Board of Education Services	\$137,421	\$0	\$0	\$137,036	\$0	\$0	\$385	\$0
2320 Executive Administration Services	\$283,005	\$179,987	\$89,491	\$11,509	\$782	\$0	\$1,236	\$0
2410 Office of the Principal Services	\$1,234,227	\$755,644	\$434,006	\$33,759	\$4,788	\$0	\$6,031	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$535,503	\$198,699	\$125,396	\$28,248	\$7,450	\$0	\$175,710	\$0
2540 Operation and Maintenance of Plant Services	\$1,688,235	\$433,647	\$302,889	\$715,512	\$231,889	\$0	\$4,297	\$0
2550 Student Transportation Services	\$1,075,998	\$350,509	\$306,678	\$33,760	\$89,323	\$276,095	\$19,633	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660 Technology Services	\$193,184	\$82,000	\$43,286	\$48,725	\$19,024	\$0	\$150	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$109,949	\$86,010	\$23,939	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$6,415,531	\$2,697,457	\$1,698,843	\$1,162,288	\$367,051	\$276,095	\$213,798	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$68,149	\$0	\$0	\$0	\$0	\$0	\$68,149	\$0
5200 Transfers of Funds	\$55,761	\$0	\$0	\$0	\$0	\$0	\$0	\$55,761
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$123,910	\$0	\$0	\$0	\$0	\$0	\$68,149	\$55,761
Grand Total	\$16,548,741	\$8,624,718	\$5,180,493	\$1,332,300	\$792,599	\$276,095	\$286,775	\$55,761

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
SEASIDE SCHOOL DISTRICT 10**

Fund: 200 Special Revenue Funds

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$12,981	\$0	\$0	\$0	\$12,981	\$0	\$0	\$0
1113 Elementary Extracurricular	\$33,511	\$0	\$0	\$20,568	\$12,943	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$3,043	\$0	\$0	\$0	\$2,593	\$0	\$450	\$0
1122 Middle/Junior High School Extracurricular	\$17,252	\$0	\$0	\$10,182	\$7,070	\$0	\$0	\$0
1131 High School Programs	\$14,437	\$0	\$4,761	\$3,000	\$6,676	\$0	\$0	\$0
1132 High School Extracurricular	\$410,323	\$0	\$0	\$142,281	\$175,063	\$0	\$92,979	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$236,671	\$148,813	\$85,463	\$2,395	\$0	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$328,282	\$196,062	\$126,232	\$0	\$5,988	\$0	\$0	\$0
1280 Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$625	\$0	\$0	\$0	\$625	\$0	\$0	\$0
Total Instruction Expenditures	\$1,057,125	\$344,875	\$216,456	\$178,426	\$223,939	\$0	\$93,429	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$9,530	\$8,449	\$1,081	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240 Instructional Staff Development	\$81,561	\$33,822	\$6,225	\$40,115	\$1,398	\$0	\$0	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410 Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$795	\$0	\$0	\$795	\$0	\$0	\$0	\$0
2540 Operation and Maintenance of Plant Services	\$74,563	\$0	\$0	\$5,924	\$68,639	\$0	\$0	\$0
2550 Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660 Technology Services	\$46,515	\$3,358	\$290	\$5,377	\$37,491	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$212,964	\$45,629	\$7,597	\$52,211	\$107,527	\$0	\$0	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$628,320	\$133,553	\$155,364	\$303,189	\$36,214	\$0	\$0	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$628,320	\$133,553	\$155,364	\$303,189	\$36,214	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$27,540	\$0	\$0	\$0	\$0	\$0	\$27,540	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$27,540	\$0	\$0	\$0	\$0	\$0	\$27,540	\$0
Grand Total	\$1,925,950	\$524,058	\$379,417	\$533,827	\$367,680	\$0	\$120,969	\$0

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
SEASIDE SCHOOL DISTRICT 10**

Fund: 300 Debt Service Funds

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113 Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1131 High School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1132 High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240 Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410 Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2540 Operation and Maintenance of Plant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2550 Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660 Technology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
SEASIDE SCHOOL DISTRICT 10**

Fund: 400 Capital Projects Funds

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113 Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1131 High School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1132 High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240 Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410 Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2540 Operation and Maintenance of Plant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2550 Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660 Technology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$2,681	\$0	\$0	\$0	\$0	\$2,681	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$2,681	\$0	\$0	\$0	\$0	\$2,681	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$2,681	\$0	\$0	\$0	\$0	\$2,681	\$0	\$0

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SUPPLEMENTAL INFORMATION
 As Required by the Oregon Department of Education
 For the Year Ended June 30, 2016

A.	Energy bills for heating - all funds:		<u>Objects 325 and 326</u>
		Function 2540	\$ 239,596
		Function 2550	-
B.	Replacement of equipment - General Fund: Include all General Fund expenditures in Object 542, except for the following exclusions: Exclude these functions:		<u>Amount</u>
	1113, 1122 & 1132 Co-curricular activities	4150	Construction \$ -
	1140 Pre-kindergarten	2550	Pupil transportation
	Continuing education	3100	Food service
	1400 Summer school	3300	Community services

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SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

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12700 SW 72nd Ave. Tigard, OR 97223
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December 22, 2016

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Seaside School District as of and for the year ended June 30, 2016, and have issued our report thereon dated December 22, 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 Seaside 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 Corporations except as noted on page 19 of this report.

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 basic 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, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.


Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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December 22, 2016

To the Board of Directors
Seaside School District
Clatsop County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the governmental activities and each major fund of Seaside 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 22, 2016.

Internal Control Over Financial Reporting

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

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 basic 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.

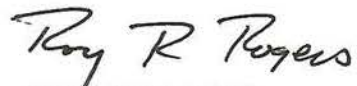
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.



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December 22, 2016

To the Board of Directors
Seaside School District
Clatsop County, Oregon

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and OMB 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, Seaside 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 the major federal programs for the year ended June 30, 2016.

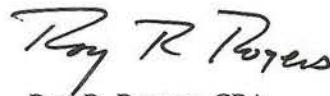
Report on Internal Control Over Compliance

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C

SEASIDE SCHOOL DISTRICT
CLATSOP 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 the Uniform Guidance? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes no

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
10.553,10.555 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes no

SEASIDE SCHOOL DISTRICT
CLATSOP COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards presented in this report 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 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.