

TRILLIUM CHARTER SCHOOL

Financial Report

For the Year Ended June 30, 2016



MCDONALD JACOBS

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

BOARD OF DIRECTORS
June 30, 2016

Stacy Blanton, President
Emily Evans
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All board members receive mail at the address below:

5420 North Interstate
Portland, OR 97217

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

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Principal

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Trillium Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities and the major fund of Trillium Charter School (an Oregon nonprofit corporation), Multnomah County, Oregon (the School) as of June 30, 2016 and for the year then ended, which collectively comprise the School's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities and the major fund of Trillium Charter School as of June 30, 2016 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the schedules of the proportionate share of net pension liability and contributions on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McDonald Jacobs, P.C.



Susan J. Marks, Principal
Portland, Oregon
September 26, 2016

TRILLIUM CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016

As management of Trillium Charter School (the School), we offer the following narrative overview and analysis of the School's financial statements for the year ended June 30, 2016. It is management's goal in preparing this discussion to assist users of these financial statements in interpreting key data found in the pages that follow, and to analyze the results of this fiscal year. Because the information contained in this discussion is select in nature, it should be considered in conjunction with the financial statements and notes to basic financial statements included in this financial report.

Although the School is a not-for-profit organization, these financial statements are presented in conformance with Governmental Accounting Standards Board (GASB) Statement No. 34 as amended. The State of Oregon, Secretary of State's interpretation of the enabling legislation related to Oregon Charter Schools, requires this presentation. The interpretation requires the School's financial statements to be presented on the same basis as those of our sponsoring district, the Portland Public School District.

The School's financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

The government-wide financial statements on pages 7 and 8 are designed to provide an overview of the School's financial operations, in a manner similar to a private-sector business. The Statement of Net Position presents information regarding all assets and liabilities, with the difference between the two being reported as net position. Changes in net position may serve as a useful indicator of whether or not the overall financial position of the School is improving or deteriorating. The Statement of Activities presents information showing how the School's net position increased or decreased during the year under audit. All activities in the government-wide financial statements are presented on the full accrual basis of accounting, in which they are reported as soon as the event occurs, regardless of the timing of associated cash flows.

The fund financial statements on pages 9 and 11 are presented focusing on near-term inflows and outflows of available resources as well as balances of available resources available at the end of the year. The Reconciliation of Governmental Funds on pages 10 and 12 provides reconciliation between the fund financial statements and the government-wide financial statements.

All activities of the School are considered to be governmental activities.

Condensed financial information is presented below.

Net Position	Governmental Activities		Percentage Change
	June 30,		
	2016	2015	
Current assets	\$ 996,756	\$ 1,010,797	(1.4) %
Capital and noncurrent assets	2,849,494	3,212,148	(11.3)
Total assets	3,846,250	4,222,945	(8.9)
Deferred outflows of resources	181,024	-	100.0
Current liabilities	369,900	281,250	31.5
Noncurrent liabilities	3,809,295	3,035,000	25.5
Total liabilities	4,179,195	3,316,250	26.0
Deferred inflows of resources	-	399,185	100.0
Net position:			
Net investment in capital assets	(185,506)	(190,285)	2.5
Restricted	346,819	344,422	0.7
Unrestricted	(313,234)	353,373	(188.6)
Total net position	\$ (151,921)	\$ 507,510	(129.9) %

- Our total assets decreased from \$4,222,945 to \$3,846,250 at the end of the 2016 fiscal year, of which \$2,849,494 are capital assets, net of depreciation.
- Our total liabilities increased by \$862,945 from \$3,316,250 to \$4,179,195, of which \$834,295 of the increase relates to the net pension liability. Total liabilities as of June 30, 2016 include \$369,900 which are current.
- Our total net position as presented decreased from \$507,510 to \$(151,921).
- Our net position without the effect of the net pension liability was \$501,350 at June 30, 2016 and \$594,262 at June 30, 2015.

An analysis of the government-wide financial statements shows the following:

Change in Net Position	Governmental Activities		Percentage Change
	Fiscal year ended June 30,		
	2016	2015	
Revenues:			
State School Fund	\$ 2,135,278	\$ 2,092,676	2.0 %
Charges for services	197,258	221,164	(10.8)
Operating grants and contributions	66,813	79,161	(15.6)
Other general revenues	25,822	26,196	(1.4)
Total revenues	<u>2,425,171</u>	<u>2,419,197</u>	0.2
Expenses:			
Instruction	1,799,091	944,201	90.5
Support services	1,212,009	745,565	62.6
Unallocated depreciation	73,502	71,720	2.5
Total expenses	<u>3,084,602</u>	<u>1,761,486</u>	75.1
Change in net position	(659,431)	657,711	(200.3)
Net position - beginning of year	<u>507,510</u>	<u>(150,201)</u>	<u>(437.9)</u>
Net position - end of year	<u>\$ (151,921)</u>	<u>\$ 507,510</u>	<u>(129.9) %</u>

- Our revenues came primarily from three major sources. State School Fund revenues were \$2,135,278, program fees were \$197,258 and fundraising revenues and contributions were \$66,813. Total revenues from all sources for the year were \$2,425,171, an increase of \$5,974 from 2014-2015 revenues of \$2,419,197.
- Our expenses totaled \$3,084,602 for the year, an increase of \$304,297 over 2014-2015 expenses of \$1,761,486. Part of the increase in total expenses is the effect of GASB 68 and 71, which was an increase of \$566,520 to personnel costs. Our largest expenses were for personnel costs, which totaled \$1,828,820.
- Our change in net position without the effect of GASB 68 and 71 was (\$92,912) for 2015-2016 and \$266,472 for 2014-2015.

We ended Spring 2016 with 352 students and opened this Fall 2016 with 360 students.

Please refer to the notes to the basic financial statements on pages 13 through 31 for a discussion of other matters related to the 2015-2016 year. Within that section are explanations of Trillium Charter School's organization and operations, a summary of significant accounting policies, and other important information.

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kieran Connolly, Executive Director, at Trillium Charter School, 5420 North Interstate, Portland, Oregon 97217.

A handwritten signature in black ink, appearing to read 'K. Connolly', written in a cursive style.

Trillium Charter School
Kieran Connolly, Executive Director

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

BASIC FINANCIAL STATEMENTS

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

STATEMENT OF NET POSITION
June 30, 2016

ASSETS:

Current assets:

Cash and cash equivalents	\$ 574,377
Cash restricted for bond repayment	346,819
Accounts receivable, net	56,106
Prepaid expenses	<u>19,454</u>
Total current assets	996,756
Capital assets, net of depreciation	<u>2,849,494</u>

TOTAL ASSETS 3,846,250

DEFERRED OUTFLOWS OF RESOURCES:

Net pension related deferral 181,024

LIABILITIES:

Current liabilities:

Accounts payable	26,593
Accrued payroll and related expenses	128,562
PERS payable	120,047
Accrued interest payable	34,698
Current portion of long-term debt	<u>60,000</u>
Total current liabilities	369,900
Net pension liability	834,295
Long-term debt	<u>2,975,000</u>

TOTAL LIABILITIES 4,179,195

NET POSITION:

Net investment in capital assets	(185,506)
Restricted	346,819
Unrestricted	<u>(313,234)</u>

TOTAL NET POSITION \$ (151,921)

See notes to basic financial statements.

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) and Changes in Net Position	
FUNCTIONS:					
Instruction	\$ 1,799,091	\$ 132,162	\$ 44,766	\$ (1,622,163)	
Support services	1,212,009	65,096	22,047	(1,124,866)	
Unallocated depreciation	73,502	-	-	(73,502)	
Total governmental activities	\$ 3,084,602	\$ 197,258	\$ 66,813	(2,820,531)	
General revenues:					
State School Fund				2,135,278	
Portland Arts Tax				19,257	
Donated materials and services				1,537	
Interest				346	
Other				4,682	
Total general revenues				2,161,100	
Change in net position				(659,431)	
Net position - beginning of year				507,510	
Net position - end of year				\$ (151,921)	

See notes to basic financial statements.

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2016

ASSETS	
Cash and cash equivalents	\$ 574,377
Cash restricted for bond repayment	346,819
Accounts receivable, net	56,106
Prepaid expenses	<u>19,454</u>
TOTAL ASSETS	<u>\$ 996,756</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 26,593
Accrued payroll and related expenses	128,562
PERS payable	<u>120,047</u>
Total liabilities	<u>275,202</u>
Fund balance:	
Nonspendable	19,454
Restricted	346,819
Unassigned	<u>355,281</u>
Total fund balance	<u>721,554</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 996,756</u>

See notes to basic financial statements.

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

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

June 30, 2016

Total fund balance	\$ 721,554
The net pension asset/(liability) is the difference between the total pension liability and the assets set aside to pay benefits to past and current employees and beneficiaries.	(834,295)
Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to measurement date.	181,024
The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in the Governmental Fund. The Statement of Net Position includes those capital assets among the assets of the School as a whole.	
Capital assets, net of depreciation	2,849,494
Long-term liabilities applicable to the School's 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.	
Bond payable	(3,035,000)
Accrued interest payable	<u>(34,698)</u>
Net position	<u>\$ (151,921)</u>

See notes to basic financial statements.

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

For the year ended June 30, 2016

Revenues:	
Local sources	\$ 289,893
State sources	<u>2,135,278</u>
Total revenues	<u>2,425,171</u>
Expenditures:	
Instruction:	
Salaries	953,460
Payroll taxes and employee benefits	317,008
Purchased services	102,958
Supplies and materials	<u>29,387</u>
Total instruction	<u>1,402,813</u>
Support services:	
Salaries	363,313
Payroll taxes and employee benefits	195,039
Purchased services	124,891
Supplies and materials	55,319
Facilities services	<u>90,856</u>
Total support services	<u>829,418</u>
Capital outlay	23,281
Debt service	<u>267,972</u>
Total expenditures	<u>2,523,484</u>
Net change in fund balance	(98,313)
Beginning fund balance	<u>819,867</u>
Ending fund balance	<u><u>\$ 721,554</u></u>

See notes to basic financial statements.

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

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

For the year ended June 30, 2016

Net change in fund balance	\$ (98,313)
<p>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.</p>	
	(566,520)
<p>Capital outlays are reported as expenditures; however, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.</p>	
Capital outlay	23,281
Depreciation expense	(73,502)
<p>Governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Governmental funds report principal payments on debt as expenditures, whereas these amounts are a reduction of long-term debt on the Statement of Net Position.</p>	
Principal payments on debt	55,000
Change in accrued interest payable	<u>623</u>
Change in net position	<u><u>\$ (659,431)</u></u>

See notes to basic financial statements.

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) for governmental units as required by an interpretation of Oregon law related to charter schools. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

A. The Financial Reporting Entity

Trillium Charter School (Trillium or the School) is a nonprofit corporation organized under the laws of the State of Oregon and governed by a 5 to 9 member board. Trillium was formed February 8, 2001 to operate as an Oregon Charter School under the provisions of Oregon Revised Statutes Chapter 338. This statute requires that the Charter School be considered a governmental organization and is subject to the *Minimum Standards of Audits of Oregon Municipal Corporations*. Generally accepted accounting principles require that these financial statements present Trillium and all component units, if any. All significant activities with which the School exercises oversight responsibility have been considered for inclusion in the basic financial statements. Trillium has no component units. Even though the School is a separate legal entity, Trillium Charter School operates under authority of the Portland School District who exercises oversight as required by Oregon Law.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Program revenues include fundraising revenues, contributions and grants. Revenues not classified as program revenues are reported as general revenues and include State School Fund unrestricted grants and federal grants.

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation, Continued

Government-Wide Financial Statements (GWFS), Continued

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."

The School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

Fund Financial Statements

The accounts of the School 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 number of funds is maintained consistent with legal and managerial requirements.

Governmental Fund Type

The General Fund is a governmental fund and is used to account for all of the School's activities. Governmental funds 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. The School considers all revenues reported in the governmental fund to be available if the revenues are collected within 60 days after year-end. Grant revenue is not considered available and, therefore, is not recognized until eligible expenditures are incurred. Expenditures are recorded when the liability is incurred.

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.

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation, Continued

Governmental Fund Type, Continued

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

The School has only one major governmental fund, a General Fund. This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund (there are no other funds). The principal revenue sources are payment of state school support from Portland Public School District, grants, program fees, fundraising and contributions.

Fund Balances - Governmental Fund

As of June 30, 2016, fund balances of the governmental fund are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the School's Board of Directors.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the School's Board of Directors may assign amounts for specific purposes.

Unassigned - all amounts not included in other spendable classifications.

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation, Continued

Fund Balances - Governmental Fund, Continued

As of June 30, 2016, fund balances of the governmental fund consist of:

- Nonspendable funds relating to prepaid items of \$19,454
- Restricted funds relating to cash restricted for bond payment and contributions restricted for science of \$346,819
- Unassigned fund balance of \$355,281

The School did not have committed or assigned fund balances.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When an expenditure for which committed, assigned or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the government-wide 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 deferred revenue in the Balance Sheet and Statement of Net Position.

Net Position

Net position is classified in the following categories:

Net investment in capital assets - consists of net assets invested in buildings, equipment and other capital assets of the School, net of any related debt.

Restricted - consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There was \$346,819 of restricted net position at June 30, 2016, for the repayment of long-term.

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

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Budget

The School is not legally bound to follow Oregon budget law which eliminates the requirement to present budgetary comparison schedules.

D. Accounts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts at June 30, 2016 of \$5,000. The allowance is determined by management based on its assessment of the current status of individual accounts. At June 30, 2016, there are no balances over 90 days past due.

E. Capital Assets

Capital assets, which include buildings and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$1,000 and a 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 asset lives are not capitalized. Depreciation is recorded on capital assets on the straight-line method over the useful life of the asset. Useful lives vary from 25 to 60 years for building and improvements, and 5 to 10 years for furniture and equipment.

F. Retirement Plans

Substantially all of Trillium Charter School's licensed teachers are participants in the 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 the fiduciary net position of PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Estimates

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

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Income Tax Status

Trillium Charter School is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Trillium Charter School is not a private foundation.

The School follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the School's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

The School's information returns for years ended June 30, 2012 and prior are generally no longer subject to examination by taxing authorities in its major tax jurisdictions.

I. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. As of June 30, 2016, there were deferred outflows of \$181,024 representing net pension related deferrals related to the implementation of GASB 68 and 71.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. There are no items that qualify for reporting in this category for the year ended June 30, 2016.

2. CASH AND CASH EQUIVALENTS

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.

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

2. CASH AND CASH EQUIVALENTS, Continued

Deposits with financial institutions:	
Demand deposits - interest bearing	\$ 574,377
Restricted deposits with financial institutions:	
Demand deposits - interest bearing	<u>346,819</u>
Total cash	<u>\$ 921,196</u>

Restricted Deposits

Restricted deposits consist of a Debt Service Reserve Fund and a Bond Fund that are restricted by bond holders. Funds from these accounts can only be used after approval by the bond holders.

Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. There is no deposit policy for custodial risk. As of June 30, 2016, bank balances were \$923,805, of which \$647,596 were insured by Federal Deposit Insurance Corporation (FDIC). Balances in excess of FDIC coverage limits are uninsured.

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

3. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2016 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>End Balance</u>
Land	\$ 546,000	\$ -	\$ -	\$ -	\$ 546,000
Construction in process	<u>13,685</u>	<u>12,350</u>	<u>-</u>	<u>(12,185)</u>	<u>13,850</u>
Total non depreciable assets	<u>559,685</u>	<u>12,350</u>	<u>-</u>	<u>(12,185)</u>	<u>559,850</u>
Buildings and improvements	2,802,093	6,669	-	12,185	2,820,947
Furniture and equipment	<u>40,786</u>	<u>4,262</u>	<u>-</u>	<u>-</u>	<u>45,048</u>
Total depreciable assets	<u>2,842,879</u>	<u>10,931</u>	<u>-</u>	<u>12,185</u>	<u>2,865,995</u>
Less accumulated depreciation:					
Buildings and improvements	(483,794)	(68,554)	-	-	(552,348)
Furniture and equipment	<u>(19,055)</u>	<u>(4,948)</u>	<u>-</u>	<u>-</u>	<u>(24,003)</u>
Total accumulated depreciation	<u>(502,849)</u>	<u>(73,502)</u>	<u>-</u>	<u>-</u>	<u>(576,351)</u>
Net depreciable assets	<u>2,340,030</u>	<u>(62,571)</u>	<u>-</u>	<u>12,185</u>	<u>2,289,644</u>
Net capital assets	<u>\$ 2,899,715</u>	<u>\$ (50,221)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,849,494</u>

4. RETIREMENT PLANS

Plan Description

Employees of the School are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003.

The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

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

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

4. RETIREMENT PLANS, Continued

Benefits Provided

a. Tier One/Tier Two Retirement Benefit ORS Chapter 238

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 (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

4. RETIREMENT PLANS, Continued

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 when determining the monthly benefit.

Benefit Changes

After retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

b. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

4. RETIREMENT PLANS, Continued

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA will vary based on the amount of the annual benefit.

c. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

4. RETIREMENT PLANS, Continued

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$194,540, excluding amounts to fund employer specific liabilities.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the School reported a liability of \$834,295 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2013 rolled forward to June 30, 2015. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the School's proportion was .01 percent, which was unchanged from its proportion measured as of June 30, 2014.

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

4. RETIREMENT PLANS, Continued

For the year ended June 30, 2016, the School recognized pension expense (income) of \$566,520. At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 44,989	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(174,887)
Changes in proportion and differences between School contributions and proportionate share of contributions	<u>116,382</u>	<u>-</u>
Subtotal - amortized deferrals (below)	161,371	(174,887)
School contributions subsequent to measurement date	<u>194,540</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 355,911</u>	<u>\$ (174,887)</u>

The \$194,540 reported as deferred outflows of resources related to pensions resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30, 2017	\$ (45,850)
2018	(45,850)
2019	(45,850)
2020	111,020
2021	<u>13,014</u>
Total	<u>\$ (13,516)</u>

TRILLIUM CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS, Continued
 June 30, 2016

4. RETIREMENT PLANS, Continued

Actuarial Assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial 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
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-district, 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.

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

4. RETIREMENT PLANS, Continued

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

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013, the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.75%

TRILLIUM CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS, Continued
 June 30, 2016

4. RETIREMENT PLANS, 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 School's proportionate share of the net pension liability to changes in the discount rate

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the School'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.

	Decrease (6.75%)	Rate (7.75%)	Increase (8.75%)
School's proportionate share of the net pension liability	\$ 2,013,540	\$ 834,295	\$ (159,499)

Pension plan fiduciary net position

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

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

4. RETIREMENT PLANS, Continued

Changes in Plan Provisions Subsequent to Measurement Date

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 on the 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 the 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 stature, 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 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.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the following website:
http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_closure_information_revised.pdf

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

5. LONG-TERM DEBT

Oregon Facilities Authority Revenue Bonds were issued on December 12, 2007 in the amount of \$3,395,000 with interest rates varying from 6.875% to 7.750%. Bond proceeds were used to retire mortgage debt and finance building improvements. Changes in long-term debt for the year ended June 30, 2016 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>End Balance</u>	<u>Due Within One Year</u>
Bonds payable - Series A	\$ 3,090,000	\$ -	\$ (55,000)	\$ 3,035,000	\$ 60,000
Total long-term debt	<u>\$ 3,090,000</u>	<u>\$ -</u>	<u>\$ (55,000)</u>	3,035,000	<u>\$ 60,000</u>
Less due within one year				60,000	
Long-term portion				<u>\$ 2,975,000</u>	

Future payments are as follows:

Year ending June 30,	<u>Bonds Payable - Series A</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 60,000	\$ 209,019	\$ 269,019
2018	65,000	204,722	269,722
2019	70,000	200,081	270,081
2020	75,000	195,097	270,097
2021	80,000	189,769	269,769
2022-2026	495,000	855,172	1,350,172
2027-2031	700,000	650,681	1,350,681
2032-2036	985,000	358,575	1,343,575
2037-2038	505,000	35,875	540,875
Total	<u>\$ 3,035,000</u>	<u>\$ 2,898,991</u>	<u>\$ 5,933,991</u>

Interest expense totaled \$212,350 for the year ended June 30, 2016.

Bond Covenants

The Oregon Facilities Authority Revenue Bonds have certain required ratio covenants in which the School was in compliance with as of June 30, 2016.

TRILLIUM CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS, Continued
June 30, 2016

6. COMMITMENTS AND CONTINGENCIES

A substantial portion of operating funding is received from the State of Oregon through Portland Public School District. 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 increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

The School operates under authority of Portland Public School District who grants the charter and exercises oversight as required by Oregon law. The effect of non-renewal of the charter has not been determined.

7. RISK MANAGEMENT

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

8. LEASE COMMITMENT

The School leases a digital copier for \$1,227 per month through June 30, 2019. The lease payment is subject to annual increases up to 10%. Lease expense totaled \$15,534 for the year ended June 30, 2016.

Future minimum lease payments are as follows:

Year ending June 30, 2017	\$	15,607
2018		15,607
2019		<u>15,607</u>
Total	\$	<u><u>46,821</u></u>

9. SUBSEQUENT EVENTS

Trillium Charter School has evaluated all subsequent events through September 26, 2016, the date the financial statements were available to be issued.

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2016

Schedule of the Proportionate Share of 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) CAL's covered payroll *	(b/c) NPL as a % of covered payroll	Plan fiduciary net position as a % of the total pension liability
2016	0.01%	\$ 834,295	\$ 973,189	85.73%	91.90%
2015	0.01%	\$ (312,433)	\$ 710,269	-43.99%	103.60%
2014	0.01%	\$ 703,393	\$ 925,348	76.01%	92.00%

Schedule of Contributions						
Year Ended June 30,	Statutorily required contribution *	Contributions in relation to the statutorily required contribution *	Contribution deficiency (excess)	Employer's covered payroll *	Contributions as a % of covered payroll	
2016	\$ 194,540	\$ 194,540	\$ -	\$ 973,189	19.99%	
2015	\$ 182,468	\$ 182,468	\$ -	\$ 710,269	25.69%	
2014	\$ 197,007	\$ 197,007	\$ -	\$ 925,348	21.29%	

* Amounts reported for 2015 and 2014 reflect corrections determined during 2016 relating to prior years' subject to payroll and employer contributions.

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

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

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at: http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

TRILLIUM CHARTER SCHOOL
Multnomah County, Oregon

AUDIT COMMENTS AND DISCLOSURES



Mark A. Clift, CPA
Shareholder

Karin S. Wandtke, CPA
Shareholder

Sang Ahn, CPA
Shareholder

Gerard DeBlois Jr., CPA
Shareholder

Mary Strasdin, CPA
Shareholder

Jill Oswald
Shareholder

Anthony Almer, CPA
Principal

Tyee Carr, CPA
Principal

Jake Jacobs, CPA
Principal

Susan J. Marks, CPA
Principal

Dennis C. Johnson, CPA
Principal

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Board of Directors
Trillium Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Trillium Charter School (the School) as of and for the year ended June 30, 2016, and have issued our report thereon dated September 26, 2016.

Compliance

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295)
- Insurance and fidelity bonds in force or required by law
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)
- Public charter school requirements

In connection with our testing nothing came to our attention that caused us to believe the School was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

Restriction on Use

This report is intended solely for the information the Board of Directors, management of Trillium Charter School, Multnomah County School District IJ, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

McDonald Jacobs, P.C.

A handwritten signature in black ink that reads "Susan J. Marks". The signature is written in a cursive style with a large initial "S" and "M".

Susan J. Marks, Principal
Portland, Oregon
September 26, 2016