

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016



12700 SW 72nd Ave.
Tigard, OR 97223

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2016

This Page Intentionally Left Blank

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

BOARD OF EDUCATION AS OF JUNE 30, 2016

<u>NAME</u>	<u>TERM EXPIRES</u>
Michael Gunter, Chair	June 30, 2017
Michelle Janke, Vice Chair	June 30, 2017
John Bogaty	June 30, 2017
Nicole Grayson	June 30, 2020
Joe Prats	June 30, 2020

ADMINISTRATION

Terry Brandon, Superintendent

11733 SW Breyman Avenue
Portland, Oregon 97219-8409

This Page Intentionally Left Blank

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	i
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Management's Discussion and Analysis	iv
 <u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	6
Notes to the Basic Financial Statements	7
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of the Proportionate Share of the Net Pension Liability (PERS)	29
Schedule of Contributions (PERS)	29
Schedule of Funding Progress and Employer Contributions – Pension Plan (Stipends)	30
Other Post-Employment Benefits (Health Insurance)	31
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	32
Special Revenue Fund	33
Debt Service Fund	34
Capital Projects Fund	35
 <u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Property Tax Transactions and Balances of Taxes Uncollected:	
General Fund	36
Debt Service Fund	37

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

TABLE OF CONTENTS (CONTINUED)

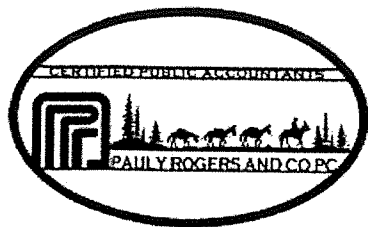
PAGE
NUMBER

OTHER INFORMATION

Schedule of Expenditures of Federal Awards	38
Schedule of Future Requirements of Bonded Debt	39
Schedule of Bond and Interest Transactions	40
Supplemental Information as Required by the Oregon Department of Education	41
Revenue Summary	42
Expenditures by Function/Object – General Fund	43
Expenditures by Function/Object – Special Revenue	44
Expenditures by Function/Object – Debt Service	45
Expenditures by Function/Object – Capital Projects	46

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

Independent Auditors' Report Required by Oregon State Regulations	47
---	----



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

January 25, 2017

To the Board of Directors
Riverdale School District 51J
Multnomah 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 Riverdale School District 51J (the District), as of and for the year ended June 30, 2016, and the related notes to the basic 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. 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 Riverdale School District 51J as of June 30, 2016 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

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 Management's Discussion and Analysis or Schedules of Funding Progress and Employer Contributions for the pension or other post-employment benefit plans (PERS and OPEB) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 respect 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 supplementary information is the responsibility of management and was 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 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 Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 25, 2017 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.

A handwritten signature in black ink, appearing to read "Roy R. Rogers". The signature is fluid and cursive, with the first and last names being more prominent than the middle initial.

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

This Page Intentionally Left Blank

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

As management of Riverdale School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

In the government-wide statements, the assets of the District exceeded its liabilities on June 30, 2016 by \$1,122,790. The District's governmental funds report a combined ending fund balance of \$2,595,412 on June 30, 2016. At the end of the fiscal year total fund balance for the General Fund was \$1,604,962 which represents 21% of the total General Fund revenues. On June 30, 2016, the District's total long-term liabilities totaled \$28,496,763.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the assets and liabilities, including capital assets and long-term liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District changed during the most recent fiscal year. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the *government-wide financial statements*, the District's activities are shown in one category as governmental activities. These activities include services related to education K-12. These activities are primarily financed through property taxes, Oregon's State School Fund, tuition, and other intergovernmental revenues.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District maintains four major funds: the General Fund, Special Revenue Fund, Debt Service Fund, and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for all funds.

Notes to the 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.

Overview of the Financial Statements, continued

Government-Wide Financial Analysis

Statement of Net Position: The Statement of Net Position presents information on all the District assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Table 1 provides a comparative summary of the Riverdale District's net assets for the year ending June 30, 2015 and 2016 respectively.

Table 1
Governmental Activities

	<u>30-Jun-15</u>	<u>30-Jun-16</u>	<u>Increase (Decrease)</u>
Assets			
Current Assets	\$ 4,169,622	\$ 3,483,179	\$ (686,443)
Net Pension Asset	768,380	-	(768,380)
Net capital Assets	<u>27,311,808</u>	<u>26,691,640</u>	<u>(620,168)</u>
Total Assets	32,249,810	30,174,819	2,074,991
Deferred Outflow of Resources			
Deferred Loss on Bond Refunding	1,048,616	932,103	(116,513)
Pension Related Deferrals	<u>-</u>	<u>863,706</u>	<u>863,706</u>
Total Deferred Outflows of resources	1,048,616	1,795,809	747,193
Liabilities			
Current Liabilities	2,209,722	1,934,989	(274,733)
Long Term Liabilities	<u>27,345,865</u>	<u>28,496,763</u>	<u>1,150,898</u>
Total Liabilities	29,555,587	30,431,752	(876,165)
Deferred Inflows of Resources	1,007,127	416,086	(591,041)
Net Position			
Invested in Capital Assets	1,767,909	3,598,467	1,830,558
Restricted Assets	828,826	990,450	161,624
Unrestricted Assets	<u>138,977</u>	<u>(3,466,127)</u>	<u>(3,605,104)</u>
Total Net Position	<u>\$ 2,735,712</u>	<u>\$ 1,122,790</u>	<u>\$ (1,612,922)</u>

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

Overview of the Financial Statements, continued- Table 2 shows the comparative showing the net change in Governmental Funds for the year ending June 30, 2015 and 2016, respectively.

Table 2
Net Change in Fund Balance - Governmental Funds

	<u>30-Jun-15</u>	<u>30-Jun-16</u>	<u>Increase (Decrease)</u>
Revenues			
Charges for Services	\$ 2,114,645	\$ 995,428	\$(1,119,217)
Operating Grants and Contributions	989,074	1,678,712	689,638
General Revenues	<u>6,773,788</u>	<u>7,270,900</u>	<u>497,112</u>
Total Revenues	9,877,507	9,945,040	67,533
Expenditures			
Instruction	4,826,208	6,670,189	1,843,981
Support Services	2,976,221	3,658,385	682,164
Community Services	5,964	7,416	1,452
Interest of Long Term Debt	<u>1,275,084</u>	<u>1,221,972</u>	<u>(53,112)</u>
Total Expenditures	9,083,477	11,557,962	2,474,485
Net Change in Fund Balance:	<u>\$ 794,030</u>	<u>\$(1,612,922)</u>	<u>\$(2,406,952)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

The focus of the District's *governmental funds* is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, 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.

The increase in State revenues follows the Legislature's adoption of a much larger budget for K-12 education.

The increase in Instruction expenditures follows a focus to increase spending in that area. Teachers were added, costs were reduced in Support Service areas. On June 30, 2016 the District's governmental funds reported combined ending fund balances of \$2,595,412.

The *General Fund* is the chief operating fund of the District. As of June 30, 2016, total fund balance was \$1,604,962 while total assets reached \$2,342,441.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Oregon law and is based on accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Table 3 shows the comparative showing the net change in the General Fund Balance for the year ending June 30, 2015 and 2016, respectively.

Table 3
Net Change in General Fund Balance

	<u>30-Jun-15</u>	<u>30-Jun-16</u>	Increase (Decrease)
Revenues			
Local Sources	\$ 5,551,645	\$ 5,242,015	\$ (309,630)
Intermediate Sources	60,361	313	(60,048)
State Sources	2,030,518	2,298,741	268,223
Federal Grants	393	358	(35)
Total Revenues	<u>7,642,917</u>	<u>7,541,427</u>	<u>(101,490)</u>
Expenditures			
Instruction	4,587,331	4,935,120	347,789
Support Service	<u>3,242,318</u>	<u>3,091,161</u>	<u>(151,157)</u>
Total Expenditures	<u>7,829,649</u>	<u>8,026,281</u>	<u>196,632</u>
Net Change in Fund Balance:	<u>\$ (186,734)</u>	<u>\$ (428,355)</u>	<u>\$ (241,621)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, buildings and improvements, site improvements, vehicles and equipment. As of June 30, 2016 the District had invested \$26,691,640 in capital assets. Depreciation expense for the year totaled \$672,872.

Long-term debt. At the end of the current fiscal year, the District had a total debt outstanding of \$28,496,763.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In June 2015, the State of Oregon adopted its budget for the 2015-17 biennium for K-12 education at \$7.373 billion, an increase of \$823 million from the 2013-15 biennium. Further actions by the Legislature brought about rate increases for PERS employer rates for 2017-19. After the Legislative actions, the PERS Board adjusted the District's rate to an increase of 7.19 percentage points.

Student membership is expected to remain flat at the Grade School and at the High School over the next several years. The District receives approximately \$7,349 per student in fiscal year 2016 from the State School Fund Formula. Any loss in resident and transfer student membership creates a financial burden upon the district.

Salary and benefit costs for 2017-18 are currently unknown, and will be based on negotiated contracts that will take place in the Spring of 2017.

The District's Budget Committee and School Board will be reviewing the 2017-18 budget in the coming months.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager, at 11733 SW Breyman Avenue, Portland, Oregon 97219-8409.

Respectfully submitted,

A handwritten signature in cursive script that reads "Betsy Neuman". The signature is written in dark ink and is positioned above a horizontal line.

Betsy Neuman, Business Manager/CFO

This Page Intentionally Left Blank

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities
Assets	
Current:	
Cash and Cash Equivalents	\$ 3,065,883
Taxes Receivable	324,013
Accounts Receivable	93,283
Non-Current:	
Capital Assets:	
Non-Depreciable	7,521
Depreciable, Net of Depreciation	26,684,119
Total Assets	30,174,819
Deferred Outflows of Resources	
Deferred Loss on Bond Refunding	932,103
Pension Related Deferrals	863,706
Total Assets and Deferred Outflows	31,970,628
Liabilities	
Current Liabilities:	
Accounts Payable	111,085
Accrued Payroll	312,849
Accrued Interest	16,616
Accrued Vacation	679
Unearned Revenue	154,325
Current Portion, Long-term Debt:	
OPEB Obligation	4,435
Pension Obligation	1,131
Bonds Payable	1,333,869
Total Current Liabilities	1,934,989
Long-term Debt:	
Deferred Interest on Bonds	4,272,981
OPEB Obligation	87,264
Pension Obligation	22,260
Net Pension Liability (PERS)	1,984,929
Premium on Bonds Payable	1,189,439
Bonds Payable	20,939,890
Total Non-current Long-term Debt	28,496,763
Total Liabilities	30,431,752
Deferred Inflows of Resources	
Pension Related Deferrals	416,086
Total Liabilities and Deferred Inflows of Resources	30,847,838
Net Position	
Net Investment in Capital Assets	3,598,467
Restricted for:	
Student Services	500,689
Debt Service	204,289
Capital Projects	285,472
Unrestricted	(3,466,127)
Total Net Position	\$ 1,122,790

See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Instruction	\$ 6,670,189	\$ 986,982	\$ 1,622,945	\$ (4,060,262)
Support Services	3,658,385	6,350	4,350	(3,647,685)
Community Services	7,416	2,096	51,417	46,097
Interest on long-term debt	<u>1,221,972</u>	<u>-</u>	<u>-</u>	<u>(1,221,972)</u>
Total Governmental Activities	<u>\$ 11,557,962</u>	<u>\$ 995,428</u>	<u>\$ 1,678,712</u>	<u>(8,883,822)</u>
General Revenues:				
Property Taxes - General				3,000,418
Property Taxes - Debt Service				1,838,771
Local Revenue				94,149
County Revenue				313
State Sources				2,298,741
Earnings on Investments				<u>38,508</u>
Total General Revenues				<u>7,270,900</u>
		Change in Net Position		(1,612,922)
		Net Position - Beginning		<u>2,735,712</u>
		Net Position - Ending		<u>\$ 1,122,790</u>

See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
ASSETS:					
Cash and Investments	\$ 2,034,053	\$ 473,400	\$ 272,800	\$ 285,630	\$ 3,065,883
Receivables:					
Taxes	201,525	-	122,488	-	324,013
Accounts	32,541	59,224	176	1,342	93,283
Due From Other Funds	74,322	-	9,086	-	83,408
Total Assets	<u>\$ 2,342,441</u>	<u>\$ 532,624</u>	<u>\$ 404,550</u>	<u>\$ 286,972</u>	<u>\$ 3,566,587</u>
LIABILITIES:					
Liabilities:					
Due To Other Funds	\$ -	\$ -	\$ 83,408	\$ -	\$ 83,408
Accounts Payable	105,397	4,188	-	1,500	111,085
Payroll Liabilities	298,002	14,847	-	-	312,849
Unearned Revenue	141,425	12,900	-	-	154,325
Total Liabilities	<u>544,824</u>	<u>31,935</u>	<u>83,408</u>	<u>1,500</u>	<u>661,667</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue-Property Taxes	<u>192,655</u>	<u>-</u>	<u>116,853</u>	<u>-</u>	<u>309,508</u>
Total Deferred Inflows of Resources	<u>192,655</u>	<u>-</u>	<u>116,853</u>	<u>-</u>	<u>309,508</u>
FUND BALANCES:					
Restricted: Student Services	-	500,689	-	-	500,689
Restricted: Debt Service	-	-	204,289	-	204,289
Restricted: Capital Projects	-	-	-	285,472	285,472
Unassigned	<u>1,604,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,604,962</u>
Total Fund Balance	<u>1,604,962</u>	<u>500,689</u>	<u>204,289</u>	<u>285,472</u>	<u>2,595,412</u>
Total Liabilities, Fund Balances, and Deferred Inflows of Resources	<u>\$ 2,342,441</u>	<u>\$ 532,624</u>	<u>\$ 404,550</u>	<u>\$ 286,972</u>	<u>\$ 3,566,587</u>

See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON
RECONCILIATION TO GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION

June 30, 2016

Total Fund Balances	\$ 2,595,412
----------------------------	---------------------

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

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.	(1,984,929)
--	-------------

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.

Pension Related Deferred Outflows	863,706
Pension Related Deferred Inflows	(416,086)

Deferred outflows of resources related to the book loss on refunding of GO Bonds are reflected on the government-wide financial statements and amortized over the life of the new bonds.	932,103
--	---------

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

Capital assets, net	26,691,640
---------------------	------------

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	309,508
--	---------

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(16,616)
---	----------

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

These liabilities consist of:

Accrued Compensated Absences	\$	(679)	
Bonds Payable		(22,273,759)	
Premium on Bonds Payable		(1,189,439)	
Deferred Interest on Bonds Payable		(4,272,981)	
OPEB Obligation		(91,699)	
Pension Obligation		(23,391)	
		<hr/>	(27,851,948)

Total Net Position	\$ 1,122,790
---------------------------	---------------------

See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
REVENUES:					
From Local Sources	\$ 5,242,015	\$ 428,091	\$ 2,243,330	\$ 39,201	\$ 7,952,637
From Intermediate Sources	313	-		-	313
From State Sources	2,298,741	9,338	-	-	2,308,079
From Federal Sources	358	59,046	-	-	59,404
Total Revenues	7,541,427	496,475	2,243,330	39,201	10,320,433
EXPENDITURES:					
Current:					
Instruction	4,935,120	588,074	-	-	5,523,194
Support Services	3,091,161	62,317	-	-	3,153,478
Enterprise and Community Services	-	7,126	-	-	7,126
Facilities Acquisition and Construction	-	-	-	52,616	52,616
Non Current:					
Debt Service	-	-	2,194,068	-	2,194,068
Total Expenditures	8,026,281	657,517	2,194,068	52,616	10,930,482
Net Change in Fund Balance	(484,854)	(161,042)	49,262	(13,415)	(610,049)
Beginning Fund Balance	2,077,748	673,799	155,027	298,887	3,205,461
Prior Period Adjustment *	12,068	(12,068)	-	-	-
Ending Fund Balance	\$ 1,604,962	\$ 500,689	\$ 204,289	\$ 285,472	\$ 2,595,412

* Special Revenue Fund 252 was closed out to the General Fund

See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2016

Net Change in Fund Balance	\$	(610,049)
----------------------------	----	-----------

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

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

Capitalized expenditures	\$	52,704	
Depreciation expense		<u>(672,872)</u>	(620,168)

The pension expense represents the changes in net pension 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.			(1,298,562)
--	--	--	-------------

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which proceeds exceeded repayments:

Principal repaid (net)			1,488,715
Promissory Note Forgiven			

Governmental funds report the effect of, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of Premiums, GO Bonds			153,622
Defeasance of Debt, GO Bonds			(116,513)

In the Statement of Activities, interest is accrued on long term debt, whereas in governmental funds it is recorded as interest expense when due.

Accretion of Deferred Interest on Bonds Payable			(672,240)
Other Accrued Interest on Long-Term Debt			1,999

Accrued Vacation, OPEB Obligation & Pension Obligation are recognized as expenditures in the governmental funds when they are paid. In the Statement of Activities these liabilities are recognized as expenditures when earned. In the current year, changes in these liabilities are as follows:

Accrued Vacation			(23)
OPEB Obligations			10,909
Pension Obligation			9,467

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

39,921

Change in Net Position	\$	<u>(1,612,922)</u>
------------------------	----	--------------------

See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

The Riverdale School District 51J (the District) was established in 1888 with the Riverdale Grade School in the Dunthorpe neighborhood. Riverdale High School was added to the District starting with the 1996-1997 school year and its location is just two miles from the Grade School. The Riverdale Grade School building was replaced in 2009. The District Offices are located at the Grade School. The board is composed of elected members who serve four-year terms. The Board supervises a Superintendent who is the chief administrative officer and executes the Board's policies and programs.

The District is independent and is not included as a part of any other financial reporting entity. Accounting principles generally accepted in the United States of America require that these basic financial statements present the District and all component units, if any. 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. There are various governmental agencies that provide service within the District's boundaries, however the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

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

Government Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the District as a whole.

The government-wide financial statements are reported 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 non-exchange transactions are recognized in accordance with GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions." Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All direct expenses are reported by function in the Statement of Activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and it reported separately on the Statement of Activities.

Separate financial statements are provided for governmental funds. Program revenues 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 and include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Government Wide Financial Statements (GWFS) - continued

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.

Fund Financial Statements

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 number of funds is maintained consistent with legal and managerial requirements.

Governmental Fund Types

Governmental funds are used to account for general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both 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. Expenditures generally are recorded when a liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences which are only recognized as expenditures when they will be liquidated with 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.

The following major governmental funds are reported:

General Fund

This is the primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. The principal revenue sources are property taxes, state school fund grant, tuition, and the Riverdale School District Foundation Contribution.

Special Revenue Funds

These funds account for revenue sources that are legally restricted to expenditures for specific purposes such as classroom supplies and equipment, capital improvements and to supplement existing resources. The student body funds for the high school and grade school, for the purpose of supporting school activities, are a part of the special revenue funds.

Debt Service Fund

This fund provides for the payment of principal and interest on general obligation bonded debt. The principal revenue source is property taxes. This fund also provides for the principal and interest payments of the debt associated with paying down the PERS unfunded actuarial liability and the principal sources of revenue come from the state apportionment.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Governmental Fund Types - continued

Capital Projects Fund

This fund accounts for activities related to the acquisition, construction, equipping, and furnishing of facilities. Principal revenue sources are proceeds from the sale of bonds received in prior years and interest earnings.

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 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Property Taxes

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

Uncollected property taxes are shown in the balance sheet. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Grants

Unreimbursed grant expenditures due from grantor agencies are recorded as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures that is to be carried over to the next fiscal year is recorded as a liability, unearned revenue.

Supply Inventories

All supply inventories are valued at cost (first-in, first-out method). Inventories of governmental funds are recorded as expenditures when purchased. A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA. Management believes there were no material inventories on hand at year end.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, 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. Interest incurred during construction is not capitalized. 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 cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	10 to 50 years
Vehicles and Equipment	5 to 30 years

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 bonds outstanding 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Retirement Plans

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

Post Employment Health Care Benefits

State law requires the District to offer a retirement program which allows retirees to continue group medical, dental and/or vision insurance coverage at their own expense, through the District's plans, subject to the terms and conditions of the insurance carrier(s). The District pays the group medical, dental and vision insurance premiums for retirees who qualified for the previous post retirement plan, plus one of their dependents, if applicable. The last eligible retiree under the old plan enrolled on June 30, 2014.

Vested Compensated Absences

Policy is to permit employees to accumulate up to 40 hours of earned but unused vacation 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. All vacation pay is accrued in the government wide statements.

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 assets use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are assets restricted for debt service, student services and capital projects.

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

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. The Statement of Net Position reports deferred outflows representing deferred book loss on the issue of refunding bonds in the amount of \$932,103, and pension related deferrals in the amount of \$863,706.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Deferred Outflows/Inflows of Resources - continued

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 pension-related deferred inflows on the Statement of Net Position of \$416,086 and unavailable property tax revenue in the balance sheet of \$309,508.

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 five fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The District's nonspendable fund balance represents prepaid expenses.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The authority to classify portions of ending fund balance according to the categories above is delegated to the Superintendent.
- 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, committed or assigned fund balances 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except that property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is reported as an expenditure rather than capitalized, depreciation and amortization are not recorded, and debt including OPEB, vacation, and pension obligations are recorded as an expenditure when paid instead of when incurred.

The budgeting process begins by appointing Budget Committee members in early 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 and appropriation adjustments approved by the Board. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations except for the Debt Service Fund which was overspent by \$52 for Total Expenditures.

3. CASH AND INVESTMENTS

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.

Credit Risk - Deposits

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, \$250,000 of the bank balance of \$350,703 was insured by the FDIC, and the remaining balance was adequately collateralized.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (Continued)

INVESTMENTS

The policy is to follow state statutes governing cash management. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government 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.

Cash and Investments at June 30, 2016 consisted of:

Cash	\$ 218,630
Investments	2,847,253
Total Cash & Investments	<u>\$ 3,065,883</u>

There were the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurers Investment Pool	\$ 2,847,253	\$ 2,847,253	\$ -	\$ -
Total	<u>\$ 2,847,253</u>	<u>\$ 2,847,253</u>	<u>\$ -</u>	<u>\$ -</u>

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. There are no investments that have a maturity date beyond three months.

Credit Risk

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

At June 30, 2016, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument. Oregon Revised Statutes require no more than 25 percent of the monies of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2016, there was compliance with all percentage restrictions.

4. RECEIVABLES

Receivables at June 30, 2016 consist of amounts due from individuals and from other governments.

All receivables are current. Management believes they are fully collectible so no provision for doubtful accounts has been made.

5. CAPITAL ASSETS

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

	Governmental Capital Assets 7/1/2015	Additions	Deletions	Governmental Capital Assets 6/30/2016
Capital assets not being depreciated:				
Land & Land Improvements	\$ 7,521	\$ -	\$ -	\$ 7,521
Capital assets being depreciated:				
Buildings & Improvements	33,030,712	39,204	-	33,069,916
Vehicles and Equipment	218,507	13,500	-	232,007
Total	33,256,740	52,704	-	33,309,444
Accumulated Depreciation:				
Buildings and Improvements	5,797,970	659,296	-	6,457,266
Vehicles and Equipments	146,962	13,576	-	160,538
Total	5,944,932	672,872	-	6,617,804
Capital Assets, Net	<u>\$ 27,311,808</u>			<u>\$ 26,691,640</u>

Of the \$672,872 in total depreciation expense: \$427,970 was allocated to Instruction; \$244,350 was allocated to Support; and \$552 was allocated to Community Services.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. OPERATING LEASE

A lease was entered into in July 2014 for the use of copy machines. Monthly payments of \$1,257 are made for 60 months beginning July 2014 through June 2019. Expenditures for this lease during the fiscal year ending June 30, 2016 were \$15,083. Future lease payments are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2017	15,083
2018	15,083
2019	<u>15,083</u>
Total	<u>\$ 45,249</u>

7. GROUND LEASE

A Ground Lease with Portland School District 1J (Portland) was entered into on February 9, 2001, and was amended on June 29, 2001, for the Collins View School Site, at a cost of \$10,000 per month. The Ground Lease provides for an initial lease term of twenty years, with three options to extend for ten years each. Each option to extend may only be exercised within the last two years of an extension period. Should the Ground Lease remain in effect for the initial term as well as all three term extensions, the District has an option to acquire the Collins View Site at its current fair market value.

The commencement date for this lease is July 1, 2001. In addition to the terms mentioned in the preceding paragraph the Ground Lease will increase by 2 percent each year. Every five years the minimum rent shall be adjusted to reflect any change in the fair market rental value of the premises. Although the Ground Lease is located outside the District's boundaries, the 1996 bond measure gave the District legal authority to locate a high school outside the Districts' boundaries. The Ground Lease was within the Riverdale Board's reasonable discretion, and the May 2001 Voter Approval was in all respects regular, effective and valid. If the district terminates the lease, all improvements shall become the sole property of the Portland School District, and Portland shall pay the District an amount equal to 75% of the fair market value of the improvements as of the date the lease terminates. The lease costs for the year were \$158,340 or \$13,195 per month.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION 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.

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

- a. **PERS Pension (Chapter 238)** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i) **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii) **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION PLANS (Continued)

PLAN DESCRIPTION (Continued)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i) **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- *Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
 - *General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
 - A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii) **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii) **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv) **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

FUNDING POLICY

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 \$697,934, excluding amounts to fund employer specific liabilities.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION PLANS (Continued)

FUNDING POLICY (Continued)

Pension Asset or Liability - At June 30, 2016, the District reported a net pension liability of \$1,984,929 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 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 .035 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 107,037	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(416,086)
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>58,735</u>	<u>-</u>
Subtotal - Amortized Deferrals (below)	165,772	(416,086)
District contributions subsequent to measurement date	<u>697,934</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 863,706</u>	<u>\$ (416,086)</u>

Subtotal amounts related to pension as deferred outflows of resources, \$165,772, and deferred inflows of resources, (\$416,086), net to (\$250,314) and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2017	\$ (158,994)
2018	(158,994)
2019	(158,994)
2020	214,946
2021	11,723
Thereafter	-
Total	<u>\$ (250,314)</u>

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

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

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION PLANS (Continued)

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.

or 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 necessarily 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION 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.

	<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
District's proportionate share of the net pension liability (asset)	\$ 4,790,553	\$ 1,984,929	\$ (379,474)

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 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

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS

Pension Plan

Plan Description

A single-employer pension plan for employees is maintained. A stand-alone report for this plan is not issued. The program was established under a collective bargaining agreement and provides provisions for pension benefits for employees with 20 years of service or more for the District as of July 1, 2007 who are 52 years or older. This pension plan provides the employee a monthly stipend of \$400 for six years. Contributions are charged to supplemental retirement in the General Fund.

Contributions

The pension plan is funded on a pay-as-you-go basis. Contributions are charged to supplemental retirement in the General Fund. The cost for fiscal years 2016, 2015, 2014, and 2013 were \$9,043, \$10,443, \$10,334, and \$15,577 respectively, which equaled the required contribution for the year.

Annual Pension Cost and Net Pension Obligation

The annual pension cost is calculated based on the annual required contribution of the employer (ARC), and amount determined in accordance within the parameters of GASB Statement 27. 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 liabilities (or funding excess) over a period not to exceed fifteen years.

	2013	2014	2015	2016
Annual required contribution	\$ 3,279	\$ 2,260	\$ 1,737	\$ 1,131
Interest on net pension obligation	-	-	-	-
Adjustment to annual required contribution	(27,310)	5,804	(420)	(1,555)
Annual pension cost (APC)	(24,031)	8,064	1,317	(424)
Contributions made	(15,577)	(10,334)	(10,443)	(9,043)
Increase (Decrease) in net pension obligation	(39,608)	(2,270)	(9,126)	(9,467)
Net Pension Obligation (Asset) at beginning of year	83,862	44,254	41,984	32,858
Net Pension Obligation (Asset) at end of year	<u>\$ 44,254</u>	<u>\$ 41,984</u>	<u>\$ 32,858</u>	<u>\$ 23,391</u>
Percentage of APC contributed	-65%	128%	793%	-2133%

Funding Status and Funding Progress

As of June 30, 2016, the plan was 0% funded. The accrued liability for benefits was \$23,391 and the value of assets was \$0, resulting in an unfunded accrued liability (UAAL) of \$23,391. The Annual Required Contribution (ARC) for June 30, 2016 has been determined to be \$1,131 for District contributions.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS (CONTINUED)

Pension Plan (Continued)

Significant Assumptions

The alternative measurement method outlined in GASB Statement 45 for employers with less than 100 plan participants is used to estimate the Accrued Liability and Annual Required Contribution for the Stipend Plan based on a level percentage of payroll. The Annual Required Contribution was calculated using the entry age cost method with the Unfunded Accrued Liability amortized as a level percentage of payroll.

Significant assumptions are as follows:

- Eligible employees receive benefits if they completed 20 years of service with Riverdale School District as of July 1, 2007, and are age 52 or older.
- If employee will not qualify before age 70, assumption is that they will retire without the supplemental plan.
- Each eligible employee is assumed to have one dependent.
- Turnover is based on Table 1, paragraph 35b, of GASB Statement 45.
- Expected future working lifetime is based on Table 2, paragraph 35c, of GASB Statement 45.
- Mortality is based on the National Center for Health Statistics Table A. Expectation of Life by Age, race and sex: United States, 2007, published date September 28, 2011.
- Estimated age-adjusted premiums for retiree insurance using the method outlined in Tables 3-5 of 35d, GASB Statement 45.
- Inflation is assumed to be 2.0% per year based on the long-term expectations published in the Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents, June 2015.
- Investment earnings rate is pegged to the 10 year Treasury yield at June 30, 2015 of 2.35%.

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. 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.

Post-Employment Health Care Benefits

Plan Description

Also, as a result of collective bargaining agreements, post-employment health care benefits are offered for all employees who have completed 20 years of service or more for the District as of July 1, 2007, and a minimum age of 52. These retirees, shall be provided with the current negotiated insurance package (medical, dental and vision) for the member plus one dependent. This benefit shall be provided for six years upon retirement from the District.

Contributions

The plan is funded on a pay-as-you-go basis. Contributions are charged to supplemental retirement in the General Fund. The cost for fiscal years 2016, 2015, 2014, and 2013 were \$20,473, \$23,609, \$41,455 and \$64,051 respectively, which equaled the required contribution for the year.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS (CONTINUED)

Pension Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation

	2013	2014	2015	2016
Annual required contribution	\$ 20,256	\$ 6,981	\$ 5,424	\$ 4,435
Interest on net OPEB obligation	-	-	-	-
Adjustment to annual required contribution	23,539	3,138	(9,019)	5,129
Annual OPEB cost (AOC)	43,795	10,119	(3,595)	9,564
Contributions made	(64,051)	(41,455)	(23,609)	(20,473)
Increase (Decrease) in net OPEB obligation	(20,256)	(31,336)	(27,204)	(10,909)
Net OPEB Obligation (Asset) at beginning of year	181,404	161,148	129,812	102,608
Net OPEB Obligation (Asset) at end of year	<u>\$ 161,148</u>	<u>\$ 129,812</u>	<u>\$ 102,608</u>	<u>\$ 91,699</u>
Percentage of AOC contributed	146%	410%	-657%	214%

The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within 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 liabilities (or funding excess) over a period not to exceed fifteen years.

Funding Status and Funding Progress

As of June 30, 2016, the plan was 0% funded. The accrued liability for benefits was \$91,699 and the value of assets was \$0, resulting in an Unfunded Accrued Liability (UAL) of \$91,699. The Annual Required Contribution (ARC) for June 30, 2016 has been determined to be \$4,435 for District contributions.

Significant Assumptions

The alternative measurement method outlined in GASB Statement 45 for employers with less than 100 plan participants is used to estimate the Accrued Liability and Annual Required Contribution for the Post Employment Health Care Benefits plan based on a level percentage of payroll. The Annual Required Contribution was calculated using the entry age cost method with the Unfunded Accrued Liability amortized as a level percentage of payroll.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS (CONTINUED)

Pension Plan (Continued)

Significant assumptions are as follows:

- Eligible employees receive benefits if they completed 20 years of service with Riverdale School District as of July 1, 2007, and are age 52 or older.
- If employee will not qualify before age 70, assumption is that they will retire without the supplemental plan.
- Each eligible employee is assumed to have one dependent.
- Turnover is based on Table 1, paragraph 35b, of GASB Statement 45.
- Expected future working lifetime is based on Table 2, paragraph 35c, of GASB Statement 45.
- Mortality is based on the National Center for Health Statistics Table A. Expectation of Life by Age, race and sex: United States, 2007, published date September 28, 2011.
- Estimated age-adjusted premiums for retiree insurance using the method outlined in Tables 3-5 of 35d, GASB Statement 45.
- Inflation is assumed to be 2.0% per year based on the long-term expectations published in the Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents, June 2015.
- Investment earnings rate is pegged to the 10 year Treasury yield at June 28, 2015 of 2.35%.

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. 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 Policy

The benefits from both programs are fully paid by the District and, consequently, no contributions by employees are required. There is no obligation on the part of the District to fund these benefits in advance.

Implicit Subsidy

Management believes there is no implicit subsidy because of the small size of the District's plan.

Tax Sheltered Annuity

Employees are offered a tax deferred annuity program established pursuant to Sections 403(b) of the Internal Revenue code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. No contributions are required from the District. As of June 30, 2016, 17 employees were participating in the plan.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG-TERM DEBT

General Obligation Bonds

General Obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. On February 26, 2009, the District issued \$21,496,278 of Series 2009 General Obligation bonds to finance facility acquisition and construction. A portion of the funds received from the issuance were used to extinguish the \$1,500,000 of outstanding Series 2002 Full Faith & Credit bonds. Payment of principal and interest on the general obligation bonds are payable from the General Obligation Bonds Fund.

Pension Obligation Bonds

On April 21, 2003, the District issued \$4,387,738 of limited tax pension obligation bonds to finance its unfunded actuarially accrued liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the UAL. The actual savings realized over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact future required contribution rate. The debt service payments were charged to debt service in the Pension Obligation Bonds Fund.

Advance Refunding Bonds

On July 29, 2008, \$6,070,000 in Series 2008 General Obligation Refunding Bonds were issued to provide resources for all future debt service payments of \$6,110,000 for the Series 1998 General Obligation Bonds. As a result, the refunded bonds were redeemed and the liability has been removed from the statement of net position. This advance refunding was undertaken to result in an economic gain of \$180,447.

On April 28, 2015, \$6,910,000 in Series 2015 General Obligation Refunding Bonds were issued to provide resources for future debt service payments of \$6,910,000 for the Series 2009 A General Obligation Bonds. As a result, the refunded bonds were redeemed and the liability has been removed from the statement of net position. This advance refunding was undertaken to result in an economic gain of \$313,833.

Changes in long-term debt outstanding are as follows:

	Interest Rates	Outstanding 7/1/2015	Debt Issued	Matured and Redeemed	Outstanding 6/30/2016
Pension Bond 2003	1.15-6.3%	\$ 2,986,196	\$ -	\$ 123,715	\$ 2,862,481
GO Bonds 2008 Refunding	3.75-4%	875,000	-	875,000	-
GO Bonds 2009 A&B	2.5-5.77%	12,991,278	-	490,000	12,501,278
GO Bonds 2015 Refunding	4%	6,910,000	-	-	6,910,000
Total		23,762,474	-	1,488,715	22,273,759
Premium on Bonds Payable		1,343,061	-	153,622	1,189,439
Deferred Interest		3,600,741	672,240	-	4,272,981
Total		<u>\$ 28,706,276</u>	<u>\$ 672,240</u>	<u>\$ 1,642,337</u>	<u>\$ 27,736,179</u>

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG-TERM DEBT (Continued)

Future maturities of long-term debt are payable as follows:

Year	PENSION BOND		GO BONDS 2009A	
	Principal	Interest	Principal	Interest
2016-17	\$ 123,870	\$ 270,583	\$ 1,210,000	\$ 127,925
2017-18	122,925	291,528	1,300,000	90,025
2018-19	121,523	312,929	1,390,000	49,400
2019-20	120,010	334,443	-	-
2020-21	119,775	359,678	-	-
2021-2026	1,524,378	1,058,019	-	-
2026-2031	730,000	55,664	-	-
2031-2036	-	-	-	-
TOTALS	\$ 2,862,481	\$ 2,682,844	\$ 3,900,000	\$ 267,350

Year	GO BONDS 2009B		GO REFUNDING BOND 2015		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest
2016-17	\$ -	\$ -	\$ -	\$ 276,400	\$ 1,333,870	\$ 674,908
2017-18	-	-	-	276,400	1,422,925	657,953
2018-19	-	-	-	276,400	1,511,523	638,729
2019-20	929,397	565,603	-	276,400	1,049,407	1,176,446
2020-21	-	-	1,545,000	276,400	1,664,775	636,078
2021-2026	1,786,183	2,463,817	5,365,000	439,400	8,675,561	3,961,236
2026-2031	3,878,394	7,906,607	-	-	4,608,394	7,962,271
2031-2036	2,007,304	5,947,695	-	-	2,007,304	5,947,695
TOTALS	\$ 8,601,278	\$ 16,883,722	\$ 6,910,000	\$ 1,821,400	\$ 22,273,759	\$ 21,655,316

11. PROPERTY TAX LIMITATION

The voters of the State of Oregon imposed a constitutional limit on property taxes for schools and non-school government operations. 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 requirement 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 further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling 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 State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. 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.

13. COMMITMENTS AND CONTINGENCIES

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

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.

14. INTERFUND RECEIVABLES/PAYABLES

The interfund receivables and payables consist of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 74,322	\$ -
Debt Service Fund	9,086	83,408
	<u>\$ 83,408</u>	<u>\$ 83,408</u>

15. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary to reflect the closing of special revenue fund 252 in the prior year. The closure of the fund reduces the beginning fund balance of the Special Revenue Fund by \$12,068 and increases the beginning fund balance of the General Fund by \$12,068.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH 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	0.035 %	\$ 1,984,929	\$ 3,889,745	51.0 %	91.9 %
2015	0.034	(768,380)	3,540,988	(21.7)	103.6
2014	0.034	1,729,885	4,611,078	37.5	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

	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	\$ 697,934	\$ 697,934	\$ -	\$ 3,632,799	19.2 %
2015	803,450	803,450	-	3,889,745	20.7
2014	731,719	731,719	-	3,540,988	20.7

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.

RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 PENSION PLAN
 June 30, 2016

**PLAN I (PENSION) 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
6/30/2016		\$ 23,391	\$ 23,391	N/A	N/A *	N/A
6/30/2015	-	32,858	32,858	N/A	N/A *	N/A
6/30/2014	-	41,984	41,984	N/A	N/A *	N/A
6/30/2013	-	44,254	44,254	N/A	N/A *	N/A
6/30/2012	-	83,862	83,862	N/A	N/A *	N/A
6/30/2011	-	377,028	377,028	N/A	N/A *	N/A
6/30/2010	-	N/A	N/A	N/A	N/A *	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage (APC) Contributed
2016	\$ 1,131	-2133%
2015	1,737	793%
2014	2,260	128%
2013	3,279	-65%
2012	5,771	-6%
2011	47,750	5%
2010	N/A	N/A

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

* Information not available

RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 OTHER POST EMPLOYMENT BENEFITS
 June 30, 2016

**PLAN I (PENSION) 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
6/30/2016	\$ -	\$ 91,699	\$ 91,699	-	N/A *	N/A
6/30/2015	-	102,608	102,608	-	N/A *	N/A
6/30/2014	-	129,812	129,812	-	N/A *	N/A
6/30/2013	-	161,148	161,148	-	N/A *	N/A
6/30/2012	-	181,404	181,404	-	N/A *	N/A
6/30/2011	-	968,833	968,833	-	N/A *	N/A
6/30/2010	-	N/A	N/A	N/A	N/A *	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage (AOC) Contributed
2016	\$ 4,435	214%
2015	5,424	-657%
2014	6,981	410%
2013	20,256	316%
2012	11,936	-6%
2011	123,172	3%
2010	N/A	N/A

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

* Information not available

**RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON**

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

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
From Local Sources	\$ 5,004,814	\$ 5,004,814	\$ 5,242,015	\$ 237,201
From Intermediate Sources	103,200	103,200	313	(102,887)
From State Sources	2,358,550	2,381,550	2,298,741	(82,809)
From Federal Sources	-	-	358	358
Total Revenues	7,466,564	7,489,564	7,541,427	51,863
EXPENDITURES:				
Instruction	5,039,835	5,039,865 (1)	4,935,120	104,745
Support Services	3,224,897	3,224,897 (1)	3,091,161	133,736
Contingency	346,832	369,832 (1)	-	369,832
Total Expenditures	8,611,564	8,634,594	8,026,281	608,313
Net Change in Fund Balance	(1,145,000)	(1,145,030)	(484,854)	660,176
Beginning Fund Balance	1,800,000	2,075,000	2,077,748	2,748
Prior Period Adjustment			12,068 *	12,068
Ending Fund Balance	\$ 655,000	\$ 929,970	\$ 1,604,962	\$ 674,992

* Special Revenue Fund 252 was closed out to the General Fund

(1) Appropriation Level

**RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON**

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

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
From Local Sources	\$ 790,625	\$ 790,625	\$ 428,091	\$ (362,534)
From State Sources	9,600	9,600	9,338	(262)
From Federal Sources	159,413	159,413	59,046	(100,367)
Total Revenues	959,638	959,638	496,475	(463,163)
EXPENDITURES:				
Instruction	1,078,237	1,078,237 (1)	588,074	490,163
Support Services	232,401	232,401 (1)	62,317	170,084
Community Services	11,000	11,000 (1)	7,126	3,874
Contingency	147,500	147,500 (1)	-	147,500
Total Expenditures	1,469,138	1,469,138	657,517	811,621
Net Change in Fund Balance	(509,500)	(509,500)	(161,042)	348,458
Beginning Fund Balance	621,500	621,500	673,799	52,299
Prior Period Adjustment			(12,068) *	(12,068)
Ending Fund Balance	<u>\$ 112,000</u>	<u>\$ 112,000</u>	<u>\$ 500,689</u>	<u>\$ 388,689</u>

* Special Revenue Fund 252 was closed out to the General Fund

(1) Appropriation Level

**RIVERDALE SCHOOL DISTRICT
MULTNOMAH 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	GO BONDS ACTUAL	PENSION OBLIGATION BONDS ACTUAL	TOTAL ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:						
From Local Sources	\$ 2,159,016	\$ 2,159,016	\$ 1,828,121	\$ 415,209	\$ 2,243,330	\$ 84,314
Total Revenue	2,159,016	2,159,016	1,828,121	415,209	2,243,330	84,314
EXPENDITURES:						
Long-Term Debt Service:						
Redemption of Principal	1,488,716	1,488,716	1,365,053	123,715	1,488,768	(52)
Interest	703,700	703,700	452,963	250,737	703,700	-
Dues and Fees	1,600	1,600	-	1,600	1,600	-
Total Debt Service	2,194,016	2,194,016	1,818,016	376,052	2,194,068	(52)
Total Expenditures	2,194,016	2,194,016	(1) 1,818,016	376,052	2,194,068	(52)
Net Change in Fund Balance	(35,000)	(35,000)	10,105	39,157	49,262	84,262
Beginning Fund Balance	35,000	35,000	57,443	97,584	155,027	120,027
Ending Fund Balance	\$ -	\$ -	\$ 67,548	\$ 136,741	\$ 204,289	\$ 204,289

(1) Appropriation Level

**RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON**

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

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	CAPITAL PROJECTS	CONSTRUCTION EXCISE TAX	TOTAL ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:						
From Local Sources	\$ 11,100	\$ 11,100	\$ 1,168	\$ 38,033	\$ 39,201	\$ 28,101
Total Revenue	11,100	11,100	1,168	38,033	39,201	28,101
EXPENDITURES:						
Facilities Acquisition and Construction	267,285	267,285	52,616	-	52,616	214,669
Total Expenditures	267,285	267,285	(1) 52,616	-	52,616	214,669
Net Change in Fund Balance	(256,185)	(256,185)	(51,448)	38,033	(13,415)	242,770
Beginning Fund Balance	256,185	256,185	193,506	105,381	298,887	42,702
Ending Fund Balance	\$ -	\$ -	\$ 142,058	143,414	285,472	\$ 285,472

(1) Appropriation Level

This Page Intentionally Left Blank

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

**RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2016**

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2015</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/2016</u>
<u>GENERAL FUND:</u>						
CURRENT:						
2015-16	\$ 3,078,950	\$ 79,624	\$ (9,183)	\$ 1,080	\$ 2,923,968	\$ 67,255
PRIOR YEARS:						
2014-15	126,598	(66)	(61,848)	2,033	28,630	38,219
2013-14	18,318	(2)	19,253	2,003	10,515	29,061
2012-13	16,502	(1)	8,481	2,496	8,482	18,998
2011-12	7,481	-	12,630	1,613	4,439	17,285
Prior Years	16,692	-	14,349	546	880	30,707
Total Prior	185,591	(69)	(7,135)	8,691	52,946	134,270
Total General Fund	\$ 3,264,541	\$ 79,555	\$ (16,318)	\$ 9,771	\$ 2,976,914	\$ 201,525

RECONCILIATION OF REVENUE:

	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 2,976,914
Accrual of Receivables:	
June 30, 2015	(16,463)
June 30, 2016	8,870
Taxes in Lieu	7,945
Total Revenue	\$ 2,977,266

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2016

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2015</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/2016</u>
<u>DEBT SERVICE</u>						
CURRENT:						
2015-16	\$ 1,870,689	48,380	\$ (5,597)	\$ 654	\$ 1,776,505	\$ 40,861
PRIOR YEARS:						
2014-15	(37,660)	(33)	71,088	1,053	14,790	19,724
2013-14	52,254	(1)	(27,414)	1,319	6,937	19,223
2012-13	35,018	(1)	(16,761)	1,819	6,189	13,888
2011-12	32,117	(1)	(13,415)	1,493	4,116	16,080
Prior Years	27,032	-	(14,137)	301	484	12,712
Total Prior	108,761	(36)	(639)	5,985	32,516	81,627
Total Debt Service Fund	\$ 1,979,450	\$ 48,344	\$ (6,236)	\$ 6,639	\$ 1,809,021	\$ 122,488

RECONCILIATION OF REVENUE:

	<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurer Above	\$ 1,809,021
Accrual of Receivables:	
June 30, 2015	(8,302)
June 30, 2016	5,635
Taxes in Lieu	16,023
Total Revenue	\$ 1,822,377

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

OTHER INFORMATION

This Page Intentionally Left Blank

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As Required by The Oregon Department of Education
For the Year Ended June 30, 2016

PROGRAM TITLE	PASS THROUGH ORGANIZATION	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	GRANT PERIOD	EXPENDITURES	AMOUNTS PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF EDUCATION						
IDEA Part B, Section 611 2015-16	Office of Learning - Student Services	36960	84.027	7/1/15 - 9/30/17	\$ 56,529	
IDEA Part B, Section 619 2015-16	Office of Learning - Student Services	37246	84.173	7/1/15 - 9/30/17	230	
SPRI&I 2015-16	Office of Learning - Student Services	37986	84.027	8/1/15 - 6/30/16	191	
Child Nutrition Program - Special Milk Program	Office of Learning - Student Services	n/a	10.556	7/15/15 - 6/30/16	2,096	
TOTAL U.S. DEPARTMENT OF EDUCATION					59,046	
U.S. DEPARTMENT OF AGRICULTURE						
FEDERAL FOREST FEES	U.S. Department of Agriculture	n/a	10.666	7/1/15 - 6/30/16	358	
TOTAL U.S. DEPARTMENT OF AGRICULTURE					358	
TOTAL FEDERAL EXPENDITURES					\$ 59,404	\$ -
Total From Schedule Above					\$ 59,404	
Other Federal Revenue					-	
Total Federal Revenue					\$ 59,404	

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FUTURE REQUIREMENTS OF BONDED DEBT
June 30, 2016

FISCAL YEAR ENDING	ISSUE OF 4/3/03		ISSUE OF 2/26/09		ISSUE OF 4/28/15		TOTAL OF ALL ISSUES	
	PRINCIPAL	INTEREST 1.15-6.3%	PRINCIPAL	INTEREST 2.5 - 5.7%	PRINCIPAL	INTEREST 4.00%	PRINCIPAL	INTEREST
	DUE 6/30	DUE 6/30	DUE 6/15	DUE 12/15 & 6/15	DUE 6/30	DUE 6/30		
6/30/2017	123,870	270,583	1,210,000	127,925	-	276,400	1,333,870	674,908
6/30/2018	122,925	291,528	1,300,000	90,025	-	276,400	1,422,925	657,953
6/30/2019	121,523	312,929	1,390,000	49,400	-	276,400	1,511,523	638,729
6/30/2020	120,010	334,443	929,397	565,603	-	276,400	1,049,407	1,176,446
6/30/2021	119,775	359,678	-	-	1,545,000	276,400	1,664,775	636,078
6/30/2022	117,949	381,504	-	-	1,660,000	214,600	1,777,949	596,104
6/30/2023	116,429	403,023	-	-	1,790,000	148,200	1,906,429	551,223
6/30/2024	405,000	114,452	-	-	1,915,000	76,600	2,320,000	191,052
6/30/2025	430,000	91,732	911,555	1,183,445	-	-	1,341,555	1,275,177
6/30/2026	455,000	67,308	874,628	1,280,372	-	-	1,329,628	1,347,680
6/30/2027	480,000	41,464	838,649	1,381,351	-	-	1,318,649	1,422,815
6/30/2028	250,000	14,200	803,246	1,481,754	-	-	1,053,246	1,495,954
6/30/2029	-	-	773,453	1,581,547	-	-	773,453	1,581,547
6/30/2030	-	-	744,621	1,680,380	-	-	744,621	1,680,380
6/30/2031	-	-	718,425	1,781,575	-	-	718,425	1,781,575
6/30/2032	-	-	691,851	1,883,149	-	-	691,851	1,883,149
6/30/2033	-	-	668,198	1,981,803	-	-	668,198	1,981,803
6/30/2034	-	-	647,255	2,082,743	-	-	647,255	2,082,743
	<u>\$ 2,862,481</u>	<u>\$ 2,682,844</u>	<u>\$ 12,501,278</u>	<u>\$ 17,151,072</u>	<u>\$ 6,910,000</u>	<u>\$ 1,821,400</u>	<u>\$ 22,273,759</u>	<u>\$ 21,655,316</u>

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS
For the Year Ended June 30, 2016

<u>ISSUE DATE</u>	<u>OUTSTANDING MATURED BONDS & COUPONS 7/1/2015</u>	<u>BONDS & COUPONS MATURED DURING YEAR</u>	<u>BONDS AND COUPONS PAID</u>	<u>OUTSTANDING MATURED BONDS & COUPONS 6/30/2016</u>
4/3/2003 a	\$ 2,986,196	\$ 123,715	\$ 123,715	\$ 2,862,481
7/29/2008 b	875,000	875,000	875,000	-
2/26/2009	12,991,278	490,000	490,000	12,501,278
4/28/2015	<u>6,910,000</u>	<u>-</u>	<u>-</u>	<u>6,910,000</u>
Total	<u>\$ 23,762,474</u>	<u>\$ 1,488,715</u>	<u>\$ 1,488,715</u>	<u>\$ 22,273,759</u>

a The PERS Bond issue of 4/3/03 debt service payments are charged to Instruction and Support Services to the PERS UAL Contribution object code in the General and Special Revenue Funds and paid out of the Pension Obligation Bonds Fund.

b These bonds are paid from the General Obligation Bonds Fund.

Payments Made From

General Obligation Bond Fund	\$ 1,365,000
Pension Obligation Bond Fund	123,715
Total	<u>\$ 1,488,715</u>

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH 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:

	Object 325 & 326
Function 2540	\$ 149,724
Function 2550	-
	<hr/> 149,724

B. REPLACEMENT FOR EQUIPMENT - General Fund

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

Exclude These Functions

1113, 1122, & 1132	Co-curricular Activities	\$ -
1140	Pre-Kindergarten	
1300	Continuing Education	
1400	Summer School	
4150	Construction	
2550	Pupil Transportation	
3100	Food Service	
3300	Community Services	

Riverdale School District

Multnomah County, Oregon

REVENUE SUMMARY - ALL FUNDS

YEAR ENDED JUNE 30, 2016

	Fund 100	Fund 200	Fund 300	Fund 400	TOTAL
Revenue from Local Sources					
1111 Current Year's Taxes	\$ 2,317,915	\$ -	\$ 1,790,361	\$ -	\$ 4,108,276
1112 Prior Year's Taxes	42,569	-	32,016	-	74,585
1113 County Tax Sales for Back Taxes	161	-	-	-	161
1121 Current Year's Local Option Taxes	605,780	-	-	-	605,780
1122 Prior Year's Local Option Taxes	10,626	-	-	-	10,626
1123 Penalties and Interest on Local Option Taxes	215	-	-	-	215
1130 Construction Excise Tax	-	-	-	38,033	38,033
1190 Penalties and Interest on Taxes	716	-	675	-	1,391
1311 Tuition From Individuals	1,244,569	-	-	-	1,244,569
1314 Tuition Deposit	(117,361)	-	-	-	(117,361)
1315 Other Tuition From Individuals	25	-	-	-	25
1510 Interest on Investments	30,993	-	6,348	1,168	38,509
1615 Arts Tax	45,737	-	-	-	45,737
1620 Daily Sales—Non reimbursable Program	-	5,680	-	-	5,680
1700 Extracurricular Activities	-	-	-	-	-
1710 Admissions	-	7,530	-	-	7,530
1740 Fees	122,849	372,863	-	-	495,712
1750 Concessions	-	564	-	-	564
1760 Club Fund Raising	-	4,327	-	-	4,327
1910 Rentals	4,350	-	-	-	4,350
1920 Contributions and Donations From Private Sources	890,230	36,456	-	-	926,686
1970 Services Provided Other Funds	1,560	-	413,754	-	415,314
1990 Miscellaneous	41,080	672	176	-	41,928
Total Revenue from Local Sources	\$ 5,242,015	\$ 428,091	\$ 2,243,330	\$ 39,201	\$ 7,952,637
Revenue from Intermediate Sources					
2101 County School Funds	\$ 313	\$ -	\$ -	\$ -	\$ 313
2199 Other Intermediate Sources	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-
Total Revenue from Intermediate Sources	\$ 313	\$ -	\$ -	\$ -	\$ 313
Revenue from State Sources					
3101 State School Fund—General Support	\$ 2,309,537	\$ -	\$ -	\$ -	\$ 2,309,537
3103 Common School Fund	56,267	-	-	-	56,267
3104 State Managed County Timber	-	-	-	-	-
3107 Miscellaneous	(25,228)	-	-	-	(25,228)
3110 State School fund - Prior Year Adjustments	(71,822)	-	-	-	(71,822)
3120 State School fund - Other Adjustments	29,986	-	-	-	29,986
3299 Other Restricted Grants-in-aid	-	9,338	-	-	9,338
Total Revenue from State Sources	\$ 2,298,740	\$ 9,338	\$ -	\$ -	\$ 2,308,078
Revenue from Federal Sources					
4500 Restricted Revenue From the Federal Government	\$ -	\$ 56,759	\$ -	\$ -	\$ 56,759
4501 Federal Revenue - Special Milk Program	-	2,096	-	-	2,096
4503 Restricted Grants from the Federal Government	-	191	-	-	191
4801 Federal Forest Fees	358	-	-	-	358
Total Revenue from Federal Sources	\$ 358	\$ 59,046	\$ -	\$ -	\$ 59,404
Revenue from Other Sources					
5100 Long Term Debt Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5200 Interfund Transfers	-	-	-	-	-
5300 Sale/compensation fixed assets	-	-	-	-	-
5400 Resources - Beginning Fund Balance	-	-	-	-	-
Total Revenue from Other Sources	-	-	-	-	-
Total	\$ 7,541,427	\$ 496,475	\$ 2,243,330	\$ 39,201	\$ 10,320,432

Riverdale School District
Multnomah County, Oregon

**GENERAL FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016**

Fund: 100 General Fund						
Instruction Expenditures	Object 100	Object 200	Object 300	Object 400	Object 600	TOTAL
1111 Elementary, K-5 or K-6	\$ 1,128,637	\$ 626,004	\$ 5,866	\$ 48,962	\$ 938	\$ 1,810,407
1121 Middle/Junior High Programs	455,452	201,474	11,965	7,137	-	676,028
1122 Middle/Junior High School Extracurricular	55,372	10,716	4,621	1,319	105	72,133
1131 High School Programs	1,101,358	555,911	4,681	42,453	920	1,705,323
1132 High School Extracurricular	173,982	59,887	26,752	18,137	3,547	282,305
1210 Programs for the Talented and Gifted	15,872	7,903	-	52	-	23,827
1250 Less Restrictive Programs for Students with Disabilities	233,806	115,023	14,280	1,823	16	364,948
1299 Other Programs	102	47	-	-	-	149
Total Instruction Expenditures	\$3,164,581	\$ 1,576,965	\$ 68,165	\$ 119,883	\$ 5,526	\$ 4,935,120
Support Services Expenditures						
2122 Counseling Services	\$ 147,992	\$ 72,579	\$ 387	\$ 363	\$ -	\$ 221,321
2130 Health Services	-	-	-	-	-	-
2190 Service Direction, Student Support Services	5,000	1,642	67	-	-	6,709
2210 Improvement of Instruction Services	10,966	3,697	2,003	168	-	16,834
2222 Library/Media Center	120,398	64,384	-	2,507	975	188,264
2230 Assessment and Testing	33,083	24,118	199	14,540	-	71,940
2240 Instructional Staff Development	85,594	27,941	1,793	-	25	115,353
2310 Board of Education Services	-	-	11,502	3,376	2,098	16,976
2321 Office of the Superintendent Services	179,451	83,646	24,111	10,969	6,244	304,421
2410 Office of the Principal Services	379,718	160,227	42,486	14,470	4,896	601,797
2520 Fiscal Services	112,737	43,546	25,523	14,230	10,200	206,236
2540 Operation and Maintenance of Plant Services	139,606	74,078	597,563	45,693	65,127	922,067
2550 Student Transportation Services	-	-	188,861	-	-	188,861
2633 Public Information Services	68,800	35,734	35,037	945	1,121	141,637
2640 Staff Services	13,448	3,985	1,264	118	655	19,470
2660 Technology Services	-	-	4,137	32,671	2,855	39,663
2700 Supplemental Retirement Program	9,600	20,011	-	-	-	29,611
Total Support Services Expenditures	\$1,306,393	\$ 615,588	\$ 934,933	\$ 140,050	\$ 94,196	\$ 3,091,161
Enterprise and Community Services						
3390 Other community services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Enterprise and Community Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Uses Expenditures						
5200 Transfers of Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5300 Apportionment of Funds	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	-
Total 100 General Funds	\$4,470,974	\$ 2,192,553	\$ 1,003,098	\$ 259,933	\$ 99,722	\$ 8,026,281

Riverdale School District

Multnomah County, Oregon

**SPECIAL REVENUE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016****Fund: 200 Special Revenue Funds**

Instruction Expenditures	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	TOTAL
1111 Elementary, K-5 or K-6	\$ 3,509	\$ 1,153	\$ 15,909	\$ 41,158	\$ 13,500	\$ 1,569	\$ 76,798
1113 Elementary Extracurricular	-	-	-	1	-	-	1
1121 Middle/Junior High Programs	8,009	3,727	37,693	32,184	-	-	81,613
1122 Middle/Junior High School Extracurricular	-	-	2,507	2,676	-	-	5,183
1131 High School Programs	-	-	45,839	67,454	-	6,125	119,418
1132 High School Extracurricular	11,332	1,501	26,978	27,903	-	3,340	71,054
1140 Pre-kindergarten Programs	110,449	61,932	10	3,889	-	-	176,280
1250 Less Restrictive Programs for Students with Disabilities	36,721	20,229	-	780	-	-	57,730
Total Instruction Expenditures	\$ 170,020	\$ 88,542	\$ 128,936	\$ 176,045	\$ 13,500	\$ 11,034	\$ 588,077
Support Services Expenditures							
2222 Library/Media Center	\$ -	\$ -	\$ -	\$ 310	\$ -	\$ -	\$ 310
2410 Office of the Principal Services	-	-	-	213	-	-	213
2540	-	-	-	-	-	-	-
Operation and Maintenance of Plant Services	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	61,793	-	-	61,793
Total Support Services Expenditures	\$ -	\$ -	\$ -	\$ 62,316	\$ -	\$ -	\$ 62,316
Enterprise and Community Services							
3120 Food Preparation and Dispensing Services	\$ -	\$ -	\$ -	\$ 7,126	\$ -	\$ -	\$ 7,126
3300 Community services	-	-	-	-	-	-	-
Total Enterprise and Community Services	\$ -	\$ -	\$ -	\$ 7,126	\$ -	\$ -	\$ 7,126
Facilities Acquisition and Construction							
4150 Building acquisition, construction and improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Facilities and Construction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Uses Expenditures							
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5200 Transfers of funds	-	-	-	-	-	-	-
5210 Transfers of funds	-	-	-	-	-	-	-
5300 Apportionment of funds	-	-	-	-	-	-	-
Total Other Uses Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total 200 Special Revenue Funds	\$ 170,020	\$ 88,542	\$ 128,936	\$ 245,487	\$ 13,500	\$ 11,034	\$ 657,519

Riverdale School District
Multnomah County, Oregon

**DEBT SERVICE FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016**

Fund: 300 Debt Service							
	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>TOTAL</u>
Support Services Expenditures							
2520 Fiscal services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2640 Staff services	-	-	-	-	-	-	-
2660 Technology services	-	-	-	-	-	-	-
2661 Service Area Direction	-	-	-	-	-	-	-
Total Support Services Expenditures	-	-	-	-	-	-	-
Other Uses Expenditures							
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5110 Long-Term Debt Service	-	-	-	-	-	2,194,068	2,194,068
5400 Bond Lump Sum	-	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	2,194,068	2,194,068
Total 500 Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,194,068	\$ 2,194,068

Riverdale School District
Multnomah County, Oregon

**CAPITAL PROJECTS FUND
EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016**

Fund: 400 Capital Projects Funds

Support Services Expenditures

2540 Operation Maintenance Plant Services

2660 Technology services

Total Support Services Expenditures

Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction

Building Acquisition, Construction, and

4150 Improvement Services

**Total Facilities and Construction
Expenditures**

Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	TOTAL
\$ -	\$ -	\$ 1,500	\$ 11,912	\$ 39,204	\$ -	\$ 52,616
\$ -	\$ -	\$ 1,500	\$ 11,912	\$ 39,204	\$ -	\$ 52,616

Total 400 Capital Projects Funds

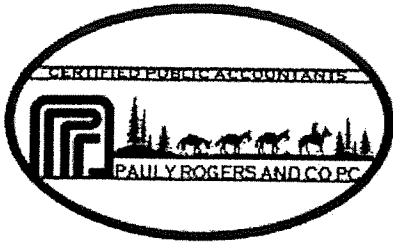
\$ -	\$ -	\$ 1,500	\$ 11,912	\$ 39,204	\$ -	\$ 52,616
------	------	----------	-----------	-----------	------	-----------

This Page Intentionally Left Blank

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

2015-16 INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

This Page Intentionally Left Blank



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

January 25, 2017

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Riverdale School District 51J as of and for the year ended June 30, 2016, and have issued our report thereon dated January 25, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the 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 basic 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.**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded from outside sources.**
- **State school fund factors and calculation.**
- **Authorized investment of surplus funds (ORS Chapter 294).**


In connection with our testing nothing came to our attention that caused us to believe the Riverdale School District 51J 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 for the following:

1. Actual expenditures exceeded budget appropriations as noted on page 13 of the notes to the financial statements.

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 controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

A handwritten signature in black ink, reading "Roy R. Rogers". The signature is fluid and cursive, with the first name "Roy" and last name "Rogers" clearly legible.

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