

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

RIVERDALE SCHOOL DISTRICT 51J  
MULTNOMAH COUNTY, OREGON

BOARD OF EDUCATION AS OF JUNE 30, 2018

<u>NAME</u>	<u>TERM EXPIRES</u>
Michelle Janke, Chair	June 30, 2021
John Bogaty, Vice Chair	June 30, 2021
Michael Gunter	June 30, 2021
Nicole Grayson	June 30, 2019
Joe Prats	June 30, 2019

ADMINISTRATION

Terry Brandon, Superintendent

11733 SW Breyman Avenue  
Portland, Oregon 97219-8409

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RIVERDALE SCHOOL DISTRICT 51J  
MULTNOMAH COUNTY, OREGON

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RIVERDALE SCHOOL DISTRICT 51J  
MULTNOMAH COUNTY, OREGON

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March 28, 2019

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, 2018, 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, 2018 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and 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 stipends or other post-employment benefit plans (OPEB) for health insurance and the Schedules of Net Pension Liability and Contributions for PERS because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

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 March 28, 2019 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 that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

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



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**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

As management of Riverdale School District ("the 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, 2018.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the liabilities of the District exceeded its assets on June 30, 2018 by \$1,162,163.
- The District's governmental funds report a combined ending fund balance of \$2,013,052 on June 30, 2018.
- At the end of the fiscal year total fund balance for the General Fund was \$598,459 which represents 7% of the total General Fund revenues.
- On June 30, 2018, the District's long-term liabilities totaled \$30,881,856.

**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.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**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: General Fund, Special Revenue Fund, Debt Service Fund, and 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. The notes to the financial statements can be found on pages 7-29 of this report.

## 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 net positions. 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 position for the year ending June 30, 2017 and 2018, respectively.

Table 1  
Statement of Net Position

	30-Jun-17	30-Jun-18	Increase (Decrease)
<b>Assets</b>			
Current Assets	\$ 2,834,900	\$ 2,249,131	\$ (585,769)
Net capital Assets	26,068,362	25,397,751	(670,611)
Total Assets	28,903,262	27,646,882	(1,256,380)
<b>Deferred Outflow of Resources</b>			
Deferred Loss on Bond Refunding	815,590	699,077	(116,513)
Pension Related Deferrals	3,813,688	3,226,771	(586,917)
Total Deferred Outflow of Resources	4,629,278	3,925,848	(703,430)
<b>Liabilities</b>			
Current Liabilities	1,870,700	1,625,519	(245,181)
Long Term Liabilities	31,717,153	30,881,856	(835,297)
Total Liabilities	33,587,853	32,507,375	(1,080,478)
Deferred Inflows of Resources	91,480	227,518	136,038
<b>Net Assets</b>			
Invested in Capital Assets	3,539,619	3,487,248	(52,371)
Restricted Assets	975,599	1,414,593	438,994
Unrestricted Assets	(4,662,011)	(6,064,004)	(1,401,993)
Total Net Position	\$ (146,793)	\$ (1,162,163)	\$ (1,015,370)

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment). As the District uses its capital assets to provide services to students and other District residents, 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.

The decrease in net position is principally due to updates related to the net pension obligation.

## Overview of the Financial Statements, continued

Table 2 shows the comparative showing the net change in Governmental Funds for the year ending June 30, 2017 and 2018, respectively.

Table 2  
Net Change in Net Position

	<u>30-Jun-17</u>	<u>30-Jun-18</u>	Increase (Decrease)
<b>Revenues</b>			
Charges for Services	\$ 1,295,410	\$ 1,205,322	\$ (90,088)
Operating Grants & Contributions	1,103,802	1,305,245	201,443
General Revenues	8,296,420	9,217,072	920,652
Total Revenues	<u>10,695,632</u>	<u>11,727,639</u>	<u>1,032,007</u>
<b>Expenditures</b>			
Instruction	6,487,923	7,414,708	926,785
Support Services	3,859,852	3,876,505	16,653
Community Services	286,290	8,463	-277,827
Facilities Acq & Construction	76,063	20,550	-55,513
Interest of Long Term Debt	1,255,087	1,404,349	149,262
Total Expenditures	<u>11,965,215</u>	<u>12,724,575</u>	<u>759,360</u>
Change in Net Position:	<u>\$ (1,269,583)</u>	<u>\$ (996,936)</u>	<u>\$ 272,647</u>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 *General Fund* is the chief operating fund of the District. As of June 30, 2018, total fund balance was \$598,459 while total assets were \$787,942.

## 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, 2018 and 2017, respectively.

Table 3  
Net Change in General Fund Balance

	<u>30-Jun-17</u>	<u>30-Jun-18</u>	Increase (Decrease)
<b>Revenues</b>			
Local Sources	\$ 5,237,859	\$ 5,519,384	\$ 281,525
Intermediate Sources	155	325	170
State Sources	2,784,013	3,257,685	473,672
Federal Grants	128	26,454	26,326
Total Revenues	<u>8,022,155</u>	<u>8,803,848</u>	<u>781,693</u>
<b>Expenditures</b>			
Instruction	5,276,567	5,928,851	652,284
Support Service	<u>3,251,815</u>	<u>3,375,273</u>	<u>123,458</u>
Total Expenditures	<u>8,528,382</u>	<u>9,304,124</u>	<u>775,742</u>
Net Change in Fund Balance:	<u>\$ (506,227)</u>	<u>\$ (500,276)</u>	<u>\$ 5,951</u>

#### **CAPITAL ASSETS 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, 2018 the District had invested \$25,397,751 in capital assets. Depreciation expense for the year totaled \$670,611.

Capital assets represent 80% of total assets. Remaining assets consist mainly of cash and investments, grants and property taxes receivable.

**Long-term debt.** The District's largest liability is for the repayment of long-term debt and obligations including post-employment benefit obligations, the PERS net obligation, and all general obligation and limited tax pension obligation bonds due in more than one year. At the end of the current fiscal year, the District had a total debt outstanding of \$26,177,521.

Other liabilities consist principally of the debt and obligations due within one year, capital leases due within one year, payables on accounts, and accrued salaries and benefits.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District derives most of its general fund revenues from the State School Fund and its associated funding distribution formula. The state budget and the legislative appropriation for schools are highly dependent on state revenue raised primarily through income taxes. The outlook for the state economy is a leading indicator of the health of the District's revenue stream. The majority of funding provided by the State to the District is based on the District's average daily membership of students. The District received approximately \$7,911 per student in fiscal year 2018 from the State School Fund Formula.

Student membership is expected to remain stable at the Grade School and at the High School over the next several years. Reduction in resident and transfer student membership creates a financial burden upon the district.

The 2018-19 budget was based on a K-12 state funding level of \$8.2 billion, which is about 11% higher than the legislatively approved 2015-17 K-12 funding level.

Salary and benefit costs for the District for 2018-19 are defined by the 2017-2021 Collective Bargaining Agreement between the District and Riverdale Teachers Association. The adopted budget for the general fund for the year ending June 30, 2019 is \$9,362,310.

**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.

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RIVERDALE SCHOOL DISTRICT 51J  
MULTNOMAH COUNTY, OREGON

THE BASIC FINANCIAL STATEMENTS



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**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2018**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current:	
Cash and Cash Equivalents	\$ 1,702,013
Taxes Receivable	298,420
Accounts Receivable	248,698
Non-Current:	
Capital Assets:	
Non-Depreciable	7,521
Depreciable, Net of Depreciation	25,390,230
Total Assets	27,646,882
<b>Deferred Outflows of Resources</b>	
Deferred Loss on Bond Refunding	699,077
Pension Related Deferrals (PERS)	3,226,771
Total Assets and Deferred Outflows	31,572,730
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	25,623
Accrued Interest	13,389
Accrued Vacation	2,189
Unearned Revenue	51,500
Current Portion, Long-term Debt:	
OPEB Obligation (Health Insurance)	16,416
OPEB Obligation (Stipends)	4,879
Bonds Payable	1,511,523
Total Current Liabilities	1,625,519
Long-term Debt:	
Deferred Interest on Bonds	5,728,122
OPEB Obligation (Health Insurance)	31,917
OPEB Obligation (Stipends)	9,620
Net Pension Liability (PERS)	6,174,321
Premium on Bonds Payable	932,435
Bonds Payable	18,005,441
Total Non-current Long-term Debt	30,881,856
Total Liabilities	32,507,375
<b>Deferred Inflows of Resources</b>	
Pension Related Deferrals (PERS)	227,518
Total Liabilities and Deferred Inflows of Resources	32,734,893
<b>Net Position</b>	
Net Investment in Capital Assets	3,487,248
Restricted for:	
Student Services	549,067
Debt Service	677,585
Capital Projects	187,941
Unrestricted	(6,064,004)
Total Net Position	\$ (1,162,163)

See accompanying notes to the basic financial statements.

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Instruction	\$ 7,414,708	\$ 1,163,682	\$ 1,229,557	\$ (5,021,469)
Support Services	3,876,505	4,256	75,523	(3,796,726)
Community Services	8,463	37,384	165	29,086
Facilities Acquisition and Construction	20,550	-	-	(20,550)
Interest on long-term debt	1,404,349	-	-	(1,404,349)
Total Governmental Activities	<u>\$ 12,724,575</u>	<u>\$ 1,205,322</u>	<u>\$ 1,305,245</u>	<u>(10,214,008)</u>
General Revenues:				
Property Taxes - General				3,363,265
Property Taxes - Debt Service				1,716,582
Local Revenue				816,364
County Revenue				325
State Sources				3,254,955
Earnings on Investments				65,581
Total General Revenues				<u>9,217,072</u>
		Change in Net Position		(996,936)
		Net Position - Beginning		(146,793)
		Prior Period Adjustment		<u>(18,434)</u>
		Net Position - Ending		<u>\$ (1,162,163)</u>

See accompanying notes to the basic financial statements.

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2018**

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
<b>ASSETS:</b>					
Cash and Investments	\$ 580,157	\$ 324,808	\$ 609,107	\$ 187,941	\$ 1,702,013
Receivables:					
Taxes	192,346	-	106,074	-	298,420
Accounts	15,439	233,259	-	-	248,698
Total Assets	<u>\$ 787,942</u>	<u>\$ 558,067</u>	<u>\$ 715,181</u>	<u>\$ 187,941</u>	<u>\$ 2,249,131</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 25,623	\$ -	\$ -	\$ -	\$ 25,623
Unearned Revenue	42,500	9,000	-	-	51,500
Total Liabilities	<u>68,123</u>	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>77,123</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>					
Unavailable Property Taxes Revenue	121,360	-	37,596	-	158,956
Total Deferred Inflow of Resources	<u>121,360</u>	<u>-</u>	<u>37,596</u>	<u>-</u>	<u>158,956</u>
<b>FUND BALANCE:</b>					
Restricted for:					
Student Services	-	549,067	-	-	549,067
Debt Service	-	-	677,585	-	677,585
Capital Projects	-	-	-	187,941	187,941
Unassigned	598,459	-	-	-	598,459
Total Fund Balance	<u>598,459</u>	<u>549,067</u>	<u>677,585</u>	<u>187,941</u>	<u>2,013,052</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u>\$ 787,942</u>	<u>\$ 558,067</u>	<u>\$ 715,181</u>	<u>\$ 187,941</u>	<u>\$ 2,249,131</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, 2018**

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<b>Total Fund Balances</b>	<b>\$ 2,013,052</b>
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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. (PERS)	(6,174,321)
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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 (PERS)	3,226,771
Pension Related Deferred Inflows (PERS)	(227,518)

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.	699,077
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Non-Depreciable Capital Assets	\$ 7,521	
Depreciable Capital Assets	33,340,085	
Accumulated Depreciation	<u>(7,949,855)</u>	25,397,751

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.	158,956
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(13,389)
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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	\$ (2,189)	
Bonds Payable	(19,516,964)	
Premium on Bonds Payable	(932,435)	
Deferred Interest on Bonds Payable	(5,728,122)	
OPEB Obligation (Health Insurance)	(48,333)	
OPEB Obligation (Stipends)	<u>(14,499)</u>	<u>(26,242,542)</u>

<b>Total Net Position</b>	<b>\$ <u>(1,162,163)</u></b>
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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, 2018**

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
REVENUES:					
From Local Sources	\$ 5,519,384	\$ 459,600	\$ 2,433,028	\$ 12,826	\$ 8,424,838
From Intermediate Sources	325	-	-	-	325
From State Sources	3,257,685	11,601	-	-	3,269,286
From Federal Sources	26,454	179,402	-	-	205,856
Total Revenues	8,803,848	650,603	2,433,028	12,826	11,900,305
EXPENDITURES:					
Instruction	5,928,851	540,236	-	-	6,469,087
Support Services	3,375,273	6,849	-	-	3,382,122
Enterprise and Community Services	-	7,384	-	-	7,384
Facilities Acquisition and Construction	-	-	-	20,550	20,550
Debt Service	-	-	2,082,444	-	2,082,444
Total Expenditures	9,304,124	554,469	2,082,444	20,550	11,961,587
Net Change in Fund Balance	(500,276)	96,134	350,584	(7,724)	(61,282)
Beginning Fund Balance	1,098,735	452,933	327,001	195,665	2,074,334
Ending Fund Balance	\$ 598,459	\$ 549,067	\$ 677,585	\$ 187,941	\$ 2,013,052

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, 2018**

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<b>Net Change in Fund Balance</b>	<b>\$ (61,282)</b>
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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:

Depreciation expense	(670,611)
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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. (PERS)

(801,692)

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)	1,422,925
------------------------	-----------

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	128,503
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	(746,709)
Other Accrued Interest on Long-Term Debt	1,879

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	(2,065)
OPEB Obligations (Health Insurance)	16,416
OPEB Obligation (Stipends)	4,879

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.

(172,666)

<b>Change in Net Position</b>	<b>\$ (996,936)</b>
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See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT 51J  
MULTNOMAH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS



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**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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 five 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 basic 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 is reported separately on the Statement of Activities.

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**

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**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 recognized as expenditures because 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**

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**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**

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**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**

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**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.

**Other Post Employment Benefits (Health Insurance and Stipends)**

The District pays a monthly stipend and 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, and only one participant remains in the plan as of June 30, 2018. The entire remaining liability is accrued in the Statement of Net Position; see footnote 10 for more information.

**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 Outflow/Inflow of Resources**

In addition to assets, the basic 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 \$699,077, and PERS pension related deferrals in the amount of \$3,226,771.

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**Deferred Outflow/Inflow of Resources (continued)**

In addition to liabilities, the basic 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, 2018, there were deferred inflows on the Statement of Net Position of \$227,518 representing PERS pension related deferrals and the Governmental Funds Balance Sheet shows unavailable property tax revenue of \$158,956.

**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.
- 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 are no nonspendable, committed, or assigned fund balances at June 30, 2018.

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**

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**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 the 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 General Fund, which Instruction was over spent by \$128,851 and Support Services was over spent by \$103,533.

**3. CASH AND INVESTMENTS**

Cash and Investments at June 30, 2018 consisted of:

Cash	\$ (562,869)
Investments	<u>2,264,882</u>
Total Cash & Investments	<u><u>\$ 1,702,013</u></u>

**Deposits**

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2018 was \$133,046, all of which was covered by federal depository insurance.



**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**3. CASH AND INVESTMENTS (CONTINUED)**

**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, 2018, none of the bank balances were exposed to custodial credit risk.

**Investments**

State statutes governing cash management are followed. 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's compliance with all portfolio guidelines can be found in their annual report when issued. 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. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

There were the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurers Investment Pool	\$ 2,264,882	\$ 2,264,882	\$ -	\$ -
Total	\$ 2,264,882	\$ 2,264,882	\$ -	\$ -

**Interest Rate Risk - Investments**

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.

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**3. CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk – Investments**

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

**Concentration of Credit Risk**

At June 30, 2018, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

**4. RECEIVABLES**

Receivables at June 30, 2018 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, 2018, are as follows:

	Governmental Capital Assets 7/1/2017	Additions	Deletions	Governmental Capital Assets 6/30/2018
Capital assets not being depreciated:				
Land & Land Improvements	\$ 7,521	\$ -	\$ -	\$ 7,521
Capital assets being depreciated:				
Buildings & Improvements	33,069,916	-	-	33,069,916
Vehicles and Equipment	270,169	-	-	270,169
Total	33,347,606	-	-	33,347,606
Accumulated Depreciation:				
Buildings and Improvements	7,116,562	659,296	-	7,775,858
Vehicles and Equipments	162,682	11,315	-	173,997
Total	7,279,244	670,611	-	7,949,855
Capital Assets, Net	<u>\$ 26,068,362</u>			<u>\$ 25,397,751</u>

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. CAPITAL ASSETS (CONTINUED)**

Depreciation was allocated to the functions as follows:

Instruction	\$ 440,047
Support	230,062
Community Services	<u>502</u>
 Total Depreciation Expense	 <u>\$ 670,611</u>

**6. OPERATING LEASE**

In July 2014 the District entered into a lease agreement for the use of copying machines with monthly payments of \$1,257. The terms are 60 months beginning July 2014 through June 2019. The expenses for this lease during the fiscal year ending June 30, 2018 were \$15,083. Future lease payments are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2019	<u>15,083</u>
Total	<u>\$ 15,083</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, commencing July 1, 2001 and going through June 30, 2021, 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.

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 Portland, 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 \$164,736 or \$13,728 per month. Future lease payments are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2019	168,031
2020	171,391
2021	<u>174,819</u>
Total	<u>\$ 514,241</u>

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

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

<http://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>

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. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
  - 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**

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**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. 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, 2018 were \$1,109,403, excluding amounts to fund employer specific liabilities. In addition approximately \$252,651 in employee contributions were paid by the District during 2017-18.

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Asset or Liability**

At June 30, 2018, the District reported a net pension liability of \$6,174,321 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. 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. As of the measurement dates of June 30, 2017 and 2016, the District's proportion was .046 and .041 percent, respectively. Pension expense for the year ended June 30, 2018 was \$801,692.

The rates in effect for the year ended June 30, 2018 were:

- (1) Tier 1/Tier 2 – 16.05%
- (2) OPSRP general services – 10.72%

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 298,593	\$ -
Changes in assumptions	1,125,469	-
Net difference between projected and actual earnings on pension plan investments	63,610	-
Changes in proportionate share	607,684	-
Differences between employer contributions and employer's proportionate share of system contributions	<u>22,012</u>	<u>(227,518)</u>
Subtotal - Amortized Deferrals (below)	2,117,368	(227,518)
District contributions subsequent to measurement date	<u>1,109,403</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u><u>\$ 3,226,771</u></u>	<u><u>\$ (227,518)</u></u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Subtotal amounts related to pension as deferred outflows of resources, \$2,117,368, and deferred inflow of resources, (\$227,518), net to \$1,889,850 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 407,972
2020	904,726
2021	638,445
2022	(84,009)
2023	22,716
Thereafter	<u>-</u>
Total	<u><u>\$ 1,889,850</u></u>

**RIVERDALE SCHOOL DISTRICT 51J**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 20, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>

**Actuarial Valuations**

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount 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, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 23, 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	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.50 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, 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 (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per scale BB, disabled mortality table.

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2015 Experience Study which is reviewed for the four-year period ending December 31, 2015.

**Assumed Asset Allocation:**

<b>Asset Class/Strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

*Source: June 30, 2017 PERS CAFR; p. 92*

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.



**RIVERDALE SCHOOL DISTRICT 51J**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

<b>Asset Class</b>	<b>Target</b>	<b>Compound Annual Return (Geometric)</b>
Core Fixed Income	8.00%	4.00%
Short-term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	63.00%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

*Source: June 30, 2017 PERS CAFR; p. 69*

**Discount Rate** – The discount rate used to measure the total pension liability, as of the measurement dates June 30, 2017 and 2016 was 7.50 and 7.50 percent respectively, 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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	<b>1% Decrease (6.50%)</b>	<b>Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
District's proportionate share of the net pension liability	\$ 10,522,170	\$ 6,174,321	\$ 2,538,714

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Changes Subsequent to the Measurement Date**

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

**OPSRP Individual Account Program (OPSRP IAP)**

*Plan Description:*

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

*Pension Benefits:*

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

*Death Benefits:*

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

*Contributions:*

Employees of the District pay six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2018.

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

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

**RIVERDALE SCHOOL DISTRICT 51J**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**9. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)**

**Plan Description:**

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

**Funding Policy:**

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the year ended June 30, 2018 were considered by management to be immaterial to the basic financial statements.

At June 30, 2018, the District's net OPEB liability/(asset) and deferred inflows and outflows were not considered to be material to the basic financial statements by management and were not accrued on the government wide statements.

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Early Retirement (Stipends)**

**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. As of June 30, 2018, there is one participant in the plan.

**RIVERDALE SCHOOL DISTRICT 51J**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**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 year 2018 was \$4,879, which equaled the required contribution for the year.

**Funding Status and Funding Progress**

As of June 30, 2018, the plan was 0% funded. The final plan participant will be completely paid out by June 2020, and the full remaining accrued liability was calculated as \$14,499 and is recorded in the Statement of Net Position.

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 remaining liability 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 this program 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.

**Post-Employment Health Insurance**

**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. As of June 30, 2018, there is one participant in the plan.

**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 year 2018 was \$16,416, which equaled the required contribution for the year.

**Funding Status and Funding Progress**

As of June 30, 2018, the plan was 0% funded. The final plan participant will be completely paid out by June 2020, and the full remaining accrued liability was calculated as \$48,333 and is recorded in the Statement of Net Position.

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 remaining liability 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 this program 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.

**RIVERDALE SCHOOL DISTRICT 51J**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**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, 2018, 23 employees were participating in the plan. Assets of the plan are held by the third party plan administrator for the exclusive benefit of the participating employees and are not included in the basic financial statements.

**11. 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 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.

**Deferred Interest**

As some bonds outstanding will not mature until 2020 and later, deferred interest accrues each year and is recorded as a liability in the Statement of Net Position. The balance of deferred interest is \$5,728,122 as of June 30, 2018. All bonds currently outstanding will mature by 2034.

**RIVERDALE SCHOOL DISTRICT 51J**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

**11. LONG-TERM DEBT (CONTINUED)**

Changes in long-term debt outstanding are as follows:

	Interest Rates	Outstanding 7/1/2017	Debt Issued	Matured and Redeemed	Outstanding 6/30/2018	Due in One Year
Pension Bond 2003	1.15-6.3%	\$ 2,738,611	\$ -	\$ 122,925	\$ 2,615,686	\$ 121,523
GO Bonds 2009 A&B	2.5-5.77%	11,291,278	-	1,300,000	9,991,278	1,390,000
GO Bonds 2015 Refunding	4%	6,910,000	-	-	6,910,000	-
Total		20,939,889	-	1,422,925	19,516,964	1,511,523
Premium on Bonds Payable		1,060,938	-	128,503	932,435	
Deferred Interest		4,981,413	746,709	-	5,728,122	
Total		<u>\$26,982,240</u>	<u>\$ 746,709</u>	<u>\$ 1,551,428</u>	<u>\$26,177,521</u>	

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

Year Ended 30-Jun	PENSION BOND		GO BONDS 2009 A&B	
	Principal	Interest	Principal	Interest
2019	\$ 121,523	\$ 312,929	\$ 1,390,000	\$ 49,400
2020	120,010	334,443	929,397	565,603
2021	119,775	359,678	-	-
2022	117,949	381,504	-	-
2023	116,429	403,023	-	-
2024-2028	2,020,000	329,156	3,428,078	5,326,922
2029-2033	-	-	3,596,548	8,908,454
2034	-	-	647,255	2,082,743
TOTALS	<u>\$ 2,615,686</u>	<u>\$ 2,120,733</u>	<u>\$ 9,991,278</u>	<u>\$ 16,933,122</u>

Year	GO REFUNDING BOND 2015		TOTAL	
	Principal	Interest	Principal	Interest
2019	\$ -	\$ 276,400	\$ 1,511,523	\$ 638,729
2020	-	276,400	1,049,407	1,176,446
2021	1,545,000	276,400	1,664,775	636,078
2022	1,660,000	214,600	1,777,949	596,104
2023	1,790,000	148,200	1,906,429	551,223
2024-2028	1,915,000	76,600	7,363,078	5,732,678
2029-2033	-	-	3,596,548	8,908,454
2034	-	-	647,255	2,082,743
TOTALS	<u>\$ 6,910,000</u>	<u>\$ 1,268,600</u>	<u>\$ 19,516,964</u>	<u>\$ 20,322,455</u>

**RIVERDALE SCHOOL DISTRICT 51J**  
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**12. 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 state 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.

**13. 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 fiscal years.

**14. 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.

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**15. TAX ABATEMENTS**

As of June 30, 2018, the District had tax abatements through one state allowed program that impacted their levied taxes: Child Care Facilities, Schools and Student Housing.

**Child Care Facilities, Schools, and Student Housing (ORS 307.145):**

- Child care facilities, schools, academies and student housing accommodations, owned or being purchased by incorporated charitable institutions or by incorporated religious organizations, used exclusively by such institutions or organizations for or in immediate connection with educational purposes, are exempt from taxation.

For the fiscal year ended June 30, 2018, the District had abated property taxes totaling \$674,697 under this program.

**16. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$18,434 was made in the Statement of Activities to correct the outstanding OPEB liabilities for Stipends and Health Insurance. There is only one employee left in the plan and the District reassessed the remaining liability that should have been recorded on the financial statements and the end of the prior year.



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RIVERDALE SCHOOL DISTRICT 51J  
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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RIVERDALE SCHOOL DISTRICT NO 51JT  
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2018

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
2018	0.046 %	\$ 6,174,321	\$ 4,814,455	128.2 %	83.1 %
2017	0.041	6,095,584	5,414,218	112.6	80.5
2016	0.035	1,984,929	4,219,086	47.0	91.9
2015	0.034	(768,380)	3,864,299	(19.9)	103.6
2014	0.034	1,729,885	4,269,416	40.5	92.0

The amounts presented for each fiscal year were actuarially 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
2018	\$ 1,109,403	\$ 1,109,403	\$ -	\$ 4,108,389	27.0 %
2017	739,488	739,488	-	4,814,455	15.4
2016	697,934	697,934	-	5,414,218	12.9
2015	803,450	803,450	-	4,219,086	19.0
2014	731,719	731,719	-	3,864,299	18.9

The amounts presented for each fiscal year were actuarially 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, 2018

**PLAN I (OPEB) STIPENDS:  
 SCHEDULE OF FUNDING PROGRESS**

Valuation Date	(a) Value of Assets	(b) Accrued Liability	(b)-(a) Unfunded Liability	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) Liability as a Percentage of Covered Payroll
6/30/2018	-	\$ 14,499	\$ 14,499	N/A	N/A	*
6/30/2017	-	19,698	19,698	N/A	N/A	N/A

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June, 30	Annual Required Contribution	Percentage (APC) Contributed
2018	\$ 4,879	N/A
2017	1,018	357%

The above table presents the most recent calculation of the post-retirement pension stipend under GASB 73 and it provides information about

\* Information not available

RIVERDALE SCHOOL DISTRICT  
MULTNOMAH COUNTY, OREGON  
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
 OTHER POST EMPLOYMENT BENEFITS  
 June 30, 2018

**PLAN I (OPEB) HEALTH INSURANCE:  
 SCHEDULE OF FUNDING PROGRESS**

Valuation Date	(a) Value of Assets	(b) Accrued Liability	(b)-(a) Unfunded Liability	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) Liability as a Percentage of Covered Payroll
6/30/2018	\$ -	\$ 48,333	\$ 48,333	N/A	N/A *	N/A
6/30/2017	-	45,995	45,995	N/A	N/A	N/A

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June, 30	Annual Required Contribution	Percentage (AOC) Contributed
2018	\$ 16,416	N/A
2017	2,421	52%

The above table presents the most recent calculation of the post-retirement health insurance under GASB 75 and it provides information

\* Information not available

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES:				
From Local Sources	\$ 5,429,026	\$ 5,429,026	\$ 5,519,384	\$ 90,358
From Intermediate Sources	-	-	325	325
From State Sources	3,163,548	3,163,548	3,257,685	94,137
From Federal Sources	-	-	26,454	26,454
Total Revenues	<u>8,592,574</u>	<u>8,592,574</u>	<u>8,803,848</u>	<u>211,274</u>
EXPENDITURES:				
Instruction	5,690,145	5,800,000 (1)	5,928,851	(128,851)
Support Services	3,381,595	3,271,740 (1)	3,375,273	(103,533)
Contingency	<u>271,068</u>	<u>271,068 (1)</u>	<u>-</u>	<u>271,068</u>
Total Expenditures	<u>9,342,808</u>	<u>9,342,808</u>	<u>9,304,124</u>	<u>38,684</u>
Net Change in Fund Balance	(750,234)	(750,234)	(500,276)	249,958
Beginning Fund Balance	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,098,735</u>	<u>(1,265)</u>
Ending Fund Balance	<u>\$ 349,766</u>	<u>\$ 349,766</u>	<u>\$ 598,459</u>	<u>\$ 248,693</u>

(1) Appropriation Level

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

<u>SPECIAL REVENUE FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
From Local Sources	\$ 868,800	\$ 868,800	\$ 459,600	\$ (409,200)
From State Sources	96,485	96,485	11,601	(84,884)
From Federal Sources	164,563	164,563	179,402	14,839
Total Revenues	<u>1,129,848</u>	<u>1,129,848</u>	<u>650,603</u>	<u>(479,245)</u>
EXPENDITURES:				
Instruction	1,232,769	1,232,769 (1)	540,236	692,533
Support Services	238,403	238,403 (1)	6,849	231,554
Community Services	11,000	11,000 (1)	7,384	3,616
Contingency	20,135	20,135 (1)	-	20,135
Total Expenditures	<u>1,502,307</u>	<u>1,502,307</u>	<u>554,469</u>	<u>947,838</u>
Net Change in Fund Balance	(372,459)	(372,459)	96,134	468,593
Beginning Fund Balance	<u>382,059</u>	<u>382,059</u>	<u>452,933</u>	<u>70,874</u>
Ending Fund Balance	<u>\$ 9,600</u>	<u>\$ 9,600</u>	<u>\$ 549,067</u>	<u>\$ 539,467</u>

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

(1) Appropriation Level



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RIVERDALE SCHOOL DISTRICT 51J  
MULTNOMAH COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	GO BONDS ACTUAL	PENSION OBLIGATION BONDS ACTUAL	TOTAL ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:						
From Local Sources	\$ 1,967,400	\$ 1,967,400	\$ 1,960,791	\$ 472,237	\$ 2,433,028	\$ 465,628
Total Revenue	1,967,400	1,967,400	1,960,791	472,237	2,433,028	465,628
EXPENDITURES:						
Long-Term Debt Service:						
Redemption of Principal	1,454,115	1,454,115 (1)	1,300,000	122,925	1,422,925	31,190
Interest	658,425	658,425 (1)	366,425	291,494	657,919	506
Dues and Fees	1,600	1,600 (1)	-	1,600	1,600	-
Total Debt Service	2,114,140	2,114,140	1,666,425	416,019	2,082,444	31,696
Total Expenditures	2,114,140	2,114,140	1,666,425	416,019	2,082,444	31,696
Net Change in Fund Balance	(146,740)	(146,740)	294,366	56,218	350,584	497,324
Beginning Fund Balance	146,740	146,740	146,846	180,155	327,001	180,261
Ending Fund Balance	\$ -	\$ -	\$ 441,212	\$ 236,373	\$ 677,585	\$ 677,585

(1) Appropriation Level

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2018**

<u>CAPITAL PROJECTS FUND</u>						
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>CAPITAL PROJECTS</u>	<u>CONSTRUCTION EXCISE TAX</u>	<u>TOTAL ACTUAL</u>	<u>VARIANCE FROM FINAL BUDGET</u>
REVENUES:						
From Local Sources	\$ 26,200	\$ 26,200	\$ 1,623	\$ 11,203	\$ 12,826	\$ (13,374)
Total Revenue	26,200	26,200	1,623	11,203	12,826	(13,374)
EXPENDITURES:						
Facilities Acquisition and Construction	260,871	260,871 (1)	-	20,550	20,550	240,321
Total Expenditures	260,871	260,871	-	20,550	20,550	240,321
Net Change in Fund Balance	(234,671)	(234,671)	1,623	(9,347)	(7,724)	226,947
Beginning Fund Balance	234,671	234,671	67,852	127,813	195,665	(39,006)
Ending Fund Balance	\$ -	\$ -	\$ 69,475	118,466	187,941	\$ 187,941

(1) Appropriation Level

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES**  
**OF TAXES UNCOLLECTED**  
**For the Year Ended June 30, 2018**

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2017</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 6/30/2018</u>
<u>GENERAL FUND:</u>						
CURRENT:						
2017-18	\$ 3,515,026	\$ 92,371	\$ (27,345)	\$ 998	\$ 3,342,244	\$ 54,064
PRIOR YEARS:						
2016-17	64,397	(11)	(15,492)	1,473	24,765	25,624
2015-16	38,138	(12)	(14,511)	1,405	7,886	17,158
2014-15	28,616	(6)	(2,203)	2,076	7,229	21,266
2013-14	21,066	-	(1,345)	1,283	3,775	17,229
Prior Years	63,694	-	(6,399)	641	931	57,005
Total Prior	215,911	(29)	(39,950)	6,878	44,586	138,282
Total General Fund	<u>\$ 3,730,937</u>	<u>\$ 92,342</u>	<u>\$ (67,295)</u>	<u>\$ 7,876</u>	<u>\$ 3,386,830</u>	<u>\$ 192,346</u>

RECONCILIATION TO REVENUE:

	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 3,386,830
Accrual of Receivables:	
June 30, 2017	(8,651)
June 30, 2018	70,986
Taxes in Lieu	(85,900)
Total Revenue	<u>\$ 3,363,265</u>

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES**  
**OF TAXES UNCOLLECTED**  
**For the Year Ended June 30, 2018**

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2017</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 6/30/2018</u>
<b>DEBT SERVICE</b>						
CURRENT:						
2017-18	\$ 1,804,051	47,409	\$ (14,043)	\$ 513	\$ 1,715,371	\$ 27,741
PRIOR YEARS:						
2016-17	33,395	(5)	(8,039)	763	12,842	13,282
2015-16	23,353	(7)	(8,890)	860	4,828	10,502
2014-15	14,650	(3)	(1,128)	1,063	3,701	10,887
2013-14	14,056	-	(897)	856	2,519	11,496
Prior Years	43,826	-	(11,494)	360	527	32,165
Total Prior	129,280	(16)	(30,448)	3,902	24,417	78,333
Total Debt Service Fund	<u>\$ 1,933,331</u>	<u>\$ 47,393</u>	<u>\$ (44,491)</u>	<u>\$ 4,415</u>	<u>\$ 1,739,788</u>	<u>\$ 106,074</u>

RECONCILIATION OF REVENUE:

	<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurer Above	\$ 1,739,788
Accrual of Receivables:	
June 30, 2017	(4,918)
June 30, 2018	68,478
Taxes in Lieu	<u>(86,766)</u>
Total Revenue	<u>\$ 1,716,582</u>

RIVERDALE SCHOOL DISTRICT 51J  
MULTNOMAH COUNTY, OREGON

OTHER INFORMATION



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**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, 2018**

<u>PROGRAM TITLE</u>	<u>PASS THROUGH ORGANIZATION</u>	<u>PASS THROUGH ENTITY NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT PERIOD</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION					
M98 High School Success	Office of Learning - Student Services	44780	99.998	7/1/17 - 6/30/19	\$ 102,828
IDEA Part B, Section 611 2017-18	Office of Learning - Student Services	45252	84.027	7/1/17 - 9/30/19	67,529
IDEA Part B, Section 619 2017-18	Office of Learning - Student Services	45497	84.173	7/1/17 - 9/30/19	485
Title I-A	Office of Learning - Student Services	45685	84.010	7/1/17 - 9/30/19	25,128
Title II-A - Teacher	Office of Learning - Student Services	45901	84.367	7/1/17 - 9/30/19	6,437
TOTAL FEDERAL EXPENDITURES					<u>\$ 202,407</u>
Reconciliation to Statement of Revenues, Expenses, and Changes in Fund Balances:					
Federal expenditures recognized					\$ 202,407
Accruals/Deferrals					3,449
Federal revenue on Statement of Revenues, Expenses, and Changes in Fund Balances:					<u>\$ 205,856</u>

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF FUTURE REQUIREMENTS OF BONDED DEBT**  
**June 30, 2018**

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		
6/30/2019	\$ 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>\$ 2,615,686</u>	<u>\$ 2,120,733</u>	<u>\$ 9,991,278</u>	<u>\$ 16,933,122</u>	<u>\$ 6,910,000</u>	<u>\$ 1,268,600</u>	<u>\$ 19,516,964</u>	<u>\$ 20,322,455</u>

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF BOND AND INTEREST TRANSACTIONS**  
**For the Year Ended June 30, 2018**

<u>ISSUE DATE</u>	<u>OUTSTANDING MATURED BONDS &amp; COUPONS 7/1/2017</u>	<u>BONDS &amp; COUPONS MATURED DURING YEAR</u>	<u>BONDS AND COUPONS PAID</u>	<u>OUTSTANDING MATURED BONDS &amp; COUPONS 6/30/2018</u>
4/3/2003 (a)	\$ 2,738,611	\$ 122,925	\$ 122,925	\$ 2,615,686
2/26/2009 (b)	11,291,278	1,300,000	1,300,000	9,991,278
4/28/2015 (b)	<u>6,910,000</u>	<u>-</u>	<u>-</u>	<u>6,910,000</u>
Total	<u>\$ 20,939,889</u>	<u>\$ 1,422,925</u>	<u>\$ 1,422,925</u>	<u>\$ 19,516,964</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

Pension Obligation Bond Fund	\$ 122,925
General Obligation Bond Fund	<u>1,300,000</u>
Total	<u>\$ 1,422,925</u>

**RIVERDALE SCHOOL DISTRICT 51J**  
**MULTNOMAH COUNTY, OREGON**

**SUPPLEMENTAL INFORMATION**  
**AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION**  
**For the Year Ended June 30, 2018**

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A. ENERGY BILLS FOR HEATING - ALL FUNDS:

Function 2540		Object 325, 326, & 327
	\$	173,208

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

1140

Co-curricular Activities

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, 2018**

	Fund 100	Fund 200	Fund 300	Fund 400	TOTAL
<b>Revenue from Local Sources</b>					
1111 Current Year's Taxes	\$ 2,470,827	\$ -	\$ 1,778,762	\$ -	\$ 4,249,589
1112 Prior Year's Taxes	84,768	-	24,585	-	109,353
1121 Current Year's Local Option Taxes	860,030	-	-	-	860,030
1122 Prior Year's Local Option Taxes	33,541	-	-	-	33,541
1123 Penalties and Interest on Local Option Taxes	631	-	-	-	631
1130 Construction Excise Tax	-	-	-	11,202	11,202
1190 Penalties and Interest on Taxes	2,067	-	-	-	2,067
1311 Tuition From Individuals	670,273	-	-	-	670,273
1314 Tuition - Deposits for Next Year	21,261	-	-	-	21,261
1315 Tuition Deposit	273	-	-	-	273
1510 Interest on Investments	49,215	-	14,743	1,623	65,581
1613 Special Milk Program	-	-	-	-	-
1615 Arts Tax	37,384	-	-	-	37,384
1710 Admissions	-	120	-	-	120
1740 Fees	125,460	337,792	-	-	463,252
1741 PRE-K Deposits for next year	-	8,500	-	-	8,500
1760 Club Fund Raising	-	5,312	-	-	5,312
1910 Rentals	4,256	-	-	-	4,256
1920 Contributions and Donations From Private Sources	973,990	105,381	-	-	1,079,371
1960 Recovery of Prior Years' Expenditure	-	-	-	-	-
1970 Services Provided Other Funds	375	-	467,676	-	468,051
1990 Miscellaneous	185,031	2,494	147,260	-	334,785
<b>Total Revenue from Local Sources</b>	<b>\$ 5,519,382</b>	<b>\$ 459,599</b>	<b>\$ 2,433,026</b>	<b>\$ 12,825</b>	<b>\$ 8,424,832</b>
<b>Revenue from Intermediate Sources</b>					
2101 County School Funds	\$ 325	\$ -	\$ -	\$ -	\$ 325
<b>Total Revenue from Intermediate Sources</b>	<b>\$ 325</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 325</b>
<b>Revenue from State Sources</b>					
3101 State School Fund—General Support	\$ 3,043,301	\$ -	\$ -	\$ -	\$ 3,043,301
3103 Common School Fund	68,439	-	-	-	68,439
3110 State School fund - Prior Year Adjustments	99,247	-	-	-	99,247
3120 State School fund - Other Adjustments	46,699	-	-	-	46,699
3199 State School fund - Other Adjustments	-	-	-	-	-
3299 Other Restricted Grants-in-aid	-	11,601	-	-	11,601
<b>Total Revenue from State Sources</b>	<b>\$ 3,257,686</b>	<b>\$ 11,601</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,269,287</b>
<b>Revenue from Federal Sources</b>					
Restricted Revenue From the Federal Government					
4500 Through the State	\$ 26,454	\$ 68,014	\$ -	\$ -	\$ 94,468
4501 Federal Revenue - Special Milk Program	-	8,560	-	-	8,560
4503 Restricted Grants from the Federal Government	-	102,828	-	-	102,828
<b>Total Revenue from Federal Sources</b>	<b>\$ 26,454</b>	<b>\$ 179,402</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 205,856</b>
<b>Revenue from Other Sources</b>					
5100 Long Term Debt Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5200 Interfund Transfers	-	-	-	-	-
5300 Sale/compensation fixed assets	-	-	-	-	-
5400 Resources - Beginning Fund Balance	1,098,735	452,933	327,002	195,665	2,074,335
<b>Total Revenue from Other Sources</b>	<b>1,098,735</b>	<b>452,933</b>	<b>327,002</b>	<b>195,665</b>	<b>2,074,335</b>
<b>Total</b>	<b>\$ 9,902,582</b>	<b>\$ 1,103,535</b>	<b>\$ 2,760,028</b>	<b>\$ 208,490</b>	<b>\$ 13,974,635</b>

**Riverdale School District**

Multnomah County, Oregon

**GENERAL FUND  
EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2018**

<b>Fund: 100 General Fund</b>							
<b>Instruction Expenditures</b>							
	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>TOTAL</b>
1111 Elementary, K-5 or K-6	\$ 1,306,417	\$ 987,736	\$ 43,541	\$ 38,909	\$ -	\$ -	\$ 2,376,602
1113 Elementary Extracurricular	7,005	2,593	-	-	-	-	9,598
1121 Middle/Junior High Programs	499,455	273,493	40,999	8,169	-	-	822,116
1122 Middle/Junior High School Extracurricular	85,696	27,160	22,671	1,321	-	674	137,522
1131 High School Programs	1,101,482	679,924	44,737	30,794	-	373	1,857,310
1132 High School Extracurricular	172,904	45,544	19,906	6,173	-	4,083	248,610
1210 Programs for the Talented and Gifted	16,631	9,364	-	-	-	-	25,995
1250 Less Restrictive Programs for Students with Disabilities	247,671	163,960	37,320	2,045	-	99	451,095
<b>Total Instruction Expenditures</b>	<b>\$ 3,437,261</b>	<b>\$ 2,189,774</b>	<b>\$ 209,174</b>	<b>\$ 87,411</b>	<b>\$ -</b>	<b>\$ 5,229</b>	<b>\$ 5,928,848</b>
<b>Support Services Expenditures</b>							
2122 Counseling Services	\$ 196,242	\$ 108,023	\$ 1,331	\$ 2,612	\$ -	\$ -	\$ 308,208
2130 Health Services	-	-	-	-	-	15	15
2190 Service Direction, Student Support Services	5,000	2,000	2,101	-	-	-	9,101
2210 Improvement of Instruction Services	6,500	2,713	790	-	-	-	10,003
2222 Library/Media Center	108,928	65,146	6,810	8,407	-	154	189,445
2230 Assessment and Testing	-	-	-	24,285	-	-	24,285
2240 Instructional Staff Development	87,476	74,114	441	-	-	-	162,031
2310 Board of Education Services	-	-	97,835	-	-	763	98,598
2320 Executive Administration Services	-	-	4,825	-	-	-	4,825
2321 Office of the Superintendent Services	194,813	99,066	12,927	6,352	-	7,355	320,513
2410 Office of the Principal Services	406,180	210,705	38,366	11,070	-	2,719	669,040
2520 Fiscal Services	87,901	46,799	21,372	15,914	-	15,670	187,656
2540 Operation and Maintenance of Plant Services	160,719	89,245	520,071	42,110	-	79,118	891,263
2550 Student Transportation Services	-	-	220,000	-	-	-	220,000
2633 Public Information Services	82,421	44,410	20,768	106	-	957	148,662
2640 Staff Services	46,841	23,778	2,475	96	-	3,386	76,576
2660 Technology Services	-	-	26,416	18,918	-	193	45,527
2700 Supplemental Retirement Program	4,800	4,730	-	-	-	-	9,530
<b>Total Support Services Expenditures</b>	<b>\$ 1,387,821</b>	<b>\$ 770,729</b>	<b>\$ 976,528</b>	<b>\$ 129,870</b>	<b>\$ -</b>	<b>\$ 110,330</b>	<b>\$ 3,375,278</b>
<b>Total 100 General Funds</b>	<b>\$ 4,825,082</b>	<b>\$ 2,960,503</b>	<b>\$ 1,185,702</b>	<b>\$ 217,281</b>	<b>\$ -</b>	<b>\$ 115,559</b>	<b>\$ 9,304,126</b>

**Riverdale School District**

Multnomah County, Oregon

**SPECIAL REVENUE FUND  
EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2018****Fund: 200 Special Revenue Funds**

<b>Instruction Expenditures</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>TOTAL</b>
1111 Elementary, K-5 or K-6	\$ -	\$ -	\$ 22,419	\$ 34,430	\$ -	\$ -	\$ 56,849
1113 Elementary Extracurricular	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	26,472	16,457	-	-	42,929
1122 Middle/Junior High School Extracurricular	-	-	9,906	-	-	150	10,056
1131 High School Programs	77,931	20,069	955	92,263	-	790	192,008
1132 High School Extracurricular	4,473	160	8,034	45,655	-	50	58,372
1140 Pre-kindergarten Programs	64,207	35,740	10,040	1,542	-	-	111,529
1250 Less Restrictive Programs for Students with Disabilities	41,432	26,096	-	963	-	-	68,491
<b>Total Instruction Expenditures</b>	<b>\$ 188,043</b>	<b>\$ 82,065</b>	<b>\$ 77,826</b>	<b>\$ 191,310</b>	<b>\$ -</b>	<b>\$ 990</b>	<b>\$ 540,234</b>
<b>Support Services Expenditures</b>							
2210 Improvement of Instruction Services	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 500
2222 Library/Media Center	-	-	-	397	-	-	397
2410 Office of the Principal Services	-	-	-	420	-	-	420
2540 Operation and Maintenance of Plant Services	1,049	333	955	3,195	-	-	5,532
<b>Total Support Services Expenditures</b>	<b>\$ 1,049</b>	<b>\$ 333</b>	<b>\$ 1,455</b>	<b>\$ 4,012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,849</b>
<b>Enterprise and Community Services</b>							
3120 Food Preparation and Dispensing Services	\$ -	\$ -	\$ -	\$ 7,384	\$ -	\$ -	\$ 7,384
<b>Total Enterprise and Community Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,384</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,384</b>
<b>Total 200 Special Revenue Funds</b>	<b>\$ 189,092</b>	<b>\$ 82,398</b>	<b>\$ 79,281</b>	<b>\$ 202,706</b>	<b>\$ -</b>	<b>\$ 990</b>	<b>\$ 554,467</b>



**Riverdale School District**

Multnomah County, Oregon

**DEBT SERVICE FUND  
EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2018**

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**Fund: 300 Debt Service**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	TOTAL
<b>Other Uses Expenditures</b>							
5110 Long-Term Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,082,444	\$ 2,082,444
<b>Total Other Uses Expenditures</b>	-	-	-	-	-	2,082,444	2,082,444
<b>Total 300 Debt Service Funds</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,082,444</u>	<u>\$ 2,082,444</u>

**Riverdale School District**

Multnomah County, Oregon

**CAPITAL PROJECTS FUND  
EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2018**

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<b>Fund: 400 Capital Projects Funds</b>							
	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>TOTAL</b>
<b>Facilities Acquisition and Construction</b>							
Building Acquisition, Construction, and							
4150 Improvement Services	\$ -	\$ -	\$ 834	\$ 19,716	\$ -	\$ -	\$ 20,550
<b>Total Facilities and Construction</b>							
<b>Expenditures</b>	\$ -	\$ -	\$ 834	\$ 19,716	\$ -	\$ -	\$ 20,550
<b>Total 400 Capital Projects Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 834</b>	<b>\$ 19,716</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,550</b>

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RIVERDALE SCHOOL DISTRICT 51J  
MULTNOMAH COUNTY, OREGON

2017-18 INDEPENDENT AUDITORS' REPORT  
REQUIRED BY OREGON STATE REGULATIONS

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March 28, 2019

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of Riverdale School District 51J (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated March 28, 2019. 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:

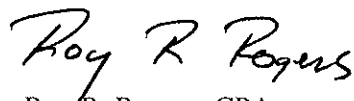
1. Actual expenditures exceeded budget appropriations as noted on page 13 of the financial report.
2. Notice of a budget hearing was published on June 14, 2018, less than five days before the hearing date (June 18, 2018). These notices must be published between 5-30 days prior to the date of the hearing.

### **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.

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated March 28, 2019.

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

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive, flowing style.

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