

**BOARD OF EDUCATION**

Portland Public Schools  
**REGULAR MEETING**  
**December 13, 2016**

**Board Auditorium**

Blanchard Education Service Center  
 501 N. Dixon Street  
 Portland, Oregon 97227

**Note:** Those wishing to speak before the School Board should sign the public comment sheet prior to the start of the meeting. No additional speakers will be accepted after the sign-in sheet is removed, but testifiers are welcome to sign up for the next meeting. While the School Board wants to hear from the public, comments must be limited to three minutes. All those testifying must abide by the Board's Rules of Conduct for Board meetings.

Public comment related to an action item on the agenda will be heard immediately following staff presentation on that issue. Public comment on all other matters will be heard during the "Public Comment" time.

*This meeting may be taped and televised by the media.*

**AGENDA**

- |      |   |          |
|------|---|----------|
| 1.   | <b><u>STUDENT TESTIMONY</u></b>   | 6:00 pm  |
| 2.   | <b><u>PUBLIC COMMENT</u></b>  | 6:15 pm  |
| 3.   | <b><u>STUDENT REPRESENTATIVE'S REPORT</u></b>   | 6:35 pm  |
| 4.   | <b><u>INTERIM SUPERINTENDENT'S REPORT</u></b>   | 6:45 pm  |
| 5.   | <b><u>DISTRICT-WIDE BOUNDARY REVIEW ADVISORY COMMITTEE UPDATE</u></b>                 | 7:00 pm  |
| 6.   | <b><u>PRESENTATION: LEADERSHIP PROFILE BY HAZARD, YOUNG, ATTEA AND ASSOCIATES</u></b> | 7:15 pm  |
| 7.   | <b><u>BUDGET AMENDMENT NO. 1 TO 2016-17 BUDGET</u></b> – <i>action item</i>           | 8:45 pm  |
| 8.   | <b><u>BUDGET OVERVIEW</u></b>   | 9:05 pm  |
| 9.   | <b><u>COMPREHNSIVE ANNUAL FINANCIAL REPORT</u></b> – <i>action item</i>               | 9:30 pm  |
| 10.. | <b><u>BUSINESS AGENDA</u></b>   | 9:45 pm  |
| 11.  | <b><u>ADJOURN</u></b>   | 10:00 pm |

**Portland Public Schools Nondiscrimination Statement**

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. The District is committed to equal opportunity and nondiscrimination based on race; national or ethnic origin; color; sex; religion; age; sexual orientation; gender expression or identity; pregnancy; marital status; familial status; economic status or source of income; mental or physical disability or perceived disability; or military service.



# Board of Education Informational Report

## MEMORANDUM

**Date:** December 9, 2016  
**To:** Members of the Board of Education  
**From:** Judy Brennan, Director, Enrollment & Transfer  
**Subject:** Update on District-wide Boundary Review Advisory Committee

---

This Memorandum provides an update on the status of current efforts by the District-wide Boundary Review Advisory Committee (D-BRAC) to meet the charge delivered to them by Interim Superintendent McKean on October 17, 2016.

The committee's work has been focused on addressing ongoing enrollment balancing issues at Beach, Chief Joseph, Peninsula, Ockley Green and Woodlawn. Those schools were all reconfigured this year through a fast-track process approved in April 2016. However, the rapid process did not leave time to find solutions to:

- More K-5 students than could fit into Chief Joseph this year, necessitating keeping grade 5 at Ockley Green
- Very small enrollment at Peninsula K-5 and Woodlawn PK-5
- Imbalance between Spanish Immersion and the English-only programs at Beach

The situation was exacerbated when Ockley Green opened with more students than expected, due in part to the closure of SEI Charter Academy 6<sup>th</sup> grade and neighborhood students coming back to Ockley Green from other choices.

In early November, DBRAC received three staff-generated options that each use a different tool to address the enrollment issues described above. Since then, committee members have attended eight listening sessions held at the five impacted schools, and received nearly one hundred survey and e-mail responses.

The committee met seven times this fall, including three day-long Saturday work sessions, with the goal of responding to Interim Superintendent McKean in mid-December. Tools that support their work include enrollment data and community feedback, PPS racial equity and boundary change policies, and the Enrollment Balancing Values Framework.

In addition to focusing on Ockley Green and its four feeder elementary schools, the committee has continued to convey strong support for continuing to work on other reconfiguration and boundary changes across the eastside, and to advocate for district attention to middle grades programming, educational options review and additional staffing support for small K-8 schools.

Co-chairs Pamela Kislak, Jason Trombley and I would be happy to provide additional information and answer your questions at an upcoming board meeting.

**Cc: Pamela Kislak, Jason Trombley, Lorenzo Poe, Courtney Wilton, Yousef Awwad**



## Portland Public Schools Superintendent of Schools Desired Characteristics

After seeking input its members, parents, faculty, staff, students, and community members, the Board of Education of the Portland Public Schools seeks a transparent, ethical educational leader who possesses the following skills and characteristics.

An effective and **systems-thinking manager** who:

- Aligns fiscal resources of the district with organizational priorities and manages the long-term financial health of the district.
- Establishes district-wide expectations for programs, services, and operations while respecting differences amongst the schools in order to provide safe and caring environments.
- Listens to and effectively represents the interests and concerns of all stakeholders.
- Knows how to implement and deploy initiatives and priorities throughout a large, complex urban educational system.
- Understands the day-to-day operations of all aspects of a school district.

A capable **communicator and team builder** who:

- Advocates for the needs of all students and, in particular, underserved populations.
- Believes in collaboration, but also understands the importance of making decisions once input has been gathered.
- Builds a strong Board/administration leadership team by clearly defining the roles and responsibilities at the policy and management levels in the school district.
- Communicates thoroughly, regularly, and frequently with all internal and external stakeholder groups.
- Fosters a positive, professional climate of trust and respect among all stakeholders.
- Helps the organization heal and find its collective path forward.

A knowledgeable and experienced **instructional leader** who:

- Believes deeply in educating the whole child.
- Establishes clear educational priorities for the work of the district.
- Has a demonstrated track record of success in narrowing achievement gaps.
- Holds high expectations for all students and increases academic performance.
- Lobbies legislators regarding the needs of the Portland Public Schools.
- Sets a vision for the school district to ensure students be college and career ready.
- Understands equity and fully committed to continuing that work in the district.

The following leadership experiences, accomplishments and credentials are highly desirable:

- A demonstrated track record of working in diverse urban environments.
- An earned doctorate from an accredited university.
- Eligibility for a superintendent certificate in the State of Oregon.
- Experience as a teacher, principals and district level leader.

# Portland Public Schools

## Leadership Profile Report

### Executive Summary

This report presents the findings of the Leadership Profile Assessment conducted by Hazard, Young, Attea & Associates (HYA) in November 2016 for the new superintendent of the Portland Public Schools. The data contained herein were obtained from input the HYA consultants received when they met with individuals and groups in either individual interviews or focus group settings and from the results of the online survey completed by stakeholders. The surveys, interviews, and focus group meetings were structured to gather input to assist the Board in determining the primary characteristics desired in the new superintendent. Additionally, the stakeholder interviews and focus groups collected information regarding the strengths of the District and some of the challenges that it will be facing in the coming years.

### Participation

The numbers of participants, by stakeholder group, in the two methods of data gathering are:

Group	Personal interviews or focus groups	Online Survey
Board	7	NA
Principals and Assistant Principals	20	161
District-Level Administrators	20	
Certified and Support Staff	11	742
Community	116	194
Parents	19	1939
Students	8	326
<b>Total</b>	<b>201</b>	<b>3362</b>

The online survey results are included with this report beginning on page 10. It should be emphasized that the data are not a scientific sampling, nor should they necessarily be viewed as representing the majority opinion of the respective groups to which they are attributed. Items are included if, in the consultants' judgment, they warranted the Board's attention.

## Strengths of the District

Several important themes emerged from the conversations with constituents. The items below represent aspects of the school that, in the judgment of stakeholders, are important strengths in the organizations or aspects of the school district that stakeholders would like to see maintained during the transition of leadership.

### **Equity Work**

Many stakeholder groups discussed and appreciated the work that has been done in the district over the past five years in regards to equity. Many staff members shared that the professional development on equity and *Courageous Conversations* has helped them assess their personal views on race, poverty and diversity. This has resulted in some changes in approach and attitudes at the classroom and school level. Community members, particularly those members representing underserved and marginalized communities, also shared the perspective that this work has been much needed and greatly appreciated. Some stakeholders shared that the District's work on equity has been recognized as a national model. While all stakeholder groups talked about the work and its impact on interpersonal relationships, there were mixed views on whether the work was making a difference in classroom practices. Some felt that it was, while others felt the work had not yet translated into significant changes in instruction.

### **Instructional Programming**

Numerous constituents shared that PPS has made progress over the past few years in narrowing achievement gaps and increasing graduation rates. They felt these successes were highly significant, not only due to the fact they are foundational measures of success in a school district, but they were also accomplished during very tight budget times. While pleased with the fact that graduation rates have improved, many feel they could be better given that they are on par with state averages and below national averages. Both internal and external stakeholders commented frequently on the Focus Option Schools and Dual Language programs. Many people felt these programs provided excellent instructional options for children and felt that dual language programs should be expanded, if possible.

### **Staff and Community Support of Public Education**

Many parents and staff members shared the belief that PPS has a dedicated work force that often goes above and beyond the required obligations to help children learn. They credit the commitment of the staff as one of the primary reasons for continued success in the school district even though the district has experienced significant challenges on many fronts. Additionally, there was widespread recognition that the community, at large, and parents, in particular, strongly support public education.

Numerous comments were made that the vast majority of children in Portland attend PPS and that fact served as an example of great pride in PPS

## Challenges and Issues Facing the District

Overall, PPS is a school district that has experienced some significant challenges and is currently in a period of quandary and transition. For many, there is a great deal of hurt and pain in the organization that will need to be addressed by the new superintendent. Leadership struggles, budget challenges, and communication issues have contributed to the fragility of the organization and a strong desire for the new leader to help heal the organization and help it find its path forward. Some of the significant challenges facing PPS include the following:

### **Lack of Priorities, Strategic Plan, and Follow-Through**

Constituents repeatedly cited the fact that PPS has too many initiatives, too many competing programs, and too many individuals providing contradictory priorities for the time and energy of staff. The general scenario was described by staff as, “new initiatives get started with little follow-through or support and then we move onto the next thing and we never take anything off of our plates.” The lack of prioritization and effective strategic planning was also described by other constituent groups, and they see them resulting in the organization being driven by random acts of improvement rather than a clearly defined, mutually agreed upon sense of purpose. There was widespread agreement that PPS needs to define its three or four priorities, create strategic plans to lay out the path forward, and provide ongoing financial, training, and assessment support over an extended period of time to implement needed changes. Many internal and external stakeholders believe that unless PPS finds and defines its core direction, it will continue in its disjointed and reactionary modes of operation. Stakeholders strongly believe that a clear sense of direction and priorities are needed in order to make instructional improvements in the system.

### **Communication**

Although not always expressed explicitly, communication within the organization and with the community at large appears to be a significant issue in the District. Operational communication between departments does not function well. Communication with the rank and file staff members seems to be inadequate to ensure that everyone is on the same page and external communication with the community is often more reactive than proactive. While engagement and input are important, many stakeholders feel that input is not taken seriously and that recommendations are often ignored. These feelings may very well be a result of a lack of communication about how and why decisions are made rather than a lack of consideration of the input.

**Decentralization and Lack of Consistency Among Schools**

Parents, and in some cases staff members, noted frequently that there are significant inconsistencies from school to school in programming, services, curricular expectations, philosophical beliefs, policies and procedures. They see this as a significant issue that needs to change. While there is recognition that schools need some degree of flexibility in regards to implementation, there is a strong desire that basic curricular expectations and resources, program choices, and operational practices should be far more consistent from school to school. Parents expressed the view that these differences were often driven by the decisions of the principal of the school, with some believing there are some significant differences in the leadership skills and educational philosophies of the principals. Staff members suggested that the fact that schools operate inconsistently was the result of a patchwork approach to problem solving and differing choices being made during budget cutting times. There is also a belief that the district office focuses on a sense of compliance rather than continuous improvement and this approach has resulted in a lack of innovation and growth in the system.

**Central Office Structure and Behavior**

There is widespread concern among staff across the school system that the central office operates as silos, does not possess a service mentality towards the schools, and is highly focused in competing priorities and maintaining their turf. One staff member noted that there are 26 departments that run program and services in the district office and there is little coordination of effort among them. Another staff member noted that there were five different departments using five different approaches to guide social emotional learning. School leaders and staff members shared that central office departments often ask for the same information in separate reporting requirements or that they provide differing directions to schools.

**Board Turmoil and Behavior**

Many stakeholders, particularly internal and external leadership, believe that the Board is struggling to find common ground and provide direction to the organization. Board turmoil and strife was often cited as contributing to the tension and anxiety that exists in the organization. Some staff members feel individual board members have publicly and privately criticized them. Administrators, at the district and building levels, feel that individual board members have directed them to do something and they are unsure how to handle these issues. Board members themselves have described the fact that they do not always work through the superintendent and that they feel they have to go directly to staff to get things accomplished. This behavior on the part of board members is often one of the variables in lack of focus and direction in the organization. There was widespread concern that board members overstepping their role and the lack of a cohesive direction from the Board were two major problems causing significant angst and turmoil in the school district.

### **Staff Morale and Turnover**

Several of the above mentioned challenges have resulted in low staff morale and a significant number of individuals leaving PPS for other job opportunities. While staff turnover is often a challenge in urban school systems, it appears to be a growing problem in PPS. Budget cuts, low comparative salaries, lack of focus, inconsistencies from school to school, a silo mentality at the district office, and board member behavior are all concerns that current employees have shared as reasons behind recent departures and the current number of employees looking for other jobs. Staff members also felt these issues are some of the reasons the district is having difficulty filling the current vacancies. Many staff members also shared that PPS used to be a great place to work and that staff members took great pride in PPS. That seems to be a diminishing feeling on the part of staff.

### **Sense of Inequity Among Schools and Racial Divides**

Community members, parents, and staff all noted a sense of financial inequity among the schools. Whether real or perceived, this belief is a contributing factor to the tensions in the system. While many described the fact the funding from school to school is equal on a surface level, the ability of some schools to raise significant dollars from PTAs and foundations, along with significant differences in the level of need of the student body means that financial support to schools is highly inequitable. The comment “that equal is not equitable” was shared often. The perceived inequities among schools were also often associated with racial demographics. PPS will need to take a careful look at what factors are driving these beliefs and also take a careful look at the communications channels and tools they use to share information about financial resources.

## **Desired Characteristics**

Given the status of the Portland Public Schools, the constituents desire a superintendent who can help the organization heal, find its purpose, and set the stage to have it move forward in a focused and healthy manner. Some of the most important characteristics that stakeholders desire are:

### **Manager**

The current state of operations in PPS will require that the new superintendent have a clear sense of operational details. Setting direction is essential but so is the need for implementation, deployment and daily operation. Many stakeholders believe PPS’s intentions are in the right place, but the system seems to lack the capacity to execute effectively. A superintendent who understands all of the aspects of managing a large, diverse urban school district will be essential. The first and third top priorities from the online survey support this perspective. They are:

- Effectively plan and manage the long-term financial health of the District. (M)
- Provide safe and caring school environments. (M)

### **Communicator**

The internal and external communication needs in the organization are paramount. While problems and issues exist within the system, they are often exacerbated by poor communication. The superintendent needs to have the ability to communicate with staff members and community members effectively, frequently, consistently, and transparently in order for everyone to be on the same page. This skill set is essential to establishing positive, respectful, and trusting relationships with all stakeholders. The second top priority reflects this need. It is:

- Foster a positive professional climate of mutual trust, communication and respect among faculty, staff, and administrators. (CC)

### **Collaborator and Decision Maker**

PPS and the Portland community are grounded in beliefs about participation and engagement. Collaboration skills on the part of the superintendent are essential in this community. Meaningful, thoughtful collaboration with the ability to make a decision once input has been sought will help to address one of PPS's stumbling blocks – namely paralysis by analysis. The superintendent has to be sincere in seeking input, but also has to ultimately make and explain decisions, as well as solve the problems facing the system. The fourth priority from the online survey representatives this view:

- Listen to and effectively represent the interests and concerns of students, staff, parents, and community members. (CE)

### **Instructional Leader**

Much of the current conversation by staff revolves around adult needs within the organization. While important, stakeholders want a leader who can focus attention on the instructional needs of students and help them succeed in school and be prepared for college and career after then leave PPS. The desire to put student needs first was expressed often by staff and community members and was reflected in the fifth priority of the online survey:

- Increase academic performance for students of all ability levels and socioeconomic status. (IL)

### **Advocate for Children and a Systems Thinker**

Many constituents want a superintendent who is the primary advocate for children and, in particular, the children who lack voice or essential support. Defining the wide variety of competing interests related to children will help the organization set priorities, managing the resources of time and money to meet the needs of all children, aligning the system, and accomplishing the desired results. These aspects of leadership are essential ingredients of a systems thinker – someone who can see the big picture, set the stage, and align resources to accomplish the goals of organization. This need exists at both the strategic and operational levels within the organization.

## Search Process Participation and Communication

The Board of Education asked that two additional questions be asked when the consultants met with focus groups and held open forums. The two questions were:

- How would you like to be involved moving forward?
- What is the best way to communicate with your constituents and how can you help us do that?

In regards to communication, the majority of comments made focused on communicating regularly and frequently about the process. All of the typical communication channels – email, robo calls, newsletters, social media, and working through numerous school and communication groups were mentioned. The consensus was that frequent communication about the process and progress was essential.

In regards to the question about involvement, there was a wide range of responses from “this is the Board’s decision and they should take responsibility for it” to “there should be an opportunity for the public to meet the candidates and share their input on who is best.” There did seem to be a relationship between trust in the Board and the views about the process that should be followed on the part of community members – namely, the stronger the feeling was that the Board is not doing a good job leading the District, the greater the desire for public participation and say in the decision. Staff members often expressed the feeling that there is need for confidentiality in the process in order to attract the best candidates, but there was also desire to have staff representation on an interviewing committee. This desire stemmed from the belief that the Board does not understand the day-to-day educational work of the District and needs the input from the staff about who might be a good match for the needs in PPS. Lastly, there were questions on the part of many as to whether or not the Board was capable of keeping the names of the candidates confidential, fearing that Board members would be the ones to leak the names of candidates under consideration.

## Next Steps

The Board needs to discuss the desired characteristics to be sought in the next PPS superintendent, and an initial draft to begin that discussion is provided on page 1 of this report. Once the Board finalized the “Desired Characteristics” HYA will support the Board in finding an individual who possesses the skills and character traits required to meet the needs of the Portland Public Schools. The search team will seek a new superintendent who can work with the PPS Board to provide

the leadership needed to continue to raise academic standards and student performance, while meeting the unique needs of each of its schools and communities.

The search team would like to thank all the participants who attended focus group meetings or completed the online survey and the PPS staff members who assisted with our meetings, particularly Rosanne Powell who organized the search team's schedule and provided innumerable support to the search team maximizing their time while in the District.

Respectfully submitted by HYA Consultants:

Lorraine Garcy, Hank Gmitro, and Carolyn McKennan

## Online Superintendent Profile Survey Results

The Superintendent Profile survey was completed by 3,362 stakeholders. Over half of respondents were parents (58 percent). Seventeen percent were teachers/certified staff, and another 10 percent were students. The rest were community members, non-licensed staff, and administrative staff.

Stakeholder Group		
	Frequency	Percent
Administrative Staff	161	4.8
Community Member	194	5.8
Non-licensed Staff	184	5.5
Parent with students in schools	1939	57.7
Student	326	9.7
Teacher/Certified Staff	558	16.6
Total	3362	100.0

*Percentages may not add to one hundred percent due to rounding.*

The top-rated characteristics respondents selected for a superintendent were:

- Effectively plan and manage the long-term financial health of the District. (M)
- Foster a positive professional climate of mutual trust, communication and respect among faculty, staff, and administrators. (CC)
- Provide safe and caring school environments. (M)
- Listen to and effectively represent the interests and concerns of students, staff, parents, and community members. (CE)
- Increase academic performance for students of all ability levels and socioeconomic status. (IL)

Percentages of respondents overall who selected each item, as well as percentages by stakeholder group, are given in the tables on the following pages. Benchmark results from over one hundred and twenty comparable districts, incorporating the ranking of over sixty thousand stakeholders, are also provided in the table to allow for a comparison of results to national norms.

In addition, differences were examined for statistical and practical significance to determine whether the mean scores by stakeholder group differed. Results indicate that, for many items, the various stakeholders were in agreement. On the other hand, there were several items that certain stakeholders valued more than others.

- Administrative staff and parents were significantly more likely than students and teachers to choose the Vision & Values item “Provide a clear, compelling vision for the future.”
- Administrative staff and teachers were significantly more likely than parents to choose the Vision & Values item “Have experience working with diverse student populations and using an equity lens in decision-making.”
- Community members were significantly more likely than students to choose the Vision & Values item “Demonstrate a commitment to developing cultural competency both personally and throughout the organization.”
- Community members and parents were significantly more likely than students and teachers to choose the Vision & Values item “Establish a culture of high expectations for all students and a service orientation for all personnel.”
- Parents were significantly more likely than students to choose the Instructional Leadership item “Provide leadership to implement instructional best practices targeted to each student subgroup and integrated technology at each level of schooling.”
- Parents were significantly more likely than administrative staff, community members, non-licensed staff, students, and teachers to choose the Instructional Leadership item “Provide guidance for well-rounded, high quality, challenging curriculum and instructional programs responsive to the needs of the continuum of learners.”
- Parents were significantly more likely than students and teachers to choose the Instructional Leadership item “Increase academic performance for students of all ability levels and socioeconomic status.”
- Administrative staff were significantly more likely than students to choose the Instructional Leadership item “Demonstrate a history of closing achievement and opportunity gaps by raising the achievement of all students while narrowing the gaps between the lowest and highest performing students and eliminating predictability in regards to which student groups occupy the highest and lowest achievement categories.”
- Non-licensed staff were significantly more likely than parents to choose the Community Engagement item “Be visible throughout the District and actively engaged across the city’s communities.”
- Students and teachers were significantly more likely than administrative staff, community members, and parents to choose the Community Engagement item “Listen to and effectively represent the interests and concerns of students, staff, parents, and community members.”
- Administrative staff were significantly more likely than parents and teachers to choose the Community Engagement item “Develop strong relationships with constituents, local government, area businesses, media, higher education, and community partners.”
- Teachers were significantly more likely than administrative staff, community members, non-licensed staff, parents, and students to choose the Communication & Collaboration item “Involve appropriate stakeholders in the decision-making process.”

- Administrative staff, community members, non-licensed staff, parents, and teachers were significantly more likely than students to choose the Communication & Collaboration item “Foster a positive professional climate of mutual trust, communication and respect among faculty, staff, and administrators.”
- Administrative staff, parents, and teachers were significantly more likely than community members, non-licensed staff, and students to choose the Communication & Collaboration item “Lead in an encouraging, participatory, transparent, and team-focused manner.”
- Administrative staff, community members, non-licensed staff, parents, and teachers were significantly more likely than students to choose the Management item “Effectively manage and oversee district operations and educational programs.”
- Parents were significantly more likely than administrative staff to choose the Management item “Provide safe and caring school environments.”
- Community members, non-licensed staff, parents, and teachers were significantly more likely than students to choose the Management item “Effectively plan and manage the long-term financial health of the District.”

Percentage of Respondents Who Selected Each Item (By Subgroups)								
Number indicates rank order by overall results		ALL (3362)	Admin. (161)	Comm. (194)	Non- Licensed Staff (184)	Parent (1939)	Student (326)	Teacher/ Cert. Staff (64)
1	Effectively plan and manage the long-term financial health of the District.	29%	25%	29%	27%	32%	13%	28%
2	Foster a positive professional climate of mutual trust, communication and respect among faculty, staff, and administrators.	28%	45%	25%	30%	25%	10%	47%
3	Provide safe and caring school environments.	26%	17%	19%	24%	28%	29%	24%
4	Listen to and effectively represent the interests and concerns of students, staff, parents, and community members.	26%	17%	19%	28%	24%	33%	31%
5	Increase academic performance for students of all ability levels and socioeconomic status.	24%	19%	22%	20%	29%	17%	14%
6	Have experience working with diverse student populations and using an equity lens in decision-making.	23%	31%	25%	26%	20%	24%	28%
7	Provide guidance for well-rounded, high quality, challenging curriculum and instructional programs responsive to the needs of the continuum of learners.	23%	13%	18%	15%	27%	17%	19%
8	Identify, confront, and resolve issues and concerns in a timely manner.	23%	17%	16%	22%	24%	22%	23%
9	Demonstrate a history of closing achievement and opportunity gaps by raising the achievement of all students while narrowing the gaps between the lowest and highest performing students and eliminating predictability in regards to which student groups occupy the highest and lowest achievement categories.	22%	28%	24%	22%	21%	16%	23%
10	Lead in an encouraging, participatory, transparent, and team-focused manner.	20%	30%	15%	20%	19%	11%	30%

Percentage of Respondents Who Selected Each Item (By Subgroups)								
Number indicates rank order by overall results		ALL (3362)	Admin. (161)	Comm. (194)	Non-Licensed Staff (184)	Parent (1939)	Student (326)	Teacher/Cert. Staff (64)
11	Effectively manage and oversee district operations and educational programs.	20%	25%	25%	22%	21%	8%	20%
12	Recruit, employ, evaluate, and retain effective, diverse personnel throughout the District and its schools.	20%	20%	24%	22%	20%	17%	18%
13	Establish a culture of high expectations for all students and a service orientation for all personnel.	18%	16%	21%	20%	21%	10%	11%
14	Provide a clear, compelling vision for the future.	18%	27%	20%	15%	19%	16%	12%
15	Provide leadership to implement instructional best practices targeted to each student subgroup and integrated technology at each level of schooling.	12%	15%	12%	10%	13%	6%	10%
16	Demonstrate cross-cultural engagement and effective communication with all stakeholder groups.	10%	13%	10%	14%	10%	7%	10%
17	Involve appropriate stakeholders in the decision-making process.	10%	8%	8%	9%	8%	7%	19%
18	Demonstrate a commitment to developing cultural competency both personally and throughout the organization.	10%	11%	14%	11%	9%	5%	11%
19	Develop strong relationships with constituents, local government, area businesses, media, higher education, and community partners.	10%	17%	13%	9%	9%	10%	6%
20	Be visible throughout the District and actively engaged across the city's communities.	9%	12%	10%	16%	7%	12%	9%

<b>Key</b>	<b>VV-Vision &amp; Values</b>	<b>IL-Instructional Leadership</b>	<b>CE- Community Engagement</b>	<b>CC- Communication &amp; Collaboration</b>	<b>M-Management</b>
------------	-------------------------------	------------------------------------	---------------------------------	--	---------------------



# Board of Education

## Staff Report to the Board

**Board Meeting Date:** December 13, 2016

**Executive Committee Lead:**

Yousef Awwad, Deputy Executive Chief Officer

**Department:** Finance

**Presenter/Staff Leads:**

Yousef Awwad, Deputy Executive Chief Officer

**SUBJECT: Amendment No. 1 to the 2016/17 Budget**

### SUMMARY

This first amendment to the 2016/17 Budget serves to incorporate the new borrowings approved this fall for immediate environmental health and safety issues and assessments, and for architectural engineering pre-design diligence. Additionally, it serves to update the Adopted Budget numbers on the Qualified Zone Academy Bonds (“QZABs”) and to align that budget with the other borrowings. These changes are necessary for staff to manage spending from the appropriate funds.

The next budget amendment, which we will bring forward after 2015/16 ending fund balance numbers are audited and approved, will include updates in 2016/17 beginning fund balances, other resources and expenditures across all funds.

### BACKGROUND

On June 21, 2016 the Board of Education (“Board”), by way of Resolution No. 5290, voted to adopt an annual budget for the Fiscal Year 2016/17 as required under Local Budget Law.

On July 25, 2016 by way of resolution No. 5314, the Board voted to authorize entering into a purchase agreement for sale of \$4 million in Qualified Zone Academy Bonds (“QZABs”).

On September 6, 2016 by way of resolution No. 5330, the Board voted to authorize the issuance of a principal amount of revenue bonds sufficient to provide net proceeds of up to \$5 million for immediate environmental health and safety issues and assessments.

On September 27, 2016 by way of resolution No. 5338, the Board voted to authorize the issuance of a principal amount of revenue bonds sufficient to provide net proceeds of up to \$10 million for architectural engineering pre-design diligence and health and safety.

This first amendment to the annual budget for the Fiscal Year 2016/17 includes the following major components:

- Update the budget to reflect a final total of \$4 million in QZAB proceeds and expenditures, rather than the \$5.5 million projected with the 2016/17 Adopted budget.

**Reviewed and Approved by  
Executive Committee Lead**

## Staff Report to the Board – Amendment No.1 to the 2016/17 PPS Budget

- Update the budget to incorporate both the \$5 million and \$10 million in borrowing proceeds and the related expenditures.
- Reflect the above activities in the fund previously established to manage multiple Full Faith and Credit borrowings: Fund 420 - Full Faith and Credit Funds (established February 28, 2011 by way of Resolution No. 4416). This use of a series of “subfunds” under Fund 420 enables specifically authorized projects to be managed with effective financial control and transparency. Reflect debt service on these obligations in the corresponding debt service fund: Fund 320 – Full Faith and Credit Debt Service Fund.

### **RELATED POLICIES / BOARD GOALS AND PRIORITIES**

Board Policy 8.10.030-AD, “Budget Reallocations – Post Budget Adoption,” establishes the guidelines to ensure consistent and detailed communication on fiscal issues between the Superintendent and the Board.

Oregon Local Budget Law, ORS 294.471, allows budget changes after adoption under prescribed guidelines.

---

### **PROCESS / COMMUNITY ENGAGEMENT**

This budget amendment includes changes in expenditures of more than 10% in four funds (Fund 320 – Full Faith and Credit Debt Service Fund, Fund 338 – Facilities Capital Debt Service Fund, Fund 420 – Full Faith and Credit Fund and Fund 438 – Facilities Capital Fund) and, therefore, require a public hearing that will be held on before the Board takes action on this amendment.

---

### **ALIGNMENT WITH EQUITY POLICY IMPLEMENTATION PLAN**

The PPS budget for 2016/17 was developed to be in alignment with the PPS Racial Educational Equity Policy. The Community Budget Review Committee stated in its report to the Board that “This Proposed Budget maintains the District’s investment in underserved populations in accordance with the Racial Educational Equity Policy.” This amendment does not alter this alignment.

---

### **BUDGET / RESOURCE IMPLICATIONS**

#### Fund 101 – General Fund

Expenditures

## Staff Report to the Board – Amendment No.1 to the 2016/17 PPS Budget

Transfers Out is increased by \$100,000 in this amendment to cover debt service for the \$5 million obligation.

### Contingency

As a result of the action described above there is a corresponding reduction of \$100,000 from Contingency. Unassigned contingency will be reduced from 2.4% to 2.38%.

### Fund 320 – Full Faith and Credit Debt Service Fund

Other Sources is adjusted by \$200,000 to reflect transfers in from Fund 101 and Fund 404. Debt service is increased by a total of \$200,000 (\$100,000 for the \$5 million obligation and \$100,000 for the \$10 million obligation).

### Fund 338 – Facilities Capital Debt Services Fund

As of the Adopted budget, staff understood there would be debt service on the Qualified Academy Zone Bonds (“QZABs”) in the 2016/17 fiscal year. Due to timing of the issuance, staff have now determined that there will not be debt service on these bonds in 2016/17.

Additionally, staff have determined that future debt service for the QZABs should be managed under Fund 320. Transfers in (Other Sources) for and the Debt Service expenditures is no longer budgeted in this fund.

### Fund 404 – Construction Excise Tax

Expenditures is reduced by \$26,000 and Transfers Out is increased by the same amount. Fund 404 will not have debt service to fund on the QZABs in 2016/17, but will fund issuance fees on the QZABs (\$200,000) as well as issuance fees and debt service on the \$10 million obligation (\$150,000).

### Fund 420 – Full Faith and Credit Fund

Other Sources reflects \$19.3 million for proceeds from the sale of QZABs (\$4 million), proceeds from a total of \$15,050,000 in borrowings and a transfers in of \$250,000 to cover issuance costs. Expenditures are reflected under Support Services (\$7.6 million) and Facilities Acquisition and Construction (\$11.7 million) to provide capacity for expenditure activity for capital improvements at Kellogg, immediate environmental health and safety assessments and issues; and architectural engineering pre-design diligence.

### Fund 438 – Facilities Capital Fund

QZAB proceeds and expenditures are removed from Fund 438 and will be managed in Fund 420.

**NEXT STEPS / TIMELINE / COMMUNICATION PLAN**

Upon action by the Board, staff will amend the 2016/17 budget accordingly.

---

**ATTACHMENTS**

- Resolution included in business agenda



**Committee Meeting Date:** December 13, 2016

**Executive Committee Lead:** Yousef Awwad, CFO

**Department:** Accounting & Payroll

**Presenter/Staff Lead:** Yousef Awwad

TKW – External Auditor

**Agenda Action:**  Resolution  Policy

**SUBJECT:**

***2015-16 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND SINGLE AUDIT***

**BACKGROUND**

The District Auditor, Talbot, Korvola & Warwick, LLP, has issued an unmodified opinion on our financial reports for the year ended June 30, 2016 (see pages 1-3). An unmodified opinion is the technical term used to indicate a “clean audit” and is the highest level of opinion. It is the outcome that we expected.

**CAFR AND SINGLE AUDIT HIGHLIGHTS**

During the year, the District implemented three new accounting standards: GASB 72 provides guidance on measurement of assets and liabilities at fair value. GASB 76 identifies the hierarchy to be used when applying various sources of accounting guidance. GASB 79 revises criteria used by external investment pools and pool participants to measure the value of assets in the investment pool. These new standards resulted in very minimal changes to the District’s financial statements.

Total net position is an indicator of economic condition. Activity for 2015-16 increased net position by \$37 million, which represents a positive economic change for the District (see Analysis of Activities on pages 7- 8). The overall increase in net position is reflected by an \$8 million increase in assets/deferred outflows, offset by a \$29 million decrease in liabilities/deferred inflows. Capital assets increased \$108 million as the capital bond work progressed, which was offset by a decrease in cash and investments of \$93 million as the district paid for this capital bond work. The largest components of the decrease in liabilities were a combination of debt service principal payments (\$47 million) offset by an increase in pension liabilities/deferred inflows (\$12 million). Pension liabilities increased as a result of the Oregon Supreme Court’s Moro ruling, which repealed most of the PERS reforms of Senate Bill 861.

Government-wide activities are summarized and analyzed on pages 8-10 and presented on page 18. These reports use a “full accrual” economic basis, e.g. depreciation is added, transfers between funds are eliminated, capital asset and debt principal payments are removed from expenses, and the change in debt and benefit-related liabilities is added to expenses. When compared to the prior year, total District revenues of \$706 million increased \$53 million, while total District expenses of \$669 million increased \$75 million. The excess of revenues over expenditures resulted in an overall increase of \$37 million in total net position. Notable changes in revenues were a \$26 million increase in tax revenues and a \$32 million increase in State School Fund. Major increases in expenses were for instruction (\$38 million) and support services (\$29 million). Significant portions of these increases were pension-related as discussed above and on pages 9-10. Other increases are discussed on page 4.

The General Fund’s ending fund balance increased by \$3 million to \$38 million at June 30, 2016 (pages 72-73). This increase was the result of additional State School Fund and property tax revenues, offset by

increased expenditures for staffing, implementation of full day kindergarten, and funding of other objectives as discussed on page 4.

In addition to the modernization of Roosevelt, Franklin, Grant and Faubion, GO Bond Fund work touched 27 schools for summer 2015 improvements. The GO Bond Fund expended \$115 million for 2015-16. Unspent bond proceeds at June 30, 2016 were \$243 million.

The District had seven Federal Award findings with \$149,009 (known) and \$278,403 (likely) questioned costs for the year ended June 30, 2016 (see Single Audit pages 12-22). None of these findings were considered to be material weaknesses. Nearly all of the questioned costs related to GearUp match requirements. The District became aware of GearUp issues during an internal investigation earlier this year, which we then disclosed to our auditors. The match reporting will be corrected in the current year, and new processes have been put in place to prevent similar issues in the future. Other findings are also being addressed to prevent future occurrences.

### ***WHERE THINGS ARE IN THIS YEAR'S CAFR***

Transmittal Letter, pages i-viii. This communication from the CFO explains the 4 major sections of the CAFR, the District's profile, PPS's Service Efforts and Achievements, the state and local economies, and the District's long-range planning.

Management's Discussion and Analysis, pages 4-13. District management provides an overview narrative of balances and activities at the District-wide level, changes from the prior year, analysis of the District's major funds, budgetary highlights, capital and debt administration, and economic factors and next year's budget.

For financial reporting, the District is required to use two different accounting methods in the CAFR; one method is used for government-wide and "business" type activities, and another is used for governmental "fund type" activities:

Government-wide statements (found on pages 16-18), and proprietary fund statements (on pages 27-29 and page 111) must measure and report all assets, liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and accrual basis of accounting (also known as full-accrual). The economic resources focus includes significant differences from fund financial accounting such as reporting historical capital asset costs and long-term debt.

Governmental fund statements found on pages 20-25, and the budgetary fund schedules on pages 72-110, uses the financial resources measurement focus and modified-accrual basis of accounting.

The differences between these two methods of accounting are reported in the CAFR reconciliations on pages 23 and 26.

The footnotes on pages 30-65 disclose the summary of significant accounting policies of the District and provide additional details for items such as cash and investments, capital assets, debt, risk management, commitment and contingencies and subsequent events.

Budget versus Actual Variance schedules on pages 72-111 are summarized at the budgetary appropriation level, and report how each fund has complied with the Board's budgetary appropriations. The reports show both the original budget and final budget.

The Statistical Section is on pages 113-142. The four parts of the statistical section are intended to provide the reader with a more complete context for the financial information presented in the CAFR. The 16 schedules presented show financial trends, revenue and debt capacity analysis, demographic and economic information and District operations.

The Independent Auditor's Reports on pages 1-3 and 143-144 are provided by the auditors and present audit comments and disclosures required by state regulations. In these reports the auditors explain the District's compliance in specific areas, and they explain their consideration of internal controls and any District control deficiencies they have found.

---

## **BOARD COMMITTEE REVIEW**

This memo has been prepared for board committee review, and will also be presented at the December 13, 2016 board meeting.

---

## **RELATED POLICIES / BOARD GOALS AND PRIORITIES**

This audit report is indicative of a high level of fiscal accountability by PPS Finance staff. An unmodified audit opinion is evidence of excellent performance. The Federal Award findings are being addressed to prevent future occurrences. Last year the Association of School Business Officials and the Government Finance Officers Association awarded PPS their certificates of excellence and achievement in financial reporting.

---

## **PROCESS / COMMUNITY ENGAGEMENT**

The CAFR will be published on the district website, shared with the Community Budget Review Committee, and various interest parties, mainly financial institutions, are issued copies. These reports are also required to be reported to various Federal entities.

---

## **ALIGNMENT WITH EQUITY POLICY IMPLEMENTATION PLAN**

Sound fiscal management provides a solid financial foundation for effective, efficient operations and informed spending decisions that ultimately benefit our historically underserved student population.

---

## **BUDGET / RESOURCE IMPLICATIONS**

There is no direct fiscal / budget impact as a result of this audit. If the outcome had been less positive, it could have had a negative impact on PPS fiscal outlook including the District's ability to secure grant funding its ability to borrow funds and/or the cost of that debt would likely be impacted negatively. Additionally, in the case of adverse audit findings/issues, the State Office of the Department of Education has the authority to withhold State School Fund payments until audit findings and/or issues are resolved by the District.

---

## **NEXT STEPS / TIMELINE / COMMUNICATION PLAN**

We recommend that the Board of Education accept and approve the Comprehensive Annual Financial Report, Reports to Management, and Report on Requirements of the Single Audit Act and OMB Circular A-133 of School District No. 1J, Multnomah County, Oregon for the fiscal year ended June 30, 2016 at the December 13, 2016 board meeting.

Finance staff will be happy to answer board members' questions; and any comments and suggestions for improvement are valuable to us.

---

## **QUESTIONS FOR BOARD COMMITTEE DISCUSSION**

Do you have any questions regarding the audited financial statements?

---

## **ATTACHMENTS:**

- a. CAFR – draft
- b. A-133/Single Audit – draft
- c. Resolution - draft

School District No. 1J, Multnomah County, Oregon

## **PORTLAND PUBLIC SCHOOLS**



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the year ended June 30, 2016



Artist's rendering of the modernized Roosevelt High School,  
scheduled for completion in the Fall of 2017

## About the Cover

The modernized Roosevelt High School offers the first new PPS high school buildings in nearly 50 years. Roosevelt High School is one of four schools being rebuilt or modernized as part of the 2012 School Building Improvement Bond. Currently both Faubion PK-8 and Franklin High School are under construction, and schematic design is underway at Grant High School.

In late August 2016, Roosevelt students and staff returned to a transformed school. The new buildings included 33 general education classrooms plus several Career Technical Education (CTE) classrooms, a two-court main gymnasium, and three new community program spaces. In early 2017 additional new facilities will open including the new commons/cafe, auxiliary gym, and a state of the art theater. In the fall of 2017, the fully renovated historic 1921 building will reopen providing additional new classrooms, the main office, counseling center, and the Albina Head Start facility.

Bond money is also being used to fix leaking and deteriorating roofs and make seismic safety, accessibility and science classroom improvements at up to 63 other schools.

Portland Public Schools

# **Comprehensive Annual Financial Report**

**For the year ended June 30, 2016**

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Accounting and Payroll Services Department



# SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

## Comprehensive Annual Financial Report For the Year Ended June 30, 2016

---

### Table of Contents

#### SECTION I - INTRODUCTORY SECTION

Letter of Transmittal	i
Principal Officials	ix
Organizational Charts	x
ASBO Certificate of Excellence in Financial Reporting	xii
GFOA Certificate of Achievement for Excellence in Financial Reporting	xiii

#### SECTION II - FINANCIAL SECTION

<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	4
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	16
Statement of Activities	18
<b>Fund Financial Statements</b>	
Balance Sheet	20
Reconciliation of the Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26
<b>Proprietary Financial Statements</b>	
Statement of Net Position	27
Statement of Revenues, Expenses, and Changes in Net Position	28
Statement of Cash Flows	29
<b>Notes to the Basic Financial Statements</b>	30
<b>Required Supplementary Information</b>	
Other Postemployment Benefits - Schedule of Funding Progress and Employer Contributions	68
Schedule of the District's Proportionate Share of Net Pension Liability and District Contributions	70
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	72
Grant Fund	74
PERS Rate Stabilization Reserve Fund	76
<b>Supplementary Information</b>	
<b>Combining Statements - Nonmajor Governmental Funds</b>	
Combining Balance Sheet-Nonmajor Funds	
Combining by Fund Types	81
Special Revenue Funds	82
Debt Service Funds	83
Capital Projects Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Combining by Fund Types	86
Special Revenue Funds	87
Debt Service Funds	88
Capital Projects Funds	90

# SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

## Comprehensive Annual Financial Report For the Year Ended June 30, 2016

---

### Table of Contents (continued)

#### SECTION II - FINANCIAL SECTION (continued)

##### **Budgetary Comparison Schedules**

Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

##### Governmental Funds

Student Body Activity Fund	94
Cafeteria Fund	95
Dedicated Resource Fund	96
IT Projects Debt Service Fund	98
PERS UAL Debt Service Fund	99
Recovery Zone Debt Service Fund	100
GO Bond Debt Service Fund	101
Construction Excise Tax Fund	102
IT System Project Fund	103
Recovery Zone Energy and Water Conservation Fund	104
Energy Efficient Schools Fund	105
Facilities Capital Fund	106
Capital Asset Renewal Fund	107
Partnerships Fund	108

##### Other Funds

GO Bonds Fund	110
Self-Insurance Fund	111

#### SECTION III - STATISTICAL SECTION

##### **Financial Trends Information**

Condensed Statement of Net Position	114
Changes in Net Position	116
Fund Balances of Governmental Funds	118
Changes in Fund Balances of Governmental Funds	120

##### **Revenue Capacity Information**

Assessed Values of Taxable Property within School District No.1J Boundaries	122
Direct and Overlapping Property Tax Rates	123
Principal Property Tax Payers for Multnomah County	124
Property Tax Levies and Collections	125

# SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

## Comprehensive Annual Financial Report For the Year Ended June 30, 2016

---

### Table of Contents (continued)

#### SECTION III - STATISTICAL SECTION (continued)

##### Debt Capacity Information

Ratios of Outstanding Debt by Type	126
Direct and Overlapping Governmental Activities Debt	127
Legal Debt Margin Information	128

##### Demographic and Economic Information

Demographic and Economic Statistics	129
Principal Employers for the Portland Metro Area	130

##### Operating Information

Full Time Equivalent District Employees by Assignment/Function	131
Meal and Transportation Services Provided	132
School Building and Student Enrollment Information	133

#### SECTION IV - AUDIT COMMENTS AND DISCLOSURES SECTION

Independent Auditor's Report Required by Oregon State Regulations	143
---	-----









## PORTLAND PUBLIC SCHOOLS

501 North Dixon Street / Portland, OR 97227  
Telephone: (503) 916-3200 / Fax: (503) 916-3110  
Mailing Address: P. O. Box 3107/97208-3107  
Email: yawwad@pps.net  
**OFFICE OF THE CFO**

**Yousef Awwad**  
Chief Financial Officer

December 7, 2016

To the Community of School District No. 1J, Multnomah County, Oregon,  
and to the Members of the Board of Education:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS) for the fiscal year ended June 30, 2016, together with the audit opinions thereon of our auditors as required by Oregon Revised Statutes. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information reflecting the financial position and results of the operations of the District are stated fairly in all material aspects. All disclosures necessary to enable the reader to gain maximum understanding of the District's financial affairs have been included.

To provide a reasonable basis for making these representations, District management has established and maintains an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Our internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control structure is subject to periodic evaluation by management. We believe our internal control structure adequately safeguards the assets and provides reasonable assurance of proper recording of all financial transactions. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

### **Financial Report Presentation**

Designed to meet the needs of a broad spectrum of financial statement readers, this Comprehensive Annual Financial Report (CAFR) is divided into four major sections:

The **Introductory Section** includes the table of contents, this transmittal letter, the District's organizational chart, and copies of certificates awarded for Portland Public Schools' 2015 CAFR.

The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements including notes to the basic financial statements, required supplementary information (RSI), and supplementary information including the combining and individual fund financial statements.

The **Statistical Section** includes selected financial and demographic information, generally presented on a multi-year basis. These schedules are designed to improve the understandability and usefulness of the information presented in the financial section.

The **Audit Comments and Disclosures Section** includes disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the Independent Auditor’s Report.

## Profile of the District

Established in 1851, Portland Public Schools is the largest and oldest school district in the State of Oregon. The District covers an area over 145 square miles and had a population of 460,248 according to the 2010 estimate Census, with 451,258 City of Portland residents (representing 77% of the City total), 2,413 Lake Oswego residents, 1,453 Beaverton residents, and 5,124 unincorporated area residents. The District maintains over 100 facilities with a total gross floor area of approximately 9 million square feet. Please see Schedule 16 of the Statistical Section for details of each building’s size, age, and enrollment.

Student enrollment in the fall of 2016 was 49,232. October enrollment counts are reported to the state in November of each year, allowing time for data entry and confirmation of student records. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

## PPS Enrollment 2008-16



Program Type	Grade Ranges <sup>(1)</sup>	Enrollment	Distribution
Regular Schools and Programs			
Elementary Schools	K-5, K-8, PK-5, PK-8	26,618	54%
Middle Schools	6-8	6,451	13%
High Schools	9-12	11,346	23%
Subtotal - Regular Schools		44,415	90%
PPS Alternative Programs	PK, 1-12, 1-8, 9-12, 10-12	1,811	4%
Subtotal - Schools and Alternative Programs		46,226	94%
Community-Based Programs	9-12, 6-8, 6-12, 8-12	970	2%
Special Education Programs	K-12	449	1%
Public Charter Programs	K-5, K-8, K-12, K-2, 6-8, 9-12	1,587	3%
<b>Grand Total</b>		<b>49,232</b>	<b>100%</b>

<sup>(1)</sup> Definitions: PK-Pre-Kindergarten, K-Kindergarten

Source: Preliminary PPS Enrollment Summaries - October 1, 2016

After more than a decade of steady decline beginning in 1996-97, Portland Public Schools has seen increasing enrollment counts for the last eight years since a nadir in October, 2008 with the early counts for 2016 continuing this trend. The decline prior to 2008 was primarily a result of lower birth rates and higher housing prices driving families out of the district. These factors have reversed in recent years resulting in enrollment increases since 2008 in elementary grades, although the higher cohorts are now entering middle grades. PPS contracts with the Portland State University Population Research Center (PSUPRC) for forecasting and analysis of population and enrollment trends. Under the *Medium Growth* forecast scenario, PSUPRC predicts enrollment increasing by just under 2,000 to an enrollment total of 50,900 students by 2020-21. This represents total enrollment growth of just under 4% in five years. Under this scenario, Elementary growth will be slower as incoming kindergarten classes remain close to or slightly below recent levels due to the local, state, and national birth downturn, and Middle and High grade enrollments will grow significantly reflecting larger cohorts attributable to the elementary growth that started in 2007.

The District is governed by a seven-member Board of Education elected by the voters of the District for staggered four-year terms. The chief administrative officer of the District is the Superintendent, who is appointed by the Board. The Board is ultimately accountable for all fiscal matters that significantly influence operations.

Under Oregon Revised Statutes (33.710), school districts are municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. Portland Public Schools fulfills this responsibility by building, operating, and maintaining school facilities, developing and maintaining approved educational programs and courses of study (including career/technical educational programs and programs for English language learners and special-needs students), and providing for transportation and feeding of students in accordance with District, State, and Federal program guidelines. This report includes all funds of the District.

## **Financial Information**

The financial statements of the District are 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 governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are discussed in Note 1 of these financial statements.

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law as outlined in the 2011 Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each individual fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Education after certification by the Multnomah County Tax Supervising and Conservation Commission. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

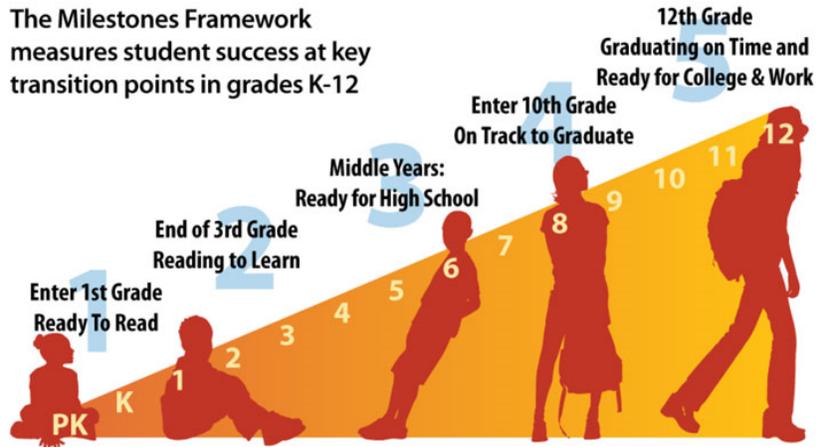
## **Service Efforts and Accomplishments**

Portland Public Schools is an urban school district in Portland, Oregon. With more than 49,000 students in 81 schools, it is the largest school district in the Pacific Northwest. With highly trained teachers and staff, an engaged parent community, strong partnerships, and a focus on closing the racial educational opportunity gap, Portland Public Schools is realizing consistent gains in its graduation rate and enrollment.

Carole Smith has served as superintendent of Portland Public Schools since October 2007. As one of the District's longest serving superintendents, Superintendent Smith has led efforts to support more effective teaching in PPS classrooms and build stronger partnerships with higher education, community organizations, and other public and private partners. Superintendent Smith announced her retirement in June, 2016.

Portland Public Schools adopted the Milestones Framework - measures of achievement at key points in a student's education - because these measures are predictive of long-term success. The Milestones also help us focus our limited resources and invest in the strategies that are gaining the best results.

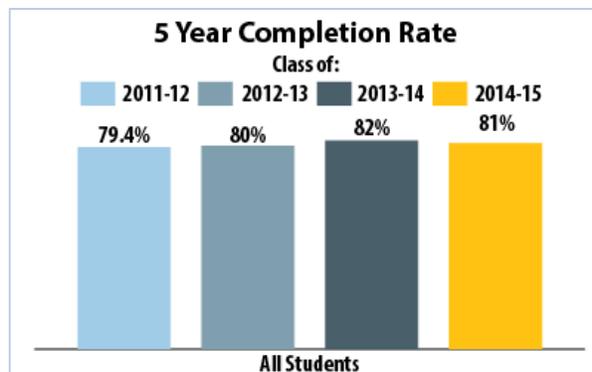
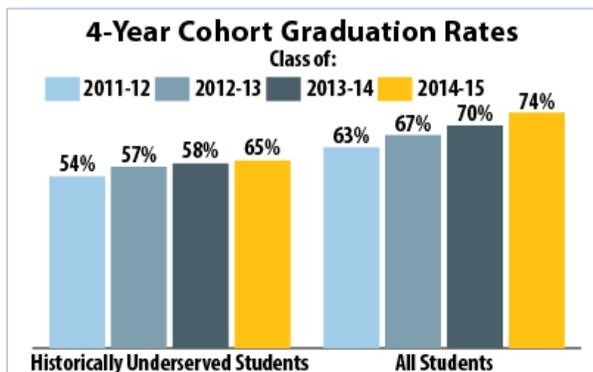
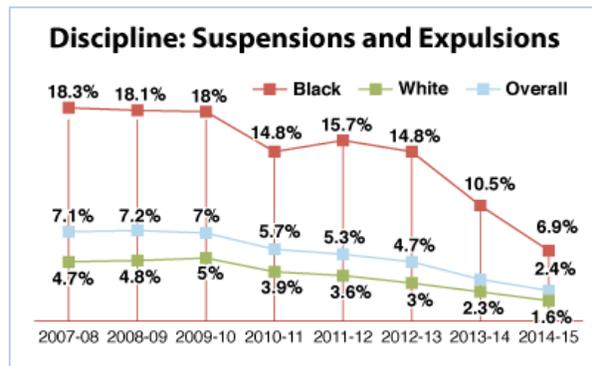
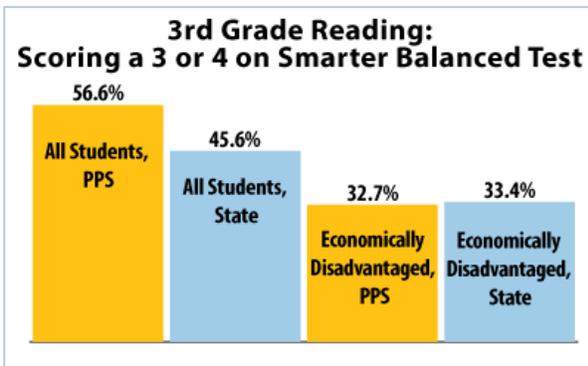
The Milestones Framework measures student success at key transition points in grades K-12



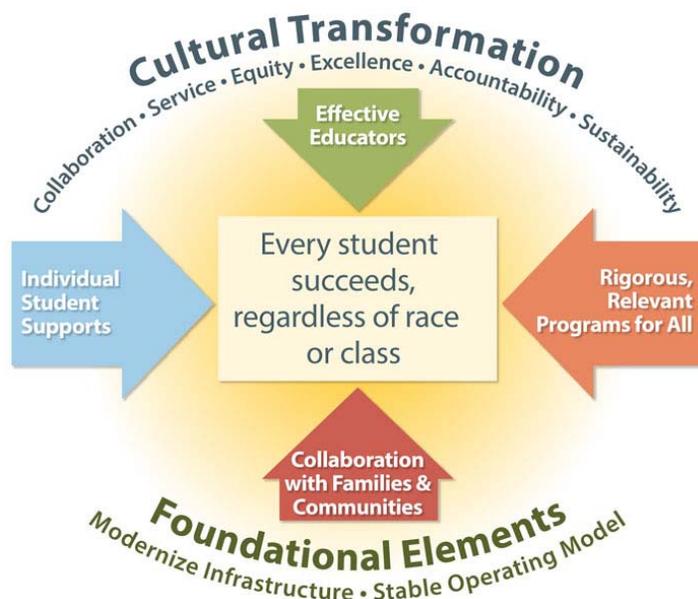
Focus is on a few critical measures

During Superintendent Smith’s tenure, PPS schools have produced gains in student achievement while narrowing the academic opportunity gap between white students and students of color. The most consistent and significant increase has been a steady increase in PPS’ graduation rate, The four-year cohort graduation rate for the class of 2014-15 was 74%, which represents a 21 percentage point increase since 2008-09.

The priority goals for the District include ensuring that every student is reading at grade level by the end of third grade, accelerating improvement of the District’s graduation rate, and reducing by 50% the out-of-school discipline rates overall and the disparity in discipline rates between students of color and white students. The following outline our 2014-15 achievement:



At Portland Public Schools, our goal is to increase student learning for every student. Racial equity is a critical component of our District’s strategies and school board policies for a basic and essential reason: To get better results in our schools, we need to close the persistent and unacceptable opportunity gap between white students and students of color. The Portland Public Schools strategic framework illustrated below reflects our dedication to transforming culture as we help every student achieve success.



## Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the specific environment within which the District operates.

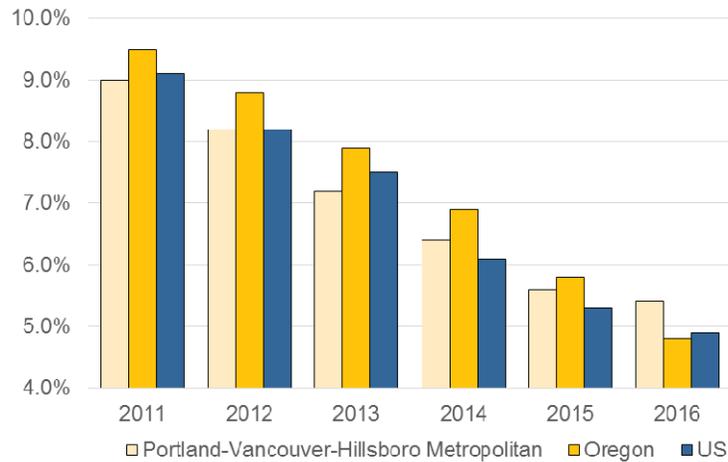
With the passage of Measure 5 more than twenty five years ago, school districts across Oregon rely upon the state for the majority of their funding. Although districts continue to collect revenue locally through property taxes, school funding is equalized through the allocations under the state school fund, which accounts for more than 70% of the District’s general fund revenue. The state of Oregon is more dependent upon a single revenue source, state income tax, than any other state in the country. As a result, the financial outlook for PPS is tied closely to the condition of the Oregon economy. The second most important source of revenue for the District, and the source of funds to repay its capital bonds, is local property taxes. Real estate values and associated assessed values of real property are the most important factor in the strength of this revenue source.

**Oregon State Economy** - Oregon’s unemployment rate has declined from a June 2009 level of 11.3% to a June 2016 rate of 5.0%<sup>1</sup>. While Oregon’s unemployment rates have been higher than the U.S. average in the past few years, this difference has narrowed in the past six months.

The pace of improvement in Oregon’s labor market continues to be strong. Furthermore, Oregon has regained its traditional advantage in growth relative to the nation. This growth differential largely comes from the state’s underlying fundamentals like its industrial structure and strong in-migration flows. Both of these trends have long-lasting impacts on the Oregon economy but also contribute to the state’s more volatile swings over the course of the business cycle. Within overall non-farm employment numbers the manufacturing sector has continued to expand despite concerns over terms of trade and the impact on exports.

<sup>1</sup> United States Department of Labor, Bureau of Labor Statistics, Economy at a Glance – Oregon.  
<http://www.bls.gov/eag/eag.or.htm>

**Unemployment Rate**  
*Seasonally Adjusted*



Oregon Employment by Industry (Number of jobs, in thousands)	June		Change from prior year
	2015	2016	
Trade, Transportation & Utilities	335.4	343.5	2.4%
Government	310.7	306.6	-1.3%
Education & Health Services	252.6	267.6	5.9%
Professional & Business Services	228.5	243.2	6.4%
Leisure & Hospitality	199.5	195.7	-1.9%
Manufacturing	186.5	185.3	-0.6%
Financial Activities	92.2	98.3	6.6%
Construction	83.0	88.0	6.0%
Information	33.2	35.2	6.0%
Mining & Logging	7.7	7.5	-2.6%
Other Services	60.4	62.4	3.3%
<b>Total non-farm workforce (in thousands)</b>	<b>1,789.7</b>	<b>1,833.3</b>	
<b>Workforce change from prior year</b>	<b>3.4%</b>	<b>2.4%</b>	

Approximately 44 thousand jobs were added over the past year, contributing to workforce growth of 2.4% over 2015. The Education & Health Services and Professional & Business Services sectors led the way with the creation 30 thousand jobs, while smaller gains were observed in Trade, Transportation & Utilities, Financial Activities, Construction, and Information. After steady growth over the past three years, declines were recognized in Government, Leisure & Hospitality, and Manufacturing. As one of the smaller sectors in the Oregon economy, Mining & Logging continued a three-year decline<sup>2</sup>. Expectations overall for the public sector are for job additions as revenue growth improves. Long-term U.S. and Oregon economic growth depend upon restoring international competitiveness through productivity enhancing investments in physical capital, human capital, and infrastructure. The September 2016 Oregon Economic and Revenue Forecast projects a General Fund increase of \$1.9 billion relative to the 2013-15 biennium (11.9%). This increase is in line with the increase projected in 2015<sup>3</sup>.

<sup>2</sup> United States Department of Labor, Bureau of Labor Statistics, Economy at a Glance – Oregon.  
<http://www.bls.gov/eag/eag.or.htm>

<sup>3</sup> Oregon Economic and Revenue Forecast, September 2016.  
<https://www.oregon.gov/das/OEA/Documents/forecast0916.pdf>

**Portland Metropolitan Area Economy** - The Portland metropolitan area has a diversified economy, with centralized, accessible schools and excellent public transportation. The area is a major West Coast distribution point for wholesale trade and high-tech exports. During this recovery from the recent recession, the local Portland economy has recovered faster than rural areas of the state.

PPS has the authority to generate revenue locally through the local option levy and has, thanks to the generosity of PPS voters, been able to approve local levies. PPS voters first approved the five-year levy in 2011 and then opted to extend the levy another five years when they reaffirmed their support two years early in November, 2014. Whereas the outlook for state revenue is dependent upon the impact of economic activity in income tax collections, the revenue available locally under the local option levy is a reflection of the impact of the economy on both assessed values and the market values of taxable property within the PPS taxing district. The state of the local economy has an impact on this revenue source. Reduction in market values of residential property within the PPS area during 2008-2011 reduced the income of the school district. Recently, both assessed and market values have increased in a relatively strong manner. In 2015-16 assessed value increased by 4.5%, while market value increased by 12.6%<sup>4</sup>.

**PPS Long-Term Financial Planning and Unique Events** - As mentioned above, PPS improved the medium-term fiscal outlook with the renewal of the five-year local option levy in 2014. In addition to assuring this revenue for another five years the renewal also allows the district to eliminate a sharing of local option taxes with the City's urban renewal agency. Starting in 2015-16, this change contributes about \$5 million per year.

Starting in 2017-19 public employers will be faced with the budget implications of the State Supreme Court's decision to overturn much of Oregon's 2013 PERS statutory reforms. PPS has a large PERS side account balance (remaining from the 2002 and 2003 debt issuances). Although PPS is projecting an increase in PERS expenditure in 2017-18, the side account will serve to mitigate some of this impact.

In November 2012, PPS voters approved a measure authorizing the issuance of up to \$482 million of capital bonds. PPS operates well over 100 buildings on its 81 school campuses. The average age of the school buildings in service is roughly 69 years, about 20 years older than the average for school buildings nationally. Through more than 20 years of tight budgets and shortfalls, PPS has chosen to support core instructional services, and had not invested General Fund dollars in capital improvements to its buildings. In January 2012, PPS adopted a Capital Asset Renewal Plan to set up a fund to maintain schools replaced or renovated in the future. In May 2012, PPS adopted a Long Range Facility Plan to reduce an estimated \$1.6 billion in building deficiencies over the next 24 to 40 years. This long range plan includes funding through capital bonds, capital funding partnerships, Construction Excise Tax revenues, and Cool Schools Funds (House Bill 2960). The 2012 measure focuses on earthquake reinforcements, roof repair and replacement, high school renovations, improved access to schools for people with disabilities, and science classroom upgrades. Work began in the summer of 2013 with five schools seeing significant investment; over 40 schools have been beneficiaries since work began. During the summer of 2016, construction was underway on modernization of Franklin High School and the rebuilding of Faubion PK-8. In August, the first new complete buildings opened at Roosevelt High School. Next year, a fully modernized Franklin High School and a new Faubion PK-8 will open and construction will begin on the modernization of Grant High School, which is scheduled to be completed by the fall of 2019.

In May 2016, Portland Public Schools confirmed elevated levels of lead in certain water fixtures that were tested at the request of parents. PPS took steps to provide safe drinking water to all students, faculty, and staff. Drinking fountains were shut down and bottled water was supplied for the remainder of the school year. The District worked closely with Multnomah County to provide on-site blood lead level testing to all PPS families. Portland Public Schools developed a Healthy and Safe Schools Plan (currently in DRAFT form with a final version scheduled to be complete in January, 2017) to define assessment, testing, and mitigation.

In June, 2016, Superintendent Carole Smith announced her intent to retire from the district. On July 18<sup>th</sup>, she affirmed her intent and provided her 90-day notice per her employment contract with the district. The

---

<sup>4</sup> S&P CoreLogic Case-Shiller Portland Home Price NSA Index  
<http://us.spindices.com/indices/real-estate/sp-corelogic-case-shiller-portland-home-price-nsa-index>

Board immediately conducted a search for an interim superintendent and on August 16<sup>th</sup> unanimously voted to make Bob McKean the district's new interim superintendent. Mr. McKean will serve for the 2016-17 school year while the nationwide search for a permanent replacement continues.

## **Independent Audits**

The provisions of Oregon Revised Statutes require an independent audit of the financial records and fiscal affairs of the District. The auditors selected by the Board of Education, Talbot, Korvola & Warwick, LLP, have completed their audit of the basic financial statements and, accordingly, have included their unmodified Independent Auditor's Report in the financial section of this report.

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) require state and local governments that expend \$750,000 or more in federal assistance in a year have a special form of audit conducted for that year. Since 1989, Portland Public Schools has issued a separate report on these requirements. Talbot, Korvola & Warwick, LLP have also provided various required reports. Contained in the separately issued Single Audit Report is the Schedule of Expenditures of Federal Awards, and the required reports on internal controls and compliance with laws and regulations.

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the 36<sup>th</sup> consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for this coveted Certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the 36<sup>th</sup> consecutive year that the District earned this significant award. Receiving the Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that this 2016 CAFR, which will be submitted to ASBO for review, will also conform to these standards.

We wish to express our appreciation to the staff of Accounting and Payroll Services and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We further extend our appreciation to the members of the Board of Education, employees of the District, and all of the Portland community whose continued cooperation, support, and assistance have contributed greatly to the achievements of Portland Public Schools.

Respectfully submitted,



---

Yousef Awwad, CPA, Chief Financial Officer

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**Principal Officials**  
**At June 30, 2016**

SCHOOL BOARD

<u>Member</u>	<u>Zone</u>	<u>Term Expires</u>	<u>Phone</u>	<u>Email</u>
Julie Esparza Brown	1	June 30, 2019	503-916-3741	<a href="mailto:jebrown@pps.net">jebrown@pps.net</a>
Paul Anthony	2	June 30, 2019	503-916-3741	<a href="mailto:panthony@pps.net">panthony@pps.net</a>
Amy Kohnstamm	3	June 30, 2019	503-916-3741	<a href="mailto:akohnstamm@pps.net">akohnstamm@pps.net</a>
Steve Buel	4	June 30, 2017	503-916-3741	<a href="mailto:sbuel@pps.net">sbuel@pps.net</a>
Pam Knowles	5	June 30, 2017	503-916-3741	<a href="mailto:pknowles@pps.net">pknowles@pps.net</a>
Tom Koehler	6	June 30, 2017	503-916-3741	<a href="mailto:tkoehler@pps.net">tkoehler@pps.net</a>
Mike Rosen	7	June 30, 2019	503-916-3741	<a href="mailto:mrosen@pps.net">mrosen@pps.net</a>

ADMINISTRATIVE STAFF

Carole Smith (Retired July, 2016)	Superintendent
Harriet Adair	Assistant Superintendent, Student Family and School Support
Chris Russo	Assistant Superintendent, Teaching and Learning
Antonio Lopez	Assistant Superintendent, School Performance
Yousef Awwad, CPA	Chief Financial Officer
Courtney Westling	Interim Chief of Communications and Public Affairs
Josh Klein	Chief Information Officer
Courtney Wilton	Interim Chief Operating Officer
Sean Murray	Chief Human Resources Officer
Jollee Patterson, J.D. (Resigned August, 2016)	General Counsel
Lorenzo Poe	Chief Equity and Diversity Officer
Jerry Vincent	Chief of School Modernization
Amanda Whalen	Chief of Staff

# District Organization Chart - Educational Departments

## Portland Public Schools 2015/16 Organizational Structure



### PPS Board of Education

**Superintendent of Schools**  
Carole Smith

**General Counsel & Board Secretary**  
Julie Patterson

**Chief of Staff**  
Amanda Whalen

Sr. Legal Counsel  
Jeff Fish, Sr. Director  
Human Resources Deputy Counsel  
Stephanie Harper, Director  
Special Education Deputy Counsel  
Suzy Harris, Director

**Asst. Superintendent of School Performance**  
Antonio Lopez

Cleveland Schools  
Larry Dashiell, Sr. Director

Franklin Schools  
Oscar Gilson, Sr. Director

Grant / Jefferson Schools  
Kari Logan, Sr. Director

Lincoln / Madison Schools  
Lisa McCall, Sr. Director

Roosevelt Schools  
Charlene Williams, Sr. Director

Wilson Schools  
Paul St. Calough, Interim Sr. Director

College & Career Readiness  
Shay James, Sr. Director

Jocelyn Bigay, Program Director

Ying Dhaboli, Program Director

Greg Wollock, Program Director

Career Pathways & Career Technical Education  
Jeanne Yerkovich, Sr. Manager

Gear-Up Program  
Kelley Duron, Sr. Manager

Angela Nusom, Sr. Manager

Funded Programs  
Joe LaFountain, Sr. Director

Kathy Gatten, Asst. Director

Nicole Groth, Sr. Manager

Karen Kitchien, Program Director

Leslie O'Dell, Program Director

Angela Sandino, Asst. Director

**Asst. Superintendent of Student, Family & School Support Svcs.**  
Harnet Adair

Columbia Regional Programs  
Lisa McConachie, Sr. Director

Brad Hendershot, Program Admin.

Krisy Karsten, Program Admin.

Scott Wall, Program Admin.

Early Learning  
Deborah Barry, Principal - Head Start

Eileen Isham, Program Manager

Nancy Hauth, Program Manager

Vacant, Director - Early Childhood Program

School Family Partnerships  
Richard Gilliam, Program Director

Yadim Rishin, Sr. Manager

School Operational Support PK-12  
Jill Bryant, Temp. Sr. Manager

Jason Roepel, Sr. Manager

Student Services  
Tammy Jackson, Program Director

**Asst. Superintendent of Teaching & Learning**  
Chris Russo

Office of Teaching & Learning  
Van Truong, Executive Director

Andy Wheeler, Sr. Manager

- Dual Language Immersion  
Debbie Armendanz, Sr. Director

Michael Bacon, Asst. Director

Janelle Dobson, Project Manager

Vacant, Asst. Director

ESL  
Veronica Magallanes, Sr. Director

Lisa Blount, Asst. Director

Francisco Garcia, Sr. Manager

Kehaulani Haupi, Asst. Director

Tonya Mjilido, Asst. Director

Katherine Sasaki, Program Admin.

- Instruction, Curriculum & Evaluator  
Eileen Emulley, Asst. Director

Angela Hubbs, Asst. Director

Andrea Lockard, Asst. Director

Julie Renson, Asst. Director

- Library Services  
Andrew Johnson, Program Director

- School-wide Integrated Framework for Transformation (SWIFT)

- Textbook Services

Advanced Placement / AVID / International Baccalaureate / Enhanced Academic Programs  
Bonnie Hobson, Program Director

Trans Per, Asst. Director

Lisa Collins, Program Admin.

Instructional Resource Center  
Lynette Engstrom, Procurement Manager

Adrienne Howard, Program Manager

Special Education  
Mary Pearson, Sr. Director

Bob Cannwell, Interim Asst. Director

Jeff Brown, Program Admin.

Lorrie Harris, Program Admin.

Linda Moon, Program Admin.

Lauren Page, Interim Program Admin.

Cheryl Stally, Program Admin.

Jon Williams, Program Admin.

Talented and Gifted (TAG)  
Andrew Johnson, Program Director

**Board Office**  
Roseanne Powell, Sr. Manager

System Planning & Performance  
Shawn Helm, Sr. Manager

Accountability & Reporting  
Joe Suggs, Program Director

Vacant, Sr. Manager

# District Organization Chart - Operational Departments

**Portland Public Schools**  
2015/16 Organizational Structure



**PPS Board of Education**

**Superintendent of Schools**  
Carole Smith

**General Counsel & Board Secretary**  
Jillie Patterson

**District Ombudsman**  
Judith Martin, Program Manager

**Chief of Staff**  
Amanda Whalen

**Board Office**  
Rosanne Powell, Sr. Manager  
System Planning & Performance  
Sarah Singer, Sr. Director  
- Accountability & Reporting  
Joe Suggs, Program Director

**- Analytics**  
Shawn Helm, Sr. Manager  
Educational Measurement & Assessment  
Vacant, Sr. Manager

**Human Resources**  
Jeff Frisk, Sr. Director  
Stephanie Harper, Director  
Special Education Deputy Counsel  
Suzy Harris, Director

**Chief of Communications & Public Affairs**  
Vacant

Capital Communications  
Kimm Fox-Wildeson, Manager

Communications  
Vacant, Manager

Educational Media Services  
Terry Proctor, Manager

Employee & Family Communications Manager  
Erin Barnett, Sr. Communications

Government Relations  
Courtney Westling, Program Director

Multi-Media Development  
Rosie Flab, Manager

Public Information  
Christine Miles, Public Information Officer & Sr. Communications Manager

Translation & Interpretation Svcs.  
Vacant, Sr. Manager

**Chief Equity & Diversity Officer**  
Lorenzo Poe

Affirmative Action  
Bonnie Gray, Asst. Director

District Equity Initiatives  
Jeanine Fukuda, Sr. Director  
Phu Dao, Sr. Manager

Equity Professional Development  
Cynthia MacLeod, Asst. Director  
Regina Sackler, Program Admin.

Equity Programs  
Hector Roche, Sr. Manager

Partnership Development  
Andrie Jackson, Sr. Manager

Supplemental Educational Services  
Dunya Mhoo, Sr. Manager

Supportive School Disciplinary Practices  
Cheryl Anselone, Interim Asst. Director  
Rok Kirschmann, Asst. Director  
Chris Williams, Student Assistance Manager

**Chief Financial Officer**  
Yousef Alwaid

Department of Finance  
David Wynde, Deputy CFO & Budget Director

- Budget  
Sara Botoimley, Asst. Director

- Grant Development  
Susan Jordan, Sr. Manager

- Purchasing & Contracting  
Emily Courtnage, Program Director

Accounting & Payroll  
Vacant, Sr. Director

- Accounts Payable  
Herner Deary, Sr. Manager

- General Ledger  
Cheryl Anselone, Interim Asst. Director

- Grant Accounting  
Dave Shick, Sr. Manager

- Payroll Services  
Ondra Matthews, Asst. Director

- Treasury  
Barbara Gibbs, Sr. Manager

Financial Systems / Publication Services / Support Services  
Ranzl Adas, Program Director

- Records Management  
Rome Williams, Manager

Risk Management  
Joe Crelier, Program Director

**Chief Human Resources Officer**  
Sean Murray

Administration & Operations  
Michelle Rodell, Deputy Chief HR Officer

Benefits  
Terri Burton, Program Director

Classification & Compensation  
Lisa Gardner, Sr. Manager

Employee & Labor Relations  
Catherine Cusumano, Sr. Director  
Frank Scotta, Program Director  
Mary-Elizabeth Harper, Sr. Manager  
Ross Fume, Sr. Manager

Talent Management  
Loreta Benjamin-Samuels, Program Director  
Maria Araiza, Manager

Technology & Support Services  
Patty Blanchard, Program Director

Training & Development  
Sue Ann Higgins, Sr. Director

Workforce Diversity & Development  
Ashia Holands, Program Director

**Chief Information Officer**  
Josh Klein

Information Technology

- IT Application Services  
Merita Ingaishie, Program Director

- IT Client Services  
Vacant, Program Director  
Vacant, Sr. Manager

- IT Project Management  
Cand Malone, Sr. Manager  
Vacant, Sr. Manager  
Vacant, Sr. Manager

- Systems Development & Integration  
Travis Franki, Program Director  
Niku Schriener, Sr. Manager  
Alisa Fockler, ERP Supervisor

- Technical Operations  
Ryan Whitman-Moreles, Program Director  
Stacey Jung, Sr. Manager

**Chief Operating Officer**  
Tony Magliano

Enrollment & Transfer Center  
Judy Brennan, Program Director

Facilities & Asset Management  
David Hobbs, Sr. Director

- Facilities Operations / Warehouse, Delivery, & Mail Services  
Vacant, Program Director  
Andy Fridley, Sr. Manager  
Steven Nitsch, Sr. Manager  
Vacant, Sr. Manager

- Planning & Asset Management / Civic Use of Buildings  
Sara King, Program Director  
Cameron Vaughan-Tyler, Sr. Manager

- Project Management  
Dennis Wright, Program Director

Nutrition Services  
Gita Grether-Sweeney, Sr. Director  
Whitney Eilersick, Asst. Director

Security Services  
George Weatherly, Program Director

Student Transportation  
Tef Brady, Sr. Director  
Vacant, Asst. Director

**Chief of School Modernization**  
Jerry Vincent

School Modernization  
Michelle Charlton, Program Director  
Erik Gerding, Program Director  
Dan Jung, Asst. Director  
Patrick LeBoeuf, Program Director  
David Wayne, Capital Communications Manager  
Debra Pearson, Program Director  
Jen Sohm, Sr. Manager  
Vacant, Sr. Director



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award  
is presented to**

**School District No. 1J  
Multnomah County, Oregon**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**School District No. 1J  
Multnomah County, Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO









**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

**ACHIEVE MORE**

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4293

P 503.274.2849  
F 503.274.2853

[www.tkw.com](http://www.tkw.com)

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
School District 1J, Multnomah County, Oregon  
Portland, Oregon

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

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

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

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

### OPINIONS

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

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

Board of Education  
School District 1J, Multnomah County, Oregon  
Page 2

### **OTHER MATTERS**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, such as Management's Discussion and Analysis, Other Post Employment Benefits - Schedule of Funding Progress and Employer Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability and District Contributions, and Notes to the Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund, Grant Fund, and PERS Rate Stabilization Reserve Fund listed in the Table of Contents as Required Supplementary Information, 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. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules and combining statements, listed in the Table of Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates 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

**INDEPENDENT AUDITOR'S REPORT (Continued)**

Board of Education  
School District 1J, Multnomah County, Oregon  
Page 3

Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying Introductory and Statistical sections, 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.

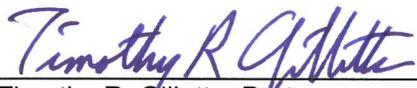
**REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Other Reporting Required by Oregon Minimum Standards***

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 2, 2016, on our consideration of the District's 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.

By   
\_\_\_\_\_  
Timothy R. Gillette, Partner

Lake Oswego, Oregon  
December 2, 2016

## **SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON Management's Discussion and Analysis**

As management of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS), we offer readers this narrative overview and analysis of the financial activities of the Portland Public Schools for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report.

### **FINANCIAL HIGHLIGHTS**

The 2016 budget represents a continuation of our focus on investment in programs and services to our students targeted at addressing the District's three priorities (early literacy, reducing out-of-school discipline, and improving high school graduation and completion rates) as well as other needs:

- Add educational assistants in kindergarten classes at schools with the highest concentration of historically underserved students.
- Make all high school athletic directors full time.
- Add a teacher to eight focus and priority schools.
- Add an additional early learning center in Southeast Portland.
- Increase the allocation of counselors to K-5, K-8, and middle schools to ensure a minimum of one full time counselor.
- Add transportation services to improve equitable access to dual language immersion programs.
- Funding the cost of full day kindergarten through the General Fund.
- Fund the boundary review process.
- Fund the expansion of the AVID program.
- Add 20 FTE for high school teaching positions.
- Expanded funding for restorative practices, equity and school climate.
- Add school secretaries and library/media staff.

During the year, the District implemented three new accounting standards: GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, all had effective dates that occurred within the 2015-16 fiscal year. There was no impact to the District's financial statements from the adoptions.

In November 2012, District voters passed an eight-year, \$482 million capital bond measure. This bond is the first phase of a 20-30 year effort to modernize every school in the district. Construction was completed in summer 2015 for roof repairs and seismic upgrades at 13 schools, science classroom upgrades at 17 schools, and improved disability access at 13 schools. During the year ended June 30, 2016 master planning continued for Grant High School, renovation/replacement projects proceeded for Franklin, Roosevelt, and Faubion, and summer 2016 project work was initiated for:

- Roof replacement and seismic upgrades at 5 schools.
- Science classroom upgrades at 8 schools.
- Improved disability access at 5 schools.

At June 30, 2016 there was a balance of \$242.5 million available for completion of the summer 2015 projects described above, for continued work towards the renovation/replacement of Grant, Franklin and Roosevelt High Schools and Faubion PK-8 school, and a portfolio of roofing, seismic, science lab and accessibility improvements during future summer periods. The summer 2016 work was completed on time and on budget, in time for the start of the 2016-17 academic year. Further discussion can be found on pages 10 and 11 of this Discussion and Analysis.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Portland Public Schools' basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**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 government-wide financial statements can be found on pages 16-18 of this report.

**Fund Financial Statements** are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the Portland Public Schools can be divided into two categories: governmental funds and proprietary funds. Reports by fund and fund group are shown in the Financial Section of the report beginning on page 20.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Portland Public Schools designates four major governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Grant Fund, PERS Rate Stabilization Reserve Fund and GO Bonds Fund, all of which are considered to be major funds. Data from the other 14 governmental-type funds are combined into a single, aggregated presentation titled "Other Governmental Funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Portland Public Schools adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets. The basic governmental fund financial statements can be found on pages 20-26 of this report.

**Proprietary funds** are used to account for a government's business-type activities. The District maintains only one type of proprietary fund, which is an Internal Service Fund.

Internal service funds are accounting devices used to accumulate and allocate costs among various internal functions. The District uses an internal service fund to account for its Self-Insurance activities related to workers compensation. Because Portland Public Schools has no business-type functions, this service benefits governmental functions and has been included within the governmental activities in the government-wide financial statements.

Internal service funds provide the same type of information as the government-wide financial statements. The internal service fund financial statements provide separate information for the Self-Insurance Fund, which is considered to be a major fund of Portland Public Schools. The basic internal service fund financial statements can be found on pages 27-29 of this report.

**Notes to the Basic Financial Statements** 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 Basic Financial Statements can be found on pages 30-65 of this report.

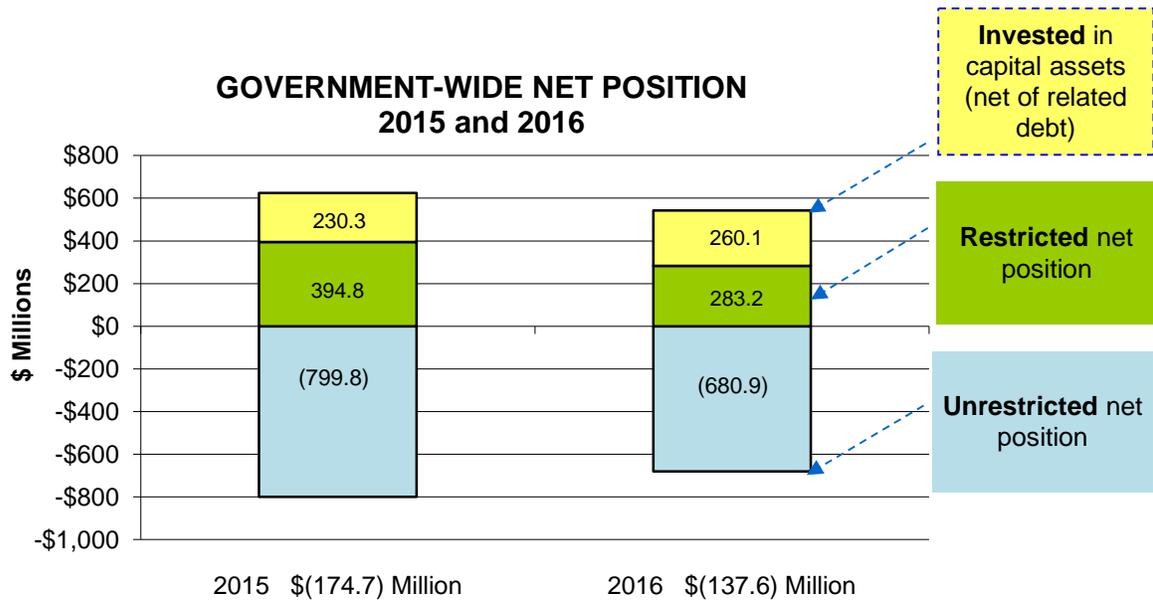
**Required Supplementary Information (RSI)** is located directly after the notes to the basic financial statements and represents the required comparison of the budget and actual results on the District's budgetary basis for the General Fund, Grant Fund and PERS Stabilization Reserve Fund. In addition the RSI discloses the actuarial estimate of funding progress of the District's other post-employment healthcare benefits obligations and related employer contributions and the District's proportion of net pension liability and District contributions. This information is on pages 67-76.

**Supplementary Information (SI)** presented on pages 77-111 includes combining statements for the non-major governmental funds, budgetary comparison schedules for non-major and other funds, and other financial schedules.

## Government-Wide Financial Analysis

**Analysis of Net Position.** The Statement of Net Position presents information on all of the District's assets, liabilities and deferred outflows and inflows. The difference between assets/deferred outflows and liabilities/deferred inflows is reported as net position. Over time net position may serve as a useful indicator of the District's financial position. Other indicators that can be useful in reviewing the District's financial health include enrollment trends, debt capacity and the condition of facilities.

Net Position	Government-wide (thousands)			
	2015	2016	Change	% change
<b>Assets</b>				
Current or other assets	\$ 585,559	\$ 489,022	\$ (96,537)	-16.5%
Net capital assets	273,957	382,401	108,444	39.6%
Total Assets	859,516	871,423	11,907	1.4%
<b>Deferred Outflows of Resources</b>	6,801	3,200	(3,601)	-52.9%
<b>Liabilities</b>				
Long-term liabilities outstanding	859,450	815,784	(43,666)	-5.1%
Other liabilities	170,461	190,410	19,949	11.7%
Total Liabilities	1,029,911	1,006,194	(23,717)	-2.3%
<b>Deferred Inflows of Resources</b>	11,102	6,062	(5,040)	-45.4%
<b>Net Position</b>				
Net investment in capital assets	230,251	260,146	29,895	13.0%
Restricted	394,845	283,176	(111,669)	-28.3%
Unrestricted	(799,792)	(680,955)	118,837	14.9%
Total Net Position	\$ (174,696)	\$ (137,633)	\$ 37,063	21.2%



**Net Position - 2016 compared to 2015.**

*Net Position* is a primary indicator of financial position. The District's liabilities and deferred outflows exceeded assets and deferred inflows by \$137.6 million at June 30, 2016, which represents a \$37.0 million improvement from the prior year, as further discussed on pages 8-9.

*Net Investment in Capital Assets* (\$260.1 million) has increased by \$29.9 million this year, mainly due to the repayment of debt related to capital projects (\$37.4 million), offset by depreciation (\$5.5 million).

*Restricted Net Position* (\$283.2 million) represents the unspent portions of capital projects funds, debt service funds and net assets restricted by grants, donations and leases. *Restricted Net Position* decreased by \$111.7 million this year, primarily due to the expenditure of GO bond proceeds.

*Unrestricted Net Position* (negative \$680.9 million) is the balancing amount to bring Total Net Position to negative \$137.6 million. *Unrestricted Net Position* increased \$118.8 million primarily due to the decrease in Restricted Net Position noted above.

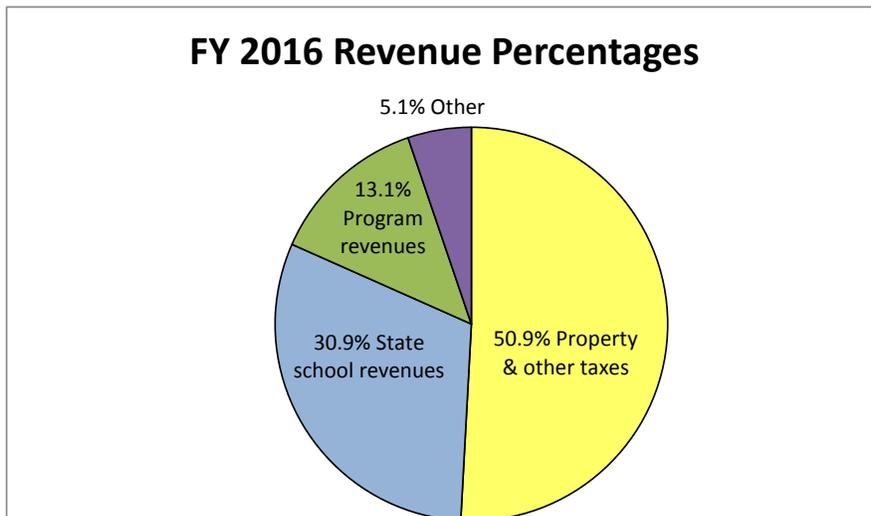
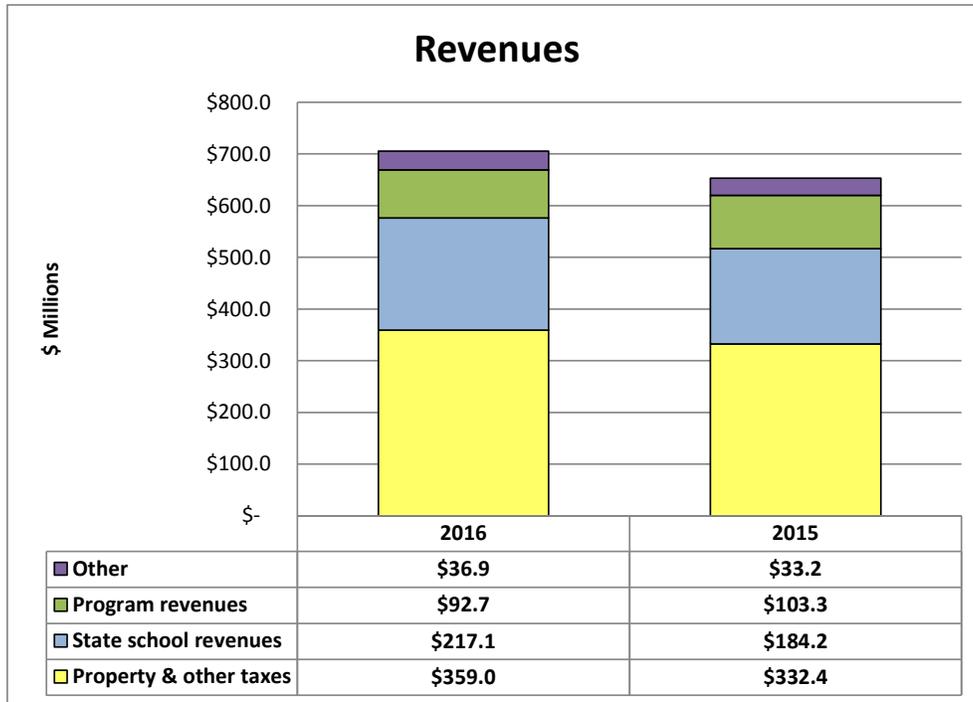
**Analysis of Activities.** The Statement of Activities presents expenses and related revenues by program, showing how the District's net position changed during the most recent fiscal year. The statement reports revenues earned and expenses incurred under the accrual basis of accounting, where changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes, pension amounts, OPEB, IBNR claims, and earned but unused vacation leave).

Statement of Activities	Government-wide (thousands)				
	2015	2016	% of total 2016	Change	% change
<b>Revenues</b>					
Program Revenues					
Charges for services	\$ 13,587	\$ 8,674	1.2%	\$ (4,913)	-36.2%
Operating grants & contributions	89,751	84,060	11.9%	(5,691)	-6.3%
Total Program Revenues	<u>103,338</u>	<u>92,734</u>	<u>13.1%</u>	<u>(10,604)</u>	<u>-10.3%</u>
<b>General Revenues</b>					
Property taxes	269,440	282,533	40.0%	13,093	4.9%
Local option taxes	62,923	76,467	10.9%	13,544	21.5%
County & intermediate sources	15,202	15,772	2.2%	570	3.7%
Construction excise tax	6,076	5,886	0.8%	(190)	-3.1%
State School Fund	179,505	211,253	30.0%	31,748	17.7%
State Common School Fund	4,721	5,810	0.9%	1,089	23.1%
Investment earnings	1,285	3,140	0.4%	1,855	144.4%
Other	10,563	12,120	1.7%	1,557	14.7%
Total General Revenues	<u>549,715</u>	<u>612,981</u>	<u>86.9%</u>	<u>63,266</u>	<u>11.5%</u>
Total Revenues	<u>653,053</u>	<u>705,715</u>	<u>100.0%</u>	<u>52,662</u>	<u>8.1%</u>
<b>Expenses</b>					
Instruction	326,935	364,964	54.6%	38,029	11.6%
Support services	212,213	241,016	36.0%	28,803	13.6%
Enterprise & community services	20,445	21,326	3.2%	881	4.3%
Facilities services	2,617	1,230	0.2%	(1,387)	-53.0%
Interest & fees on long-term debt	31,600	40,116	6.0%	8,516	26.9%
Total Expenses	<u>593,810</u>	<u>668,652</u>	<u>100.0%</u>	<u>74,842</u>	<u>12.6%</u>
Change in net position	59,243	37,063	-26.9%	(22,180)	-37.4%
Net position - beginning of year	(233,939)	(174,696)	126.9%	59,243	25.3%
Net position - end of year	\$ <u>(174,696)</u>	\$ <u>(137,633)</u>	<u>100.0%</u>	\$ <u>37,063</u>	<u>21.2%</u>

The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Portland Public Schools currently does not have any business-type or enterprise fund activities. Additional detail regarding revenue and expense changes are presented below to provide a better understanding of the District's operations in 2016 compared to 2015.

**Revenues.** Because the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. The District does charge for non-core services such as facilities rentals, activities fees, and lunches. Therefore, general revenues provide most of the funding required for governmental programs, primarily property taxes and State School Funds.

**Revenues – 2016 compared to 2015.** Total 2016 revenues of \$705.7 million represented a \$52.6 million (or 8.1%) increase from prior year revenues of \$653.1 million. State school fund revenues increased \$31.7 million from the prior year primarily due to a combination of an increase in overall state funding, an increase in District enrollment, and State (ODE) adjustments pertaining to prior years. Grants and contributions decreased \$5.7 million, primarily due to funding decreases for Columbia Regional, Common Core State Standards Grant, Expanded Reading Grants, STEM/STEAM, Equity Grant, School Dropout Prevention Grant, and Title I funding. Property and local option taxes increased \$26.6 million primarily due to increases in assessed value of property in the local area.



**Expenses.** Portland Public Schools program activities include Instruction, Support Services, Enterprise and Community Services, Facilities Services, and Interest and Fees on Long-term Debt. The District's activities mirror its chart of accounts which is mandated by the Oregon Department of Education for all Oregon public schools.

**Expenses by function – 2016 compared to 2015.** Current year total expenses of \$668.7 million increased 12.6% (\$74.8 million) from the prior year. About \$31.1 million of this increase was due to changes in pension plan provisions resulting in large part from the Oregon Supreme Court's Moro ruling, which repealed of most of the PERS reforms in the provisions of Senate Bill 861. Instruction costs increased \$38.0 million in the current year. About \$19.1 million of this increase was pension-related due to the Moro decision mentioned above. Other increases are discussed in the Financial Analysis of the

District's Major Funds, presented below. Support services costs increased \$28.8 million in the current year. About \$11.2 million of this increase was pension-related due to the Moro decision mentioned on page 9. Other increases are discussed in the Financial Analysis of the District's Major Funds, presented below. Instruction and support services together accounted for 90.6% of the District's expenses in 2016, compared to 90.8%, in the prior year.

## **Financial Analysis of the District's Major Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

**General Fund.** The General Fund is the major operating fund of the District. General Fund's ending fund balance increased by \$3.4 million to \$37.8 million for fiscal year 2016. This was a \$17.6 million improvement over the \$14.2 million decrease anticipated (excluding contingency) in the 2016 annual budget. The District classified \$7.2 million of the ending fund balance as "assigned", which is discussed in Footnote 15. State School Fund payments were \$31.7 million higher than the prior year as discussed on page 8. Instructional expenditures increased \$22.7 million in total. Wages and benefits accounted for \$18.6 million of this increase, primarily due to staffing additions mentioned on page 4, step increases, and cost of living adjustments. Textbook and library book expenditures increased \$2.5 million related to the reinvestments discussed on page 4. Support services costs increased \$19.4 million, due primarily to spending increases for counseling staff (\$3.3 million); program administration (\$1.1 million); library/media specialists (\$3.0 million); school administrators and support staff (\$4.5 million).

**Grant Fund.** Of the \$58.6 million in grant fund revenues, \$55.9 million was attributable to federal and state grants. Funding for Title I, other title programs, school improvement programs, college and career preparation programs and other state and federal grants targeted to provide additional services to students disadvantaged by poverty, including those homeless or migrant, totaled \$19.5 million. Funding of \$25.4 million was received for IDEA, special education, early vocabulary intervention and long-term care and treatment/DART grants and contracts. Head Start funding totaled \$8.3 million. Other public and private entity awards and other federal and state sources accounted for \$5.4 million. Total Grant Fund revenues and expenditures were \$4.8 million lower than the prior year. The largest contributors to this decrease were reductions in funding for Columbia Regional (IDEA) \$2.6 million; Title I \$1.7 million; and STEM/STEAM \$0.7 million.

**PERS Rate Stabilization Reserve Fund.** The PERS Rate Stabilization Reserve Fund currently has a dedicated revenue stream in the form of property taxes that have been committed at a rate of 0.11%. Current year revenues from property taxes and investment earnings were \$339 thousand. The PERS Rate Stabilization Reserve Fund currently has an ending fund balance of \$16.4 million. The Board also established conditions under which the Fund may be used that are consistent with the Fund's original objectives: (1) upon PERS rate increases per specified limits, and (2) upon PERS UAL debt service increase, also per specified limits.

**GO Bonds Fund.** The GO Bonds Fund was established to account for the debt proceeds, revenues, and capital expenditures related to bond measures approved by voters. The GO Bonds Fund currently has an ending fund balance of \$242.5 million, which is a decrease of \$114.1 million from the prior year. This decrease is the net result of investment earnings (\$1.8 million) less capital expenditures (\$115.9 million).

## Budgetary Highlights for the General Fund

The 2016 General Fund budget was adjusted two times during the year. The Board approved budget changes can be briefly summarized as follows:

- In February 2016, the Board decreased the General Fund budgetary beginning fund balance by \$5.3 million to \$34.4 million, to reflect actual ending fund balances as reported in the June 30, 2015 CAFR. In addition, General Fund resources were increased \$5.8 million for higher property tax collections, and State School Fund revenues were decreased \$0.1 million to reflect the recent estimate. In addition, program allocations for funds were adjusted to more accurately reflect intended expenditures.
- In June 2016, the Board increased General Fund resources by \$0.1 million and transferred \$3.5 million from the State School Fund revenues to property tax collections, to reflect how higher property tax collections impact the State School Fund Formula. In addition, program allocations for funds were adjusted to more accurately reflect intended expenditures.

## Capital Assets and Debt Administration

**Capital Assets.** The District's investment in capital assets includes land, building and improvements, vehicles and equipment, and construction in progress. As of June 30, 2016, the District had invested \$382.4 million in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide (thousands)			
	2015	2016	change	% change
Land	\$ 9,174	\$ 9,174	\$ -	0.0%
Buildings and site improvements	424,356	434,550	10,194	2.4%
Vehicles and equipment	51,713	52,634	921	1.8%
Construction in progress	42,156	144,960	102,804	243.9%
	527,399	641,318	113,919	21.6%
less accumulated depreciation	(253,442)	(258,917)	(5,475)	2.2%
Capital assets, net of depreciation	\$ 273,957	\$ 382,401	\$ 108,444	39.6%

District-wide, capital assets increased by \$108.4 million, net of \$5.5 million depreciation and amortization. Capital Bond work accounted for most of the increase. Further explanation of capital assets is shown in Note 7 of the financial statements.

**Debt Administration.** At the end of the current fiscal year, the District had total debt outstanding of \$710.1 million (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$384.1 million) and debt backed by the full faith and credit of the District (\$326.0 million). During the year the District reduced debt by making scheduled debt service payments of \$47.0 million. Further explanation of debt is shown in Note 10 of the Financial Statements (pages 45-48).

Outstanding Debt	Government-wide (thousands)			
	2015	Decreases	2016	% change
Limited tax pension and refunding bonds	\$ 395,958	\$ (11,883)	\$ 384,075	-3.0%
Other debt	361,156	(35,137)	326,019	-9.7%
Total Long Term Debt	757,114	(47,020)	710,094	
Unamortized Bond Premium/(Discount)	39,776	(2,237)	37,539	-5.6%
Total Long Term Debt, net of Premium (Discount)	\$ 796,890	\$ (49,257)	\$ 747,633	-6.2%

State statutes limit the amount of general obligation debt a school district may issue based on a formula for determining the percentage of the Real Market Value of all taxable properties within the District. The District's general obligation bond debt capacity is 7.95% of Real Market Value or \$6.9 billion. More information is available in Statistical Section Schedule 11 on page 128 of this report.

OPERS is Oregon's public pension system. Under the pension plan, the actuarial liability is the present value of the plan's current and expected benefits payments (plus administrative expenses). If the fund's actuarial liability exceeds its assets, then the fund has a shortfall that is known as a Net Pension Liability ("NPL"). OPERS requires that school districts pay (or "amortize") this NPL over a period of 20 years (Tier1/Tier2 portion) and (Retiree Health Insurance Account portion) for 10 years. Since interest rates had been at historic lows, an opportunity to benefit from lowered interest was created.

The District participated in the Oregon School Board Association ("OSBA") sponsored pooled pension obligation bond program, in which the proceeds from bond issues were put into a PERS "side account" and used to offset a portion of the OPERS Net Pension Liability (NPL). The reduced rate charged for the NPL that has resulted from the District's decision to borrow, has saved an estimated \$22 million in the current year; savings that the District has used to provide more instruction and support services. Over time, this reduction in rates should dampen the effects of future increases in the District's NPL. As long as OPERS' investment returns exceed the costs of servicing the bonds, the benefits of this program will exceed the costs. The District's NPL was reduced but was not eliminated by these borrowing transactions. Statutes, legislation, regulations, and rules regarding OPERS can change at any time.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The state's economy continues to recover at a steady pace. Job growth was 3.2% in the past year. Wage growth between 3 and 4 percent per year is outpacing inflation, and has been better than the typical state. State General Fund revenues for the 2015-17 biennium is expected to come in \$24 million (0.1%) above the Close of Session forecast. Revenue growth is expected to be stable with personal income tax collections continuing to grow at a healthy pace, keeping revenues in line with what was expected when the budget for the biennium was drafted. Currently the predominant downside risk to the revenue outlook is the threat that the U.S economic recovery will lose steam in the near term. In spite of the improving economy, fiscal pressures for K-12 education funding are likely to continue for the foreseeable future. The state legislature made progress toward stable and adequate funding with the passage of the 2015-2017 biennial budget reducing the funding gap below the state's own Quality Education Model from 31.9% in the previous biennium to 24.2%. Without the generous support of local voters and taxpayers the fiscal situation for PPS would be significantly more challenging and the ability to provide the education that our students deserve would be even more seriously compromised.

- The Oregon labor market is showing steady improvement, with jobs added in the past year, wages increasing, and unemployment rates dropping. Oregon's job growth is ranked fourth fastest in the nation, trailing only our western neighbors Washington, Utah and Idaho. The US economic expansion continues, however there are some trends that may indicate a future recession. One factor is that industrial production remains weak; another is the slowdown in personal income growth nationwide and in Oregon as baby boomers age out of the full-time workforce.
- Based on the August 2016 enrollment forecast from Portland State University Population Research Center, District K-12 student enrollment is projected to increase from between 61 and 781 students annually over the next 15 years, reaching 51,724, to 56,600 by 2030-2031.
- During the 2013 Legislative Session, Senate Bills 822 and 861A were enacted, which created PERS savings by modifying the PERS cost of living calculation (COLA), eliminating tax remedy payments to out of state retirees, and directing the PERS board to recalculate and lower employer contribution rates in the short term (to be recovered in future periods). These changes enabled a reduction in employer contribution rates for the 2015-17 biennium. In April 2015, the Oregon Supreme Court's *Moro* decision overturned most of the financially significant portions of the 2013 legislative changes relating to the COLA calculation. The effects of this decision have resulted in an increase in 2017-19 PERS rates. Tier 1/Tier 2 and OPSRP employer pension contribution rates will increase from 0% in fiscal year 2017 to 6.16% and 0.9% respectively in fiscal year 2018.
- Thanks in part to the Local Option Levy, the District will make modest investments in the District's seven strategic priorities with the 2016-17 budget. The most significant investments are directed toward K-12 literacy and enrollment balancing/grade reconfiguration. There are two aspects to the literacy funding. First, the District appropriated \$1 million dollars to complete the grades 6–12 literacy adoption. These funds will acquire materials as well as provide professional development and the creation of supporting resources. Second, a \$2.1 million commitment for a PK–5 literacy innovation/adoption involving 10 schools and a cohort of demonstration classrooms. The funds will provide for materials and professional development and represents the first round of an overall \$7.5 million multi-year implementation. Enrollment balancing/grade reconfiguration is the result of two years of work performed by the District-Wide Boundary Review Committee that recommends a shift to a predominately K-5 and middle school configuration over the next several years. The first phase begins in the 2016-17 year with the opening of Ockley Green middle school and the hiring of two new principals who will facilitate future middle school openings.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Portland Public Schools' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Accounting and Payroll Services Department, Portland Public Schools, 501 N Dixon, Portland, OR, 97227. An electronic copy of this and other prior year financial reports are available at the District website: <http://www.pps.net/Page/2184> .



## **BASIC FINANCIAL STATEMENTS**

---

---

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Statement of Net Position**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents-unrestricted	\$ 72,569
Cash and cash equivalents held by fiscal agents	5,663
Investments	351,389
Accounts and other receivables	35,310
Property taxes and other taxes receivable	21,419
Inventories	1,044
Prepaid items	1,628
Capital assets, not depreciated:	
Land	9,174
Construction in progress	144,960
Capital assets, net of accumulated depreciation:	
Buildings and capital improvements	218,644
Vehicles and equipment	9,623
Total assets	871,423
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension changes in employer proportion	781
Pension differences between employer contribution and proportionate share of contributions	1,492
Pension differences between expected and actual experience	927
Total deferred outflows of resources	3,200
<b>LIABILITIES</b>	
Accounts payable	40,259
Accrued wages and benefits payable	74,583
Unearned revenues	1,950
Claims payable	4,530
Non-current liabilities:	
Due within one year	
Accrued compensated absences	2,535
Bonds	52,273
Accrued bond interest payable	14,280
Due in more than one year	
Accrued compensated absences	844
Bonds	695,360
Accrued bond interest payable	72,462
Net pension liability	17,185
Net other post employment benefit obligation	29,933
Total liabilities	1,006,194

The notes to the basic financial statements are an integral part of this financial statement.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Statement of Net Position (continued)**  
**June 30, 2016**  
**(amounts expressed in thousands)**

**DEFERRED INFLOWS OF RESOURCES**

Pension differences between employer contribution and proportionate share of contributions	2,460
Pension differences between actual and expected earnings	3,602
Total deferred inflows of resources	<u>6,062</u>

**NET POSITION**

Net investment in capital assets	260,146
Restricted for:	
Capital projects	258,804
Grants	8,770
Student body activities	4,096
Nutrition services	6,721
Debt service	4,785
Unrestricted (deficit)	(680,955)
Total net position	<u>\$ (137,633)</u>

The notes to the basic financial statements are an integral part of this financial statement.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Statement of Activities**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

<u>Functions/Programs</u>	<u>EXPENSES</u>		<u>PROGRAM REVENUES</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>			
<b>GOVERNMENTAL ACTIVITIES</b>								
Instruction	\$	364,964	\$	996	\$	58,619	\$	(305,349)
Support services		241,016		3,157		22,356		(215,503)
Enterprise and Community Services		21,326		4,521		3,085		(13,720)
Facilities Services		1,230		-		-		(1,230)
Interest and fees on long-term debt		40,116		-		-		(40,116)
Total governmental activities		<u>\$ 668,652</u>		<u>\$ 8,674</u>		<u>\$ 84,060</u>		<u>(575,918)</u>

**GENERAL REVENUES**

Property taxes levied for general purposes	233,548
Property taxes levied for debt service	48,985
Construction excise tax	5,886
Local option taxes levied for general purposes	76,467
State School Fund - general support	211,253
State Common School Fund - general support	5,810
County and intermediate sources - general support	15,772
Investment earnings	3,140
Other	12,120
Total general revenues	<u>612,981</u>
Change in net position	37,063
Net position - beginning of year	(174,696)
Net position - end of year	<u>\$ (137,633)</u>

The notes to the basic financial statements are an integral part of this financial statement.



**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**

**Governmental Funds**

**Balance Sheet**

**June 30, 2016**

**(amounts expressed in thousands)**

	<u>General Fund</u>	<u>Grant Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents-unrestricted	\$ 361	\$ -
Cash and cash equivalents held by fiscal agents	5,419	-
Investments	100,735	-
Prepaid items	125	-
Accounts receivable	2,593	25,000
Property taxes and other taxes receivable	19,228	-
Due from other funds	9,150	-
Inventories	261	-
Total assets	<u>\$ 137,872</u>	<u>\$ 25,000</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 11,441	\$ 1,646
Accrued wages and benefits	69,539	4,254
Due to other funds	743	17,150
Unearned revenues	-	1,950
Total liabilities	<u>81,723</u>	<u>25,000</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable property tax revenue	18,314	-
Total deferred inflows of resources	<u>18,314</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	386	-
Restricted	-	-
Committed	-	-
Assigned	7,200	-
Unassigned	30,249	-
Total fund balances	<u>37,835</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 137,872</u>	<u>\$ 25,000</u>

The notes to the basic financial statements are an integral part of this financial statement.

<b>PERS Rate Stabilization Reserve Fund</b>	<b>GO Bonds Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,973	\$ 30,466	\$ 31,687	\$ 68,487
-	-	244	5,663
10,423	233,939	2,296	347,393
-	1,491	12	1,628
-	604	7,066	35,263
-	-	2,191	21,419
-	-	9,482	18,632
-	-	783	1,044
<u>\$ 16,396</u>	<u>\$ 266,500</u>	<u>\$ 53,761</u>	<u>\$ 499,529</u>
\$ -	\$ 23,947	\$ 3,163	\$ 40,197
-	25	740	74,558
-	-	739	18,632
-	-	-	1,950
<u>-</u>	<u>23,972</u>	<u>4,642</u>	<u>135,337</u>
-	-	2,086	20,400
<u>-</u>	<u>-</u>	<u>2,086</u>	<u>20,400</u>
-	1,491	795	2,672
-	241,037	40,052	281,089
16,396	-	4	16,400
-	-	6,182	13,382
-	-	-	30,249
<u>16,396</u>	<u>242,528</u>	<u>47,033</u>	<u>343,792</u>
<u>\$ 16,396</u>	<u>\$ 266,500</u>	<u>\$ 53,761</u>	<u>\$ 499,529</u>

The notes to the basic financial statements are an integral part of this financial statement.



**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**June 30, 2016**  
**(amounts expressed in thousands)**

Fund balances - total governmental funds (page 21)	\$ 343,792
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not financial resources and are not reported in governmental funds.	382,401
Long-term taxes receivable are not available to pay for current-period expenditures and therefore are a deferred inflow of resources in the governmental funds.	20,400
Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in activities in the Statement of Net Position.	4,230
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(747,633)
Actuarially determined pension activity is not reported in the governmental funds.	(20,033)
Accrued compensated absences are reported when earned as a liability in the Statement of Net Position while in the governmental funds only the unpaid balance of reimbursable unused vacation is reported as a liability.	(3,379)
Accrued property and liability insurance claims incurred but not reported are not due and payable in the current period and therefore are not reported in the governmental funds.	(768)
Accrued interest payable is not recognized as a liability in the governmental funds.	(86,742)
Other post employment benefit liability obligation is not reported in governmental funds.	(29,901)
Net position of governmental activities (page 17)	<u>\$ (137,633)</u>

The notes to the basic financial statements are an integral part of this financial statement.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<u>General Fund</u>	<u>Grant Fund</u>
<b>REVENUES</b>		
Property and other taxes	\$ 232,342	\$ -
State School Fund	211,253	-
State Common School Fund	5,810	-
Federal and state support	25	55,862
Local option taxes	76,593	-
County and intermediate sources	13,116	1,057
Charges for services	3,562	-
Extracurricular activities	-	-
Investment earnings	887	-
Other	5,586	1,649
Total revenues	<u>549,174</u>	<u>58,568</u>
<b>EXPENDITURES</b>		
Current:		
Instruction	316,030	33,127
Support services	220,666	22,356
Enterprise and community services	1,794	3,085
Facilities acquisition and construction	-	-
Debt Service:		
Principal	-	-
Interest	-	-
Total expenditures	<u>538,490</u>	<u>58,568</u>
Excess (deficit) of revenues over expenditures	<u>10,684</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers out	(7,407)	-
Proceeds from the sale of capital assets	116	-
Total other financing sources (uses)	<u>(7,291)</u>	<u>-</u>
Net change in fund balances	3,393	-
Fund balances - beginning of year	34,442	-
Fund balances - end of year	<u>\$ 37,835</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this financial statement.

<b>PERS Rate Stabilization Reserve Fund</b>	<b>GO Bonds Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 249	\$ -	\$ 54,444	\$ 287,035
-	-	-	211,253
-	-	-	5,810
-	-	15,137	71,024
-	-	-	76,593
-	-	1,598	15,771
-	-	45,750	49,312
-	-	7,904	7,904
90	1,845	274	3,096
-	5	8,975	16,215
<u>339</u>	<u>1,850</u>	<u>134,082</u>	<u>744,013</u>
-	-	12,969	362,126
-	445	4,910	248,377
-	-	17,046	21,925
-	115,490	12,001	127,491
-	-	47,020	47,020
-	-	46,610	46,610
<u>-</u>	<u>115,935</u>	<u>140,556</u>	<u>853,549</u>
<u>339</u>	<u>(114,085)</u>	<u>(6,474)</u>	<u>(109,536)</u>
-	-	7,407	7,407
-	-	-	(7,407)
-	-	-	116
<u>-</u>	<u>-</u>	<u>7,407</u>	<u>116</u>
339	(114,085)	933	(109,420)
16,057	356,613	46,100	453,212
<u>\$ 16,396</u>	<u>\$ 242,528</u>	<u>\$ 47,033</u>	<u>\$ 343,792</u>

The notes to the basic financial statements are an integral part of this financial statement.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to the Statement of Activities**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

Net change in fund balances - total governmental funds (page 25)	\$ (109,420)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report all capital outlay as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period of \$132,653 exceeded depreciation and disposals of \$24,209.	108,444
Property tax revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This is the change in deferred inflow of resources related to property taxes.	1,976
The Internal Service Fund is used to account for all costs incurred for claims arising from workers' compensation losses. The primary funding sources are charges to other funds. This amount is the change in net position for the year.	896
Incurred but not reported property and liability insurance claims expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds.	195
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued. Premium amounts are deferred and amortized in the Statement of Activities.	49,257
PERS actuarial liability activity is reported in the Statement of Activities but not in the governmental funds.	(21,488)
Other post employment benefits expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds.	2,966
Change in compensated absences	(21)
Change in bond interest payable	4,258
Change in net position of governmental activities (page 18)	<u>\$ 37,063</u>

The notes to the basic financial statements are an integral part of this financial statement.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Proprietary Fund - Internal Service Fund**  
**Statement of Net Position**  
**June 30, 2016**  
**(amounts expressed in thousands)**

**ASSETS**

Current Assets

Cash and cash equivalents	\$	4,082
Investments		3,996
Accounts and other receivables		47
Total assets		8,125

**DEFERRED OUTFLOWS OF RESOURCES**

Pension differences between employer contribution and proportionate share of contributions		1
Pension differences between expected and actual experience		1
Total deferred outflows of resources		2
Total assets and deferred outflows		8,127

**LIABILITIES**

Current Liabilities

Accounts payable		62
Accrued wages and benefits		25
Claims payable		3,762
Total current liabilities		3,849

Long-term Liabilities

Other post employment benefit obligation		32
Net pension liability		13
Total long term liabilities		45
Total liabilities		3,894

**DEFERRED INFLOWS OF RESOURCES**

Pension differences between employer contribution and proportionate share of contributions		2
Pension differences between actual and expected earnings		1
Total deferred inflows of resources		3
Total liabilities and deferred inflows of resources		3,897

**NET POSITION**

Unrestricted		\$ 4,230
--------------	--	----------

The notes to the basic financial statements are an integral part of this financial statement.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Proprietary Fund - Internal Service Fund**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

**OPERATING REVENUES**

Charges for services	\$ 3,394
Insurance recoveries	9
Total operating revenues	3,403

**OPERATING EXPENSES**

Salaries and benefits	355
Materials and services	256
Claims expense	2,145
Total operating expenses	2,756

Operating income	647
------------------	-----

**NON-OPERATING REVENUES**

Federal and state support	206
Investment earnings	43
Total non-operating revenues	249

Change in net position	896
------------------------	-----

Net position - beginning of year	3,334
Net position - end of year	\$ 4,230

The notes to the basic financial statements are an integral part of this financial statement.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**

**Proprietary Fund - Internal Service Fund**

**Statement of Cash Flows**

**For the year ended June 30, 2016**

**(amounts expressed in thousands)**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from interfund services provided and used	\$ 3,394
Cash payments for salaries and benefits	(336)
Cash payments for goods and services	(253)
Cash payments for claims	(2,141)
Net cash provided by (used for) operating activities	<u>664</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Cash subsidy from state return to work reimbursements	<u>206</u>
Net cash provided by (used for) noncapital financing activities	<u>206</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of investments	(1,995)
Investment earnings	43
Net cash provided by (used for) investing activities	<u>(1,952)</u>

Net increase (decrease) in cash and cash equivalents (1,082)

Cash and cash equivalents at beginning of year	<u>5,164</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,082</u></u>

**RECONCILIATION OF OPERATING INCOME TO**

**CASH FROM OPERATING ACTIVITIES**

Operating income	<u>\$ 647</u>
Adjustments to reconcile operating income to net cash from operating activities:	
Increase in accounts and other receivables	(18)
Increase in accounts and other payables	3
Increase in claims payable	14
Increase in accrued wages and benefits	6
Decrease in net pension asset and deferred outflows	5
Increase in net pension liability and deferred inflows	9
Decrease in net other post employment benefits obligation	(2)
Total adjustments	<u>17</u>
Net cash provided by (used for) operating activities	<u><u>\$ 664</u></u>

The notes to the basic financial statements are an integral part of this financial statement.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

School District No. 1J, Multnomah County, Oregon, known as Portland Public Schools or the District, is governed by a seven-member elected board. The District is the special-purpose primary government exercising financial accountability for all public K-12 education within its boundaries. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present all significant activities and organizations of the District. The District reports no component units, nor is the District a component unit of any other entity, and specifically has no relationship or connection with Multnomah County, Oregon.

The financial statements of the District 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 governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. The District does not report any fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements except that interfund services provided and used are not eliminated in the process of consolidation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Certain functional expenditures contain an element of indirect cost.

Separate financial statements are provided for Governmental Funds and the Self-Insurance Fund, which is an internal service fund (proprietary fund). The Self-Insurance Fund is included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. In the internal service fund, all revenues and expenses except interest earnings, transfers, and federal and state support are considered to be related to operations.

***Measurement focus, basis of accounting, and financial statement presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and expenditures related to compensated absences are recorded only when payment is due.

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**A. Government-wide and fund financial statements - continued**

***Measurement focus, basis of accounting, and financial statement presentation – continued***

Property taxes and grant reimbursements are considered to be susceptible to accrual, if received in cash by the District or a county collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current fiscal year or soon thereafter.

The District reports the following major governmental funds:

**General Fund** – Accounts for the general operations of the District. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's resources are available to the District for any purpose provided they are expended or transferred according to a resolution or policy of the District and/or the laws of Oregon.

**Grant Fund** – Accounts for revenues and expenditures that are restricted for specific projects. Principal revenue sources are federal, state and local funding.

**PERS Rate Stabilization Reserve Fund** – Accounts for reserves that will be used to mitigate the budgetary impact of significant employer personnel benefit rates fluctuations when they occur in future OPERS or PERS UAL charges. Disbursements from this fund are made in accordance with resolution 2679 by the District's Board. Revenues are an allocation of property taxes.

**GO Bond Fund** – Accounts for General Obligation bond proceeds and expenditures for specifically authorized projects.

Additionally, the District reports the following internal service fund:

**Self-Insurance Fund** – Accounts for all workers' compensation activities. The activity and balances of this fund are included in the governmental activities in the government-wide financial statements. The primary resources are charges to other funds, investment earnings and insurance recoveries. All revenues except for investment revenues and transfers in are considered operating revenue. Operating expenses include salaries, benefits, materials, premium costs, claims, and other related costs.

The District reports the following non-major governmental funds:

**Special Revenue Funds** – Accounts for certain revenues that are restricted to expenditures for designated purposes.

**Debt Service Funds** – Accounts for the accumulation of financial resources for the payment of long-term debt principal, interest, and related costs.

**Capital Projects Funds** – Accounts for financial resources to be used for the acquisition of property, technology, construction or renovation of facilities.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**B. Appropriations and Budgetary Controls**

The District prepares a budget for all funds in accordance with the modified accrual basis of accounting, with certain adjustments, and legal requirements set forth in Local Budget Law.

Consistent with Local Budget Law, expenditures are appropriated by fund for each legally adopted annual operating budget at the following levels of control, as appropriate:

- Instruction
- Support Services
- Enterprise and Community Services
- Facilities Acquisition and Construction
- Debt Service
- Contingency
- Fund Transfers

Capital outlay expenditures are appropriated within the service levels for Instruction, Support Services, Enterprise and Community Services, and Facilities Acquisition and Construction. Debt service expenditures in the General Fund are generally appropriated within the Support Services level of control. For reporting purposes all other debt service expenditures are segregated from the supporting services budgetary control levels and are presented in the debt service expenditures category.

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriations transfer that alters estimated total expenditures by less than 10% of any individual fund may be adopted at the regular meeting of the Board of Education. For conditions that require either supplemental appropriations or an increase in expenditures greater than 10% of an individual fund, a supplemental budget must be adopted, requiring public hearings, publications in newspapers and approval by the Board of Education. Supplemental budgets are submitted, reviewed and certified, similar to the original budget, by the Multnomah County Tax Supervising and Conservation Commission subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year. The District had two supplemental budgets during budget year 2016.

**C. Encumbrances**

During the year encumbrances are recorded in the accounting records when purchase orders are issued. The use of encumbrances indicates to District employees that appropriations are committed however, all encumbrances expire at year-end.

**D. Cash and Cash Equivalents and Investments**

For the purpose of the Statement of Cash Flows, the Statement of Net Position and the Balance Sheet, the District's monies in the Oregon Local Government Investment Pool, savings deposits, demand deposits and cash with county treasurer are considered to be cash and cash equivalents. Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Other investments are stated at amortized cost, which approximates fair value.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**E. Property Taxes**

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

**F. Inventories and Prepaid Items**

Inventories of school operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at cost using the weighted average method. A portion of the inventory consists of commodities purchased from the United States Department of Agriculture (USDA). The commodities are recorded at wholesale market value as provided by the USDA. The District accounts for the inventory based on the consumption method. Under the consumption method, inventory is recorded when purchased and expenditures are recorded when inventory items are used. Donated foods consumed during the year are reported as revenues and expenditures. The amount of unused donated food at year-end is immaterial. Prepaid insurance is related to capital bond construction activity. Prepaid assets are recognized as expenses/expenditures based on the consumption method when their use benefits the District.

**G. Capital Assets**

Expenditures for capital assets, which include land, buildings and site improvements, construction in progress, and vehicles and equipment are reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance by function. The District defines capital assets as assets with an initial cost exceeding the threshold amounts shown in the schedule below, and an estimated useful life in excess of one year. District capital assets are recorded at historical cost, or estimated historical cost if purchased or constructed, and depreciated or amortized, where appropriate, using the straight-line method. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are recorded as construction in progress and capitalized as projects are completed. When the District determines that an asset has been impaired as defined by GASB Statement No. 42 it adjusts the asset value. Under the pronouncements of GASB Statement No. 51 the District capitalizes intangible asset costs, such as costs relating to the internally developed computer software. The intangible asset costs are classified as equipment.

Major asset classifications, useful lives and capitalization thresholds are:

Asset	Capitalization threshold	Useful lives, years
Buildings	\$ 25	100
Land & site improvements	25	5 to 25
Equipment	5	5 to 15
Vehicles	5	5 to 8

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**H. Grant Accounting**

Unreimbursed expenditures due from grantor agencies are recorded in the financial statements as accounts receivable and revenues. Cash received from grantor agencies in excess of related grant expenditures is reflected as unearned revenue on the Statement of Net Position and the Balance Sheet.

**I. Insurance**

The District operates the Self-Insurance Fund to account for the costs of workers' compensation related costs and resources. Charges to other funds are recognized as revenues and as expenditures in the fund incurring the charges. The District accounts for all other insurance related resources and costs, such as general liability claims, property and fire loss claims, and the payment of premiums through the General Fund.

The District recognizes the liabilities for estimated losses to be incurred from pending claims and for claims incurred but not reported (IBNR). The IBNR claims are estimates of claims that are incurred through the end of the fiscal year but have not yet been reported. These liabilities are based on actuarial valuations.

The District's insurance deductibles and policy limits are as follows:

	Deductibles	Excess Coverage per Occurrence
General and Automobile Claims	\$ 1,000	\$ 5,000
Property and Fire Claims	1,000	250,000
Earthquake Claims	250	50,000
Flood Claims	1,000	75,000
Workers' Compensation Claims	1,000	25,000

The District has not exceeded the claims limitation on its insurance policies for the last five years.

**J. Compensated Absences**

Depending on years of service and union membership, employees can earn annual vacation leave between 10 days and 22 days per year. Administrators earn 22 days of annual vacation leave. Effective January 1, 2012, employees are allowed to carry over twice their maximum yearly earned balances from one fiscal year to another. All outstanding vacation leave is payable upon resignation, retirement, or death. Compensated absences are recognized as liabilities in the District's proprietary fund. Compensated absences are not reported as liabilities in the governmental funds because they have not "matured," meaning they are not yet payable to the employee.

Sick leave accumulates each month without a limit on the total hours that can be accumulated. Accumulated sick leave does not vest and is forfeited at resignation, retirement or death. Sick leave is recorded as an expense/expenditure when leave is taken and no liability is recorded.

**K. Receivables and Payables**

Receivables expected to be collected within sixty days following year-end are considered measurable and available and are recognized as revenues in the fund financial statements. Other receivables are offset by unearned revenues and, accordingly, have not been recorded as revenue. Receivables, net of any allowance for doubtful accounts, are recorded on the Statement of Net Position/Balance Sheet.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**K. Receivables and Payables - continued**

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” in the fund financial statements, and are eliminated in the government-wide statements.

**L. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations including accrued compensation and claims are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as outflows of resources (expenses) in the period incurred.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs as incurred. 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. Issuance costs are reported as expenditures.

**M. Retirement Plans**

Most District employees participate in Oregon’s Public Employees Retirement System (OPERS). Contributions are made as required by the plan and are recorded as expense/expenditures.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS’s fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized by OPERS when due and payable in accordance with the benefit terms. OPERS investments are reported at fair value.

The District provides tax-deferred annuity contracts established under Section 403(b) of the Internal Revenue Code. Participation in the program is voluntary. Contributions are made from salary deductions from participating employees within the limits specified in the Code.

**N. Early Retirement and Other Post-Employment Benefits**

Certificated employees who have met the requirements for age and years of service with the District are eligible for early retirement benefits. Early retirement benefits and other post-employment benefits are explained in Note 12.

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA) for eligible District employees who are members of OPERS, and were plan members before January 1, 2004. The plan was established by the Oregon Legislature.

A health and welfare program the District provides for retirees is accounted for under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB). The OPEB obligation is actuarially determined, is reflected as a long-term liability in the government-wide financial statements, and reflects the present value of expected future payments. The net other post-employment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year, and are reported on the pay-as-you-go basis.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**O. Net Position**

Net position represents the difference between the District's total assets and total liabilities. District net position currently has three components:

*Net investment in capital assets* represents capital assets less accumulated depreciation and outstanding principal of capital asset related debt.

*Restricted net position* represents net position upon which constraints have been placed, either externally by creditors, grantors, contributors or others, or legally constrained by law.

*Unrestricted net position* represents net position that does not meet the definition of "restricted" or "net investment in capital assets".

**P. Deferred Inflows and Outflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for Deferred Outflows of Resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for Deferred Inflows of Resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

**Q. Management Estimates**

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

**R. Fund Balance Definitions**

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance definitions, from most to least restrictive are:

1. *Non-spendable fund balances* – Amounts that are not in spendable form or due to legal or contractual requirements. Examples of resources in this category are prepaids, inventory or notes receivable.
2. *Restricted fund balances* – Amounts constrained to specific purposes by their providers (such as grantors or bond holders), through constitutional provisions or by enabling legislation. These are primarily amounts subject to externally enforceable legal restrictions.
3. *Committed fund balances* – Amounts constrained to specific purposes by resolution of the District's Board. The District's Board can modify or rescind a commitment at any time through passage of a new resolution. In order to commit fund balances the District must take formal action prior to the close of the fiscal year.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**R. Fund Balance Definitions - continued**

4. *Assigned fund balances* – Amounts the District intends to use for a specific purpose that are neither restricted nor committed are reported as assigned fund balance. Intent can be expressed by the Board or delegated authority to an official. An example of assignment is when the District’s Board adopts the annual budget which includes funds identified as reserved for a specific purpose.
5. *Unassigned fund balance* – Amounts not included in other classifications above. The amount represents spendable fund balance that is not restricted, committed or assigned in the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The District’s Board passed resolution number 4461 on June 13, 2011, titled: *Compliance with Governmental Accounting Standards Board Statement No. 54 (GASB 54): Fund Balance Reporting and Governmental Fund Type Definitions*. The resolution reads as follows:

- The Board affirms that it is the highest level decision authority for the District.
- The Board hereby delegates the authority to classify portions of ending fund balance as “Assigned” to the Superintendent.
- The Board adopts GASB 54 definitions for Non-spendable, Restricted, Committed, Assigned and Unassigned fund balances.
- In conjunction with the adoption of GASB 54 fund balance classifications, the Board declares its budgeting practices and budget allocations for restricted and unrestricted fund balance amounts will be consistent with the fund balance classification hierarchy.
- The Board hereby adopts GASB 54 definitions of fund types for the General Fund, special revenue funds, debt services funds, capital projects funds, and permanent funds.

**S. Use of Restricted Resources**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District first applies the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District first applies the expenditure toward restricted fund balance and then to other, less-restrictive classifications, committed and then assigned fund balances, before using unassigned fund balances.

**T. Fund Balance Policy**

The District’s Board policy 8.10.025P mandates that the District budget a minimum of three percent of its General Fund revenue as contingency, and that a three percent fund balance be maintained.

**U. New Accounting Standards Implemented**

**GASB Statement No. 72, *Fair Value Measurement and Application***, addresses accounting and financial reporting issues related to fair value measurements, and provides guidance for determining a fair value measurement for financial reporting purposes.

**GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*** identifies—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**U. New Accounting Standards Implemented – continued**

**GASB Statement No. 79**, *Certain External Investment Pools and Pool Participants* to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards.

**NOTE 2 – BUDGETARY BASIS OF ACCOUNTING**

The District reports financial position, results of operations, and changes in fund balance/Net Position on the basis of U. S. generally accepted accounting principles (GAAP). The budgetary statements provided as part of required or other supplementary information are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS**

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. Property taxes levied for the payment of bonded indebtedness are exempt from the limitation, provided such bonds are either authorized by a specific provision of the Oregon Constitution or approved by the voters of the District for capital construction or improvements.

The District's tax rates for the year ended June 30, 2016 were:

Permanent rate	\$ 5.2781 per \$1 thousand of assessed value
Local option rate	\$ 1.9900 per \$1 thousand of assessed value
GO Bond Levy amount	\$ 50,343,022 (unrounded dollars)



**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Deposits with financial institutions include bank demand deposits, deposits in the Local Government Investment Pool, time certificates of deposit, and savings account deposits, as authorized by Oregon statutes.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2016, the District's cash, cash equivalents, and investments were comprised of the following:

	June 30, 2016	Fair Value Measurements Using
Oregon Local Government Investment Pool	\$ 36,712	N/A
Cash in demand deposits	35,850	N/A
Petty cash	7	N/A
Total cash and cash equivalents	<u>72,569</u>	
Cash and cash equivalents held by fiscal agents	<u>5,663</u>	N/A
U.S. Government agency securities	218,146	Level 1
Corporate Paper	113,789	Level 1
Municipal Bonds	19,454	Level 1
Total investments	<u>351,389</u>	
Total cash, cash equivalents and investments	<u>\$ 429,621</u>	

**A. Investments**

Accounting principles generally accepted in the United States of America require investments with a remaining maturity of more than one year at the time of purchase to be stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Investments with maturities of less than one year are carried at amortized cost.

Investments in the Oregon Local Government Investment Pool (LGIP) are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments maturing more than 270 days from the date the computation is made. If the fair value totals more than one percent of the balance of the LGIP in terms of unrealized gain or loss, the amount is required to be distributed to the pool participants. Fifty percent of the LGIP portfolio must mature within 93 days. Up to 25% of the LGIP portfolio may mature in over one year and no investment may mature in over three years.

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued**

**A. Investments – continued**

The District requires all securities to be purchased in the District's name and held in third party safekeeping.

The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2016 are categorized by Moody's and Standard and Poor's ratings as follows:

	U.S.				
Moody's Rating	Government & Agency Obligations	Corporate Commercial Paper	Corporate Notes	Municipal Bonds	Total
Aaa	\$ 184,579	\$ -	\$ -	\$ -	\$ 184,579
Aa1	-	-	-	13,097	13,097
Aa2	-	-	10,020	208	10,228
Aa3	-	-	16,793	554	17,347
A1	-	-	30,241	160	30,401
A2	-	-	30,544	-	30,544
A3	-	-	10,246	-	10,246
NR	33,567	-	-	5,435	39,002
P-1 (short term)	-	15,945	-	-	15,945
	<u>\$ 218,146</u>	<u>\$ 15,945</u>	<u>\$ 97,844</u>	<u>\$ 19,454</u>	<u>\$ 351,389</u>
Weighted Average Maturity (Yrs)	0.62	0.37	0.35	0.74	0.56

	U.S.				
S & P Rating	Government & Agency Obligations	Corporate Commercial Paper	Corporate Notes	Municipal Bonds	Total
AA+	\$ 184,579	\$ -	\$ 16,064	\$ 751	\$ 201,394
AA	-	-	12,259	-	12,259
AA-	-	-	15,555	12,106	27,661
A+	-	-	31,477	-	31,477
A	-	-	14,064	-	14,064
A-	-	-	8,425	-	8,425
NR	33,567	-	-	1,162	34,729
A-1 (short term)	-	6,989	-	-	6,989
A-1+ (short term)	-	8,956	-	5,435	14,391
	<u>\$ 218,146</u>	<u>\$ 15,945</u>	<u>\$ 97,844</u>	<u>\$ 19,454</u>	<u>\$ 351,389</u>
Weighted Average Maturity (Yrs)	0.62	0.37	0.35	0.74	0.56

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued**

**A. Investments – continued**

***Interest rate risk***

In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by structuring the investment portfolio so that securities mature to meet ongoing operations.

***Credit risk***

Oregon Revised Statutes authorize school districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, bankers' acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port or school district in Oregon, Washington, Idaho, and California (subject to specific standards), and the LGIP, among others. The Board of Education has adopted a policy which complies with state statutes.

The District's investments in U.S. government securities are not required to be rated. Investments in U.S. government agency securities are rated Aaa by Moody's Investors Service.

Corporate notes are rated between Aa2 and A3 by Moody's and between AA+ and A- by Standard and Poor's.

***Concentration of credit risk-investments***

In accordance with GASB 40, the District is required to report all individual non-federal investments which exceed 5% of total invested funds. As of June 30, 2016 the District held the following:

	Value	Percentage of total investments
JP Morgan - Corporate Obligations	\$ 18,606	5.3%

***Custodial risk-deposits***

The District's deposits with financial institutions are insured by the Federal Depository Insurance Corporation (FDIC); interest and non-interest bearing accounts are insured up to \$250 thousand. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At June 30, 2016, bank balances of \$1,274 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2016, the carrying amount of the District's balance was \$35,850 and the bank balance was \$39,927.

***Custodial credit risk-investments***

For an investment, this is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued**

**Investments – continued**

***Custodial credit risk-investments – continued***

and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. Investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to LGIP investments.

**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2016 are summarized as follows:

	General Fund	Grant Fund	GO Bonds Fund	Govern- mental and other funds	Total
Accounts and other receivables:					
Interest	\$ 278	\$ -	\$ 585	\$ -	\$ 863
Accounts receivable	2,255	-	19	7,113	9,387
Federal, state and local grants	-	25,000	-	-	25,000
Advances to employees	60	-	-	-	60
Total accounts and other receivables	<u>2,593</u>	<u>25,000</u>	<u>604</u>	<u>7,113</u>	<u>35,310</u>
Property and other taxes receivable	19,228	-	-	2,191	21,419
Total receivables	<u>\$21,821</u>	<u>\$25,000</u>	<u>\$ 604</u>	<u>\$ 9,304</u>	<u>\$56,729</u>

**NOTE 6 – PREPAID ASSETS**

A summary of changes in prepaid assets for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Prepaid Assets:				
Postage	\$ 43	\$ 276	\$ (194)	\$ 125
Insurance	1,961	271	(729)	1,503
Other	9	-	(9)	-
Total Prepaid Assets:	<u>\$ 2,013</u>	<u>\$ 547</u>	<u>\$ (932)</u>	<u>\$ 1,628</u>

Prepaid insurance consists of an Owner Controlled Insurance Program (OCIP), which provides liability coverage for major construction contracts, and builders risk insurance for high school rebuilds. The OCIP is amortized for 5 years starting in fiscal year 2014, and the builders risk policies are amortized over 23 months (Franklin) and 26 months (Roosevelt) starting June, 2015.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 7 – CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2016 follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Capital assets not being depreciated or amortized</b>					
Land	\$ 9,174	\$ -	\$ -	\$ -	\$ 9,174
Construction in progress	42,156	131,118	(4,351)	(23,963)	144,960
Total capital assets not being depreciated or amortized	51,330	131,118	(4,351)	(23,963)	154,134
<b>Capital assets being depreciated or amortized</b>					
Buildings and site improvements	424,356	143	(13,912)	23,963	434,550
Vehicles and equipment	51,713	1,392	(471)	-	52,634
Total capital assets being depreciated or amortized	476,069	1,535	(14,383)	23,963	487,184
Total general capital assets	527,399	132,653	(18,734)	-	641,318
<b>Less accumulated depreciation and amortization</b>					
Buildings and site improvements	(212,441)	(12,277)	8,812	-	(215,906)
Vehicles and equipment	(41,001)	(2,478)	468	-	(43,011)
Total accumulated depreciation and amortization	(253,442)	(14,755)	9,280	-	(258,917)
Total capital assets, net of accumulated depreciation	<u>\$273,957</u>	<u>\$ 117,898</u>	<u>\$ (9,454)</u>	<u>\$ -</u>	<u>\$382,401</u>

Depreciation expense for governmental activities is charged to functions as follows:

Instruction	\$ 11,471
Supporting services	3,121
Food services	163
	<u>\$ 14,755</u>

As of June 30, 2016 the District has three schools that are closed and idle: East Sylvan, Foster and Smith. As of June 30, 2016 the carrying value of these schools is \$1,076 and is included in the capital assets summary above.

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 8 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS**

Interfund balances represent cash owed by one fund to another. At June 30, 2016, the General Fund owed the Student Body Activity Fund \$743; the Grants Fund was advanced \$9,150 by the General Fund and \$8,000 from other non-major governmental funds to cover unbilled expenditures; and the Partnerships Fund was advanced \$739 from other non-major governmental funds to cover unbilled expenditures.

Interfund receivables and payables on June 30, 2016 are comprised of the following:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 9,150	\$ 743
Non-major governmental funds	9,482	739
Grant Fund	-	17,150
	<u>\$ 18,632</u>	<u>\$ 18,632</u>

The District's General Fund made debt service transfers totaling \$3,837 to non-major debt funds. The District's General Fund also made transfers totaling \$3,570 to non-major capital projects funds.

The composition of interfund transfers as of June 30, 2016, is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 7,407
Nonmajor Governmental Funds	7,407	-
	<u>\$ 7,407</u>	<u>\$ 7,407</u>

**NOTE 9 – ACCRUED COMPENSATED ABSENCES**

The General Fund and Grant Fund are the primary funds from which the compensated absences balance liability is liquidated.

The change in the balance of accrued compensated absences for the year was as follows:

<u>Outstanding July 1, 2015</u>	<u>Increases</u>	<u>Payments</u>	<u>Outstanding June 30, 2016</u>	<u>Due Within One Year</u>
\$ 3,358	\$ 4,053	\$ (4,032)	\$ 3,379	\$ 2,535

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 10 – BONDED AND OTHER DEBT**

Changes in District long-term debt during fiscal year 2016 were as follows:

	Original Amount	Beginning Balance	Additions	Matured and Redeemed	Ending Balance	Due Within One Year
Pension debt:						
Limited tax pension bonds						
Series 2002	\$ 210,104	\$ 164,319	\$ -	\$ (4,203)	\$ 160,116	\$ 4,285
Series 2003	281,170	217,239	-	(7,680)	209,559	7,540
Series 2012	14,400	14,400	-	-	14,400	-
Total pension debt (Note 11)	<u>505,674</u>	<u>395,958</u>	<u>-</u>	<u>(11,883)</u>	<u>384,075</u>	<u>11,825</u>
Other Debt:						
Note Payable- 2009 Credit Facility	15,000	9,970	-	(2,369)	7,601	2,449
Recovery Zone Economic						
Development Bonds	11,000	7,611	-	(913)	6,698	941
General Obligation Bonds						
Series 2013B	68,575	68,575	-	(1,555)	67,020	1,705
General Obligation Bonds						
Series 2015A	30,300	30,300	-	(30,300)	-	-
General Obligation Bonds						
Series 2015B	244,700	244,700	-	-	244,700	33,145
Total other debt	<u>369,575</u>	<u>361,156</u>	<u>-</u>	<u>(35,137)</u>	<u>326,019</u>	<u>38,240</u>
Total long-term debt	<u>\$ 875,249</u>	<u>757,114</u>	<u>-</u>	<u>(47,020)</u>	<u>710,094</u>	<u>50,065</u>
Unamortized bond premium						
(discount)		39,776	-	(2,237)	37,539	2,208
Total long-term debt, net of						
premiums (discounts)		<u>\$ 796,890</u>	<u>\$ -</u>	<u>\$ (49,257)</u>	<u>\$ 747,633</u>	<u>\$ 52,273</u>

Changes in District accrued interest during fiscal year 2016 were as follows:

	Beginning Balance	Additions	Payments and Reductions	Ending Balance
Accrued Interest:				
Current Portion	\$ 13,997	\$ 46,893	\$ (46,610)	\$ 14,280
Long Term Portion	77,003	-	(4,541)	72,462
Total Accrued Interest	<u>\$ 91,000</u>	<u>\$ 46,893</u>	<u>\$ (51,151)</u>	<u>\$ 86,742</u>

**A. Limited Tax Pension Bonds**

In October 2002 Portland Public Schools participated as one of forty-one Oregon school districts and education service districts in issuing limited tax pension bonds. The proceeds were used to finance a portion of the estimated unfunded actuarial liability of each participating school district with the Oregon Public Employees Retirement System (“OPERS”). The Oregon School Boards Association (“OSBA”) sponsored this pooled limited tax pension bond program. The OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the payment of its pension bond payments and additional charges when due, each participating school district has no obligation or liability to any other participating school district’s pension bonds or liabilities to OPERS. In April 2003, OSBA sponsored another pooled limited tax pension bond program with thirty school districts and education service districts. Payments of yearly principal and interest are recorded as financial statement expenditures

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 10 – BONDED AND OTHER DEBT – continued**  
**A. Limited Tax Pension Bonds - continued**

in instruction and in support services. The District anticipates the total costs of financing the District's actuarial obligation in this manner will result in a significant savings to the District when compared to paying for such costs as additional contribution rates to OPERS.

The District issued \$210,104 Limited Tax Pension Bonds, Series 2002 (Federally Taxable), of which \$53,524 are Series 2002A (deferred interest bonds) and \$156,580 are Series 2002B (current interest bonds). The 2002 series Limited Tax Pension Bonds were issued on October 31, 2002, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 5.67% to 6.10%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.48% to 5.55%. The Series 2002A Bonds are not subject to optional prepayment prior to maturity. The Series 2002B Bonds maturing June 30, 2021, shall be subject to prepayment from pension prepayments on or after June 30, 2009, and those due June 30, 2028 are subject to mandatory prepayment prior to its stated maturity, in whole or part, on any June 30 on or after June 30, 2024. During 2012 \$14,200 of Series 2002 Pension Bonds were refinanced. See description of the Limited Tax Pension Bonds, Series 2012 below.

The District issued \$281,170 Limited Tax Pension Bonds, Series 2003 (Federally Taxable), of which \$124,800 are Series 2003A (deferred interest bonds) and \$156,370 are Series 2003B (current interest bonds). The Series 2003 series Limited Tax Pensions Bonds were issued on April 30, 2003, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted payable semiannually at yields rates ranging from 5.71% to 6.27%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.45% to 5.68%. The bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

On January 31, 2012 the District issued \$14,400 in Limited Tax Pension Refunding Bonds, Series 2012. The interest rate is fixed at 2.75% and interest payments on the bonds are payable semiannually in June and December. The bonds mature on June 30, 2021. The total amount of interest savings (economic gain) as a result of the refinancing is \$3,200 dollars. The present value of future cash savings as a result of the refinancing is \$2,800 dollars. The bond proceeds, \$14,200, were used to pay on the Limited Tax Pension Bonds, Series 2002. The Series 2012 bonds are subject to optional prepayment.

Under the terms of the borrowing agreements for the 2002, 2003 and 2012 Limited Tax Pension Bonds, the District is bound by an intercept agreement whereby Wells Fargo Bank Northwest NA, as the trustee, directly receives specified amounts that have been withheld from the District's State School Fund support payments that are deposited in trust with LGIP. Wells Fargo Bank Northwest NA then makes the scheduled semi-annual debt service payments from the LGIP trust account.

**B. Other Debt**

In October 2009 the District borrowed \$15,000 from Bank of America, N.A. to finance capital asset projects related to information technology. Loan interest at 3.4% is payable semi-annually beginning December 1, 2009, and principal is payable annually beginning June 1, 2010. The installment loan is a full faith and credit obligation which matures June 1, 2019. It is authorized by ORS 271.390, which requires that the weighted average life of the projects (approximately 10.0 years) must exceed the weighted average life of the loan (approximately 6.7 years).

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), the City of Portland was awarded \$13,500 in Recovery Zone Economic Development Bonds (RZEDBs). In July 2010, the City sub-awarded \$11,000 of the RZED bonds to Portland Public Schools, which are being used to complete energy

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 10 – BONDED AND OTHER DEBT – continued**

**B. Other Debt - continued**

and water conservation projects that will financially benefit the District in reduced energy and water costs and will yield on-going financial benefit once the bonds are paid off. The District makes semi-annual interest payments and annual principal payments, and the bonds will mature in December 2022. The bond's interest payments of 5.05% are 45% federally subsidized.

As part of a \$482 million capital bond measure passed by District voters in 2012, the District has issued the following General Obligation debt to finance school renovation and replacement:

On May 1, 2013 the District issued \$68,575 in General Obligation Bonds, Series 2013B. The interest rate is fixed at rates ranging from 1.5% to 5%. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2013. The bonds mature on June 15, 2033 with principal payments due annually on June 15th. The bonds were issued at a premium of \$7,923 which is being amortized over the life of the bonds.

On April 30, 2015 the District issued \$30,300 in General Obligation Bonds, Series 2015A. The interest rate is fixed at 0.45% and interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2015. The Series 2015A Bonds are not subject to optional prepayment prior to maturity. The bonds were issued at a premium of \$34, amortized over the life of the bonds. At June 30, 2016 this debt was fully repaid.

On April 30, 2015 the District issued \$244,700 in General Obligation Bonds, Series 2015B. The interest rate is fixed at rates ranging from 3% to 5%. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2015. The Series 2015B Bonds maturing on or after 2026 are subject to redemption, at the option of the District, in whole or part, on or after June 15, 2025. The bonds mature on June 15, 2033 with principal payments due annually on June 15th. The bonds were issued at a premium of \$33,178 which is being amortized over the life of the bonds.

Article XI-K of the Oregon Constitution allows the state to guarantee the general obligation bonded indebtedness of school districts. For the Series 2013A, 2013B, 2015A, and 2015B GO Bonds mentioned immediately above, the District participated in the Oregon School Bond Guaranty program (ORS 328.321 to 328.356), whereby the State of Oregon (State) guarantees all principal and interest payments until maturity will be made to bondholders when due. Should the District fail to make a payment of debt service on these bonds when due, the State will make the payment on behalf of the District, and then will seek recovery from the District. The State may recover funds by means of intercepting any source of operating moneys normally remitted from the State to the District. Since the inception of the bonds, the District has not used the guarantee, and there are no outstanding amounts due to the State of Oregon as of June 30, 2015.

Federal arbitrage restrictions apply to substantially all debt. Any liabilities to the federal government are accrued and paid when due. Long-term debt payments are made from the debt service funds.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 10 – BONDED AND OTHER DEBT – continued**

The following is a summary of the future annual debt service requirements for the District:

Fiscal year	Limited tax pension bonds	Recovery zone bonds	Other full faith & credit	General Obligation Bonds	Total
<b>Principal</b>					
2017	\$ 11,825	\$ 941	\$ 2,449	\$ 34,850	\$ 50,065
2018	12,077	969	2,533	19,850	35,429
2019	11,949	999	2,619	21,760	37,327
2020	12,161	1,029	-	23,840	37,030
2021	21,903	1,061	-	38,840	61,804
2022-2026	213,319	1,700	-	52,480	267,499
2027-2031	100,840	-	-	79,535	180,375
2032-2033	-	-	-	40,565	40,565
Total principal	384,074	6,699	7,601	311,720	710,094
<b>Interest</b>					
2017	32,309	326	259	13,889	46,783
2018	34,797	279	175	12,181	47,432
2019	36,905	229	89	11,226	48,449
2020	39,699	179	-	10,138	50,016
2021	32,511	126	-	8,947	41,584
2022-2026	104,879	87	-	30,367	135,333
2027-2031	7,547	-	-	16,508	24,055
2032-2033	-	-	-	2,011	2,011
Total interest	288,647	1,226	523	105,267	395,663
Total debt service	\$672,721	\$ 7,925	\$ 8,124	\$416,987	\$ 1,105,757

**NOTE 11 – PENSION PLANS**

**Oregon Public Employees Retirement System (OPERS)**

**General Information about the Pension Plan**

*Name of the pension plan:* The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan, administered by the OPERS Board of Trustees with authority granted by the Oregon Legislature.

*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. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. OPERS issues a publicly available financial report that can be obtained at [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 11 – PENSION PLANS – continued**  
**Oregon Public Employees Retirement System (OPERS) – continued**  
**General Information about the Pension Plan – continued**

**Benefits provided under Chapter 238 - Tier 1/Tier 2**

1. *Pension Benefits.* The OPERS 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, 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 either under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (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.

2. *Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
  - Member was employed by an OPERS employer at the time of death,
  - Member died within 120 days after termination of OPERS-covered employment,
  - Member died as a result of injury sustained while employed in an OPERS-covered job, or
  - Member was on an official leave of absence from an OPERS-covered job at the time of death.
3. *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 OPERS judge members) for disability benefits regardless of the length of OPERS-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.
4. *Benefit Changes After Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 11 – PENSION PLANS – continued**  
**Oregon Public Employees Retirement System (OPERS) – continued**  
**General Information about the Pension Plan – continued**

**Benefits provided under Chapter 238A - Oregon Public Service Retirement Plan (OPSRP).**

1. *Pension Benefits.* The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

2. *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.
3. *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.
4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**Contributions:**

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2016 were \$0 as a result of rate reductions created by the District's side account.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**  
**Oregon Public Employees Retirement System (OPERS) – continued**  
*General Information about the Pension Plan – continued*  
*Contributions - continued*

The rates in effect for the fiscal year ended June 30, 2016 were:

- (1) Tier 1/Tier 2 – 0 percent
- (2) OPSRP general service – 0 percent

**Actuarial Valuations:**

The employer contribution rates effective July 1, 2015, through June 30, 2016, were set using the projected unit credit actuarial cost method. For the Tier 1/Tier 2 component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
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
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	<p>Healthy retirees and beneficiaries:  RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees:  Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 11 – PENSION PLANS – continued**  
**Oregon Public Employees Retirement System (OPERS) – continued**  
***Actuarial Valuations - continued***

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

*Discount Rate:*

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from 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. On July 31, 2015 OPERS reduced the assumed investment rate of return from 7.75 percent to 7.50 percent effective January 1, 2016. This rate of return will be used in the determination of the district's contribution rate for the 2017-19 biennium (see Note 18).

*Depletion Date Projection:*

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**  
**Oregon Public Employees Retirement System (OPERS) – continued**  
**Actuarial Valuations - continued**

*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
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
<b>Total</b>			<b>100.0%</b>

*Source: June 30, 2015 OPERS CAFR; p.76*

*Long-Term Expected Rate of Return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the OPERS 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.

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

*Source: June 30, 2015 OPERS CAFR; p. 57*

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**  
**Oregon Public Employees Retirement System (OPERS) – continued**  
*Actuarial Valuations - continued*

*Sensitivity of the District’s proportionate share of the net pension liability (asset) to changes in the discount rate:*

The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability (asset)	\$41,477	\$17,185	\$(3,285)

On April 30, 2015, the Oregon Supreme Court ruled that the provisions of Senate Bill 861 that limited post-retirement COLA on benefits accrued prior to the signing of the law, was unconstitutional. The ruling noted that benefits could be modified prospectively, but not retrospectively. As a result, those who retired prior to the bill passing in October 2013 will continue to receive a COLA tied to the Consumer Price Index. This change is reflected in the net pension liability at June 30, 2016.

*Pension plan fiduciary net position:*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report available at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

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

At June 30, 2016, the District reported a liability of \$17,185 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The District’s proportion of the net pension liability was based on the District’s projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At June 30, 2016, the District’s proportion was 0.29932259 percent, which is an increase of 0.04548946 percent from the District’s proportion of 0.25383313 percent for the ended June 30, 2015.

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 11 – PENSION PLANS – continued**

**Oregon Public Employees Retirement System (OPERS) – continued**

**Actuarial Valuations - continued**

For the year ended June 30, 2016, the District recognized pension expense of \$21,501 for the defined benefit portion of the pension plan. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 927	\$ -
Pension differences between actual and expected earnings	-	(3,602)
Pension changes in employer proportion	781	-
Differences between employer contribution and proportionate share of contributions	1,492	(2,460)
Total (prior to post-measurement date contributions)	3,200	(6,062)
Contributions made subsequent to measurement date	-	-
Net Deferred Outflow/(Inflow) of Resources	\$ 3,200	\$ (6,062)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Fiscal Year 2017	\$ (1,475)
Fiscal Year 2018	(1,475)
Fiscal Year 2019	(1,476)
Fiscal Year 2020	1,632
Fiscal Year 2021	(68)
Total	\$ (2,862)

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 11 – PENSION PLANS – continued**  
**Oregon Public Employees Retirement System (OPERS) – continued**

***Defined Contribution Plan***

**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 6 percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2016. Included in accrued liabilities at June 30, 2016 are \$1.7 million for employee contributions owed to the plan.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS**

**A. District Plan – Medical**

***Plan Description***

The District provides a single-employer defined benefit post-retirement benefits program for employees who have retired from the District with a minimum of fifteen accumulated years of service and are eligible to retire from the Oregon retirement system. There are 5,384 active and 998 retired members in the plan. Covered employees under the plan are eligible to receive full or part District-paid medical and pharmacy benefits for up to 60 months, or until reaching age 65, whichever comes first. The District also pays a portion of the spouse/domestic partner medical and pharmacy costs during the benefit period. The program was established under separate collective bargaining agreements with the certificated and classified employees and by precedent for all other District employees. The Portland Teachers Association (PAT) group has agreed to terminate this benefit after September 30, 2016. All other bargaining units and employee groups, except the District Council Unions (DCU), agreed to terminate this benefit after June 30, 2014. The DCU agreed to terminate this benefit after December 31, 2014. Under Oregon Revised Statute (ORS) 243.303 any OPERS qualifying public employee is allowed to pay the full cost for continued coverage under the District group health plans until they become Medicare eligible.

***Funding Policy***

The District pays for the benefits. The contributions are financed on a pay-as-you-go basis. During fiscal year 2016 the District recognized, on a budgetary basis, expenses/expenditures of approximately \$4.5 million for the post-employment healthcare benefits.

The General Fund and the Grant Fund are the primary funds from which the Other Post Employment Benefit liability is liquidated.

***Annual OPEB Cost and Net OPEB Obligation***

The District's annual other postemployment benefit (OPEB) cost (expense) is reflected on the Statement of Net Position on the accrual basis, and is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.



**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - continued**

**A. District Plan – Medical – continued**

***Annual OPEB Cost and Net OPEB Obligation - continued***

The District's most recent actuarial valuation date was June 30, 2015 and the following table shows the components of the District's annual OPEB cost for the year ending June 30, 2016, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	Governmental Funds	Proprietary Fund	Total
Annual required contribution (ARC)	\$ 4,948	\$ 3	\$ 4,951
Interest on net OPEB obligation	986	1	987
Adjustment to annual required contribution	(1,678)	(1)	(1,679)
Annual OPEB cost	<u>4,256</u>	<u>3</u>	<u>4,259</u>
Contributions made	(7,221)	(5)	(7,226)
Increase (decrease) in net OPEB obligation	<u>(2,965)</u>	<u>(2)</u>	<u>(2,967)</u>
Net OPEB obligation - beginning of year	32,866	34	32,900
Net OPEB obligation - end of year	<u>\$ 29,901</u>	<u>\$ 32</u>	<u>\$ 29,933</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 and the preceding four years are as follows:

Fiscal year	Annual OPEB cost	% of annual OPEB cost contributed	Net OPEB obligation
2012	\$ 12,763	69.2%	\$ 33,595
2013	9,892	73.0%	36,263
2014	7,171	109.5%	35,579
2015	4,317	162.0%	32,900
2016	4,259	169.7%	29,933

***Actuarial methods and assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, claim cost, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued**

**A. District Plan – Medical – continued**

***Actuarial methods and assumptions - continued***

In the June 30, 2015, actuarial valuation the entry age normal level percent of pay cost method was used to determine the District's OPEB liability. In its application of this method: (1) Service was the basis for allocation, (2) Entry age was established with the hire date, (3) Liabilities were individually calculated at the participant level without aggregation, and (4) The 30 year amortization period used for the unfunded Actuarial Accrued Liability (AAL) was based on level dollars over open future periods. The actuarial assumptions included a 3% investment rate of return, a 2.5% inflation rate, and healthcare cost trend rates ranging from 5% to 8% depending on the employee group.

Under the Entry Age Normal Method, the AAL for active members is calculated as the portion of the Actuarial Present Value of projected benefits allocated to prior years. The cost allocated to the current plan year is called the Normal Cost. The AAL for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total AAL over the actuarial value of plan assets is called the unfunded AAL. Funding requirements are determined by adding the normal cost and an amortization of the unfunded AAL. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial data are amortized separately. In addition, all gains or losses are tracked and an unamortized gain or loss may be amortized each year. All amortization bases are spread as level dollar amounts over future open periods.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation.

In its most recent actuarial valuation expected retiree claims decreased. This decline was a result of modifications to labor agreements between the District and various employee bargaining units. The liability at June 30, 2016 is as shown:

Accrued actuarial liability (AAL) reported June 30, 2015	\$ 65,094
Accrued actuarial liability (AAL) reported June 30, 2016	61,575
Decrease in AAL	<u>\$ (3,519)</u>

***Funded Status and Funding Progress***

As of June 30, 2016 the actuarial accrued liability for benefits was \$61.6 million, and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$61.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$321 million for fiscal year 2016 and the ratio of the UAAL to the covered payroll was 19.2%. Using a 30-year amortization period, the Annual Required Contribution (ARC) for 2016 has been actuarially determined to be \$5.1 million, representing \$1.8 million for the normal cost and \$3.3 million for the UAAL.

A Schedule of Funding Progress and Employer Contributions for the District Other Post-Employment Benefits Plan immediately follows the Notes to the Basic Financial Statements on page 68. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time, and whether contributions made are increasing or decreasing relative to the annual required contribution over time.

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued**

**B. District Plan- Stipend**

***Plan Description.***

The District provides a single-employer defined benefit early retirement program for members of the Portland Association of Teachers (PAT), physical therapists, occupational therapists and licensed administrators. Certificated employees with 15 consecutive years of at least half time service with the District, and who are eligible to retire under OPERS, and who retire before age 62 are eligible for the early retirement benefits. Eligible employees are entitled to a monthly benefit of \$425 dollars commencing on the first month after the retirement. Benefits are payable up to the earlier of attaining age 62 or receiving 60 monthly payments. All financial information relating to the early retirement benefits is reported in the General Fund. The District does not issue a stand-alone financial report for this plan.

***Funding Policy.***

The District pays for the benefits without any cost to employees. The contributions are financed on a pay-as-you-go basis and compared to the actuarially determined annual OPEB cost and annual pension cost for disclosure purposes. Because of this policy, no liability has been recorded for early retirement benefits. During fiscal year ended June 30, 2016, expenses/expenditures of approximately \$1.6 million were recognized.

**C. Retirement Health Insurance Account**

***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.

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – Continued**

**C. Retirement Health Insurance Account - Continued**

***Funding Policy – Continued***

Participating school districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.53% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2017. 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 District's contributions to RHIA for the years ended June 30, 2014, 2015 and 2016 were \$1.5 million, \$1.7 million and \$0.9 million, respectively, which equaled the required contributions each year.

***Actuarial Methods and Assumptions***

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized. The assumed rate of return on investments is 7.75% compounded annually. The assumed consumer price inflation rate used is 2.75% per year.

**NOTE 13 - RISK MANAGEMENT**

The Internal Service (Self-Insurance) Fund charges other funds for the costs incurred for workers' compensation claims. Charges to other funds by the Self-Insurance Fund are recognized as revenues in the Self-Insurance Fund and as expenditures/expenses in the fund incurring the charges. The Self-Insurance Fund recognized approximately \$3.4 million of revenues from other governmental funds for the year ended June 30, 2016.

The District is exposed to various risks of loss related to injuries; torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters. The District is self-insured up to \$1 million and carries commercial excess insurance. Settlements have not exceeded insurance coverage for the years ended June 30, 2014, 2015, and 2016. There have been no reductions to the District's insurance coverage during the year ended June 30, 2016. The District anticipates that all accrued claims losses will be paid within twelve months.

The total claims payable at June 30, 2016 of \$4.5 million was made up of approximately \$3.7 million in worker's compensation claims (recorded in the Internal Service Fund) and \$0.8 million in property and general liability claims (accounted for in the General Fund and not accrued on the fund financial statements). Changes in the balances of claims liabilities during the years ended June 30, 2014, through June 30, 2016, were as follows:

Fiscal Year	Beginning Balance	New Claims	Payments on Claims	Ending Balance
2014	\$ 4,540	\$ 2,925	\$ (2,868)	\$ 4,597
2015	4,597	2,762	(2,648)	4,711
2016	4,711	3,341	(3,522)	4,530

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES**

***Operating leases***

The District has operating leases for Pearl School, Community Transition Program and Equipment. Future minimum required payments under these operating leases are:

2017	\$	650
2018		623
2019		325
2020		325
Total minimum payments	\$	1,923

***Contracts***

Under Oregon Revised Statute No. 279, should funding not be available, the following contracts may be cancelled without penalty. Estimated future District service commitments in excess of \$2 million are listed as follows:

Contractor	Commitments
Skanska	\$ 61,296
Lease Crutcher Lewis LLC	37,672
Todd Construction	30,341
First Student	10,621
City of Portland	5,744
Corp Inc	5,483
2KG Contractors Inc.	4,798
Portland Community College	4,192
Heery International Inc	3,778
Rosemary Anderson High School	2,639
Dull Olson Weekes Architects	2,273
Portland Village School	2,253
Trillium Charter School	2,164
Open Meadow	2,121
	\$ 175,375

**School District No. 1J, Multnomah County, Oregon**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016  
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

---

**NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - continued**

***Blanchard Educational Service Center (BESC)***

In June 2000, Multnomah County leased a portion of the BESC facility from the District for \$3.5 million under a 99-year agreement. In December 2008, Portland Public Schools reacquired a portion of that space for \$800 thousand, which was fully paid as of June 30, 2014. This lease agreement stipulates that a portion of the initial lease payment received from Multnomah County be set aside to be applied toward the County's share of major repairs. Any unused balance earns interest at the monthly interest rate earned from the Local Government Investment Pool. As of June 30, 2016 Multnomah County's reserve balance held in the Facilities Capital Fund was \$551.

***Pearl School***

In July 2011 the District leased space from Nurture 247 LP, for the Pearl School. The initial lease was for a five year period with an option to extend for an additional two years. The lease has been extended for an additional two years through June 30, 2017, with an option to extend for an additional three years.

***Community Transition Program***

In July 2010 the District leased commercial space for its Special Education Community Transition Program from Weigel Properties LLC. The space has approximately 2,700 square feet located on N.E. MLK Jr. Boulevard in Portland, Oregon. The initial lease was for a three year period with an option to extend for an additional two years. The lease has been extended for an additional two years through June 30, 2017, with an option to renew for an additional three years.

***Equipment Lease***

In March 2015, the District entered into a five year lease for floor maintenance equipment from All Lines Leasing for \$27 thousand per month, commencing July 1, 2015.

***Pending Legal Actions***

The District is a defendant in certain pending legal actions. Although the outcome cannot be determined, the District believes that settlement of these matters will not have a material effect on the District's financial position and results of operations.

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 15 – FUND BALANCES**

Fund balances by classification for the year ended June 30, 2016 are as follows:

	General Fund	Other Major Funds	Other Govern- mental Funds	Total Govern- mental Funds
<b>Nonspendable:</b>				
Prepaid items - General Fund	\$ 125	\$ -	\$ -	\$ 125
Prepaid items - GO Bonds Fund	-	1,491	-	1,491
Prepaid items - Facilities Capital Fund	-	-	12	12
Inventories - Warehouse	261	-	-	261
Inventories - Cafeteria Fund	-	-	783	783
	<u>386</u>	<u>1,491</u>	<u>795</u>	<u>2,672</u>
<b>Restricted:</b>				
Special Revenue Funds:				
Student Body Activity Fund	-	-	4,096	4,096
Cafeteria Fund	-	-	6,721	6,721
Dedicated Resource Fund	-	-	8,770	8,770
Capital Projects Funds:				
Construction Excise Tax Fund	-	-	16,024	16,024
Energy Efficient Schools Fund	-	-	1,024	1,024
Facilities Capital Fund	-	-	551	551
Partnerships Fund	-	-	168	168
Debt Service Funds:				
GO Bond Debt Service Fund	-	-	2,698	2,698
GO Bonds Fund	-	241,037	-	241,037
	-	<u>241,037</u>	<u>40,052</u>	<u>281,089</u>
<b>Committed:</b>				
PERS Rate Stabilization Fund	-	16,396	-	16,396
Debt Service Fund- PERS UAL	-	-	4	4
	-	<u>16,396</u>	<u>4</u>	<u>16,400</u>
<b>Assigned:</b>				
General Fund	7,200	-	-	7,200
Capital Projects Funds:				
IT System Project Fund	-	-	1,527	1,527
Facilities Capital Fund	-	-	1,143	1,143
Capital Asset Renewal Fund	-	-	3,512	3,512
	<u>7,200</u>	<u>-</u>	<u>6,182</u>	<u>13,382</u>
<b>Unassigned</b>				
	30,249	-	-	30,249
Total fund balances	<u>\$ 37,835</u>	<u>\$ 258,924</u>	<u>\$ 47,033</u>	<u>\$ 343,792</u>

Assigned fund balances in the General Fund are for Self-Insurance Reserve of \$1,500; and set-aside of State School Fund payments of \$5,700 to be spent in the next fiscal year.

**School District No. 1J, Multnomah County, Oregon**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

**NOTE 16 – RELATED ORGANIZATIONS**

The District includes eight charter schools that are legally separate, tax-exempt organizations. The most recent data available indicates charter school total students were 1,590 (representing 3.2% of the District's total enrollment); and that charter schools' Net Position was \$3.5 million. Because of their size relative to the District, the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

**NOTE 17 – ARTS TAX (reported in unrounded dollars)**

In November, 2012, voters in the City of Portland passed Ballot Measure 26-146 to restore school arts and music education, funded through an income tax of \$35 per person per year. In December of 2012, the District entered into an intergovernmental agreement IGA/R 59656 with the City of Portland to receive a portion of this tax, to be used to provide arts and music education, through certified arts and music teachers, to all K-5 students, including charter schools within the District. Revenues and expenditures for the year ended June 30, 2016 are recorded in the General Fund as follows:

	Arts Tax Revenues (unrounded)	Arts Tax Expenditures <sup>1</sup> (unrounded)	FTE Funded	Number of Schools Funded
Non-Charter Schools	\$ 4,462,091	\$ 4,674,269	67.88	59
Charter Schools	122,347	132,604	2.9	7
District Total	<u>\$ 4,584,438</u>	<u>\$ 4,806,873</u>	<u>70.78</u>	<u>66</u>

<sup>1</sup> Includes amounts for unexpended revenues carried forward from prior years.

**NOTE 18 – SUBSEQUENT EVENTS**

On August 4, 2016 the District issued \$4,000 Limited General Obligation Qualified Zone Academy Bonds (QZABs) to fund rehabilitation and repair of school facilities. The interest rate on the bonds is zero percent, and the maturity date is August 4, 2036.

Many of the District's school facilities were built between 1908 and 1924. Due to aging and deterioration, the District found lead in the water system and in paint. Starting in the summer of 2016, the District embarked on several projects to address this risk. As of June 30, 2016 the amounts of potential liabilities cannot be reasonably estimated. The District has begun the process of conducting District-wide assessments to determine nature, timing and amount of future pollution remediation obligations.

On September 30, 2016 the OPERS Board approved employer rates for the 2017-19 biennium based on the 2015 Actuarial Valuation. The District's pension rates for Tier 1/Tier 2 employees will be 6.16% of salary, and OPSRP General Service rates will be 0.90% of salary.

On November 9, 2016 the District issued \$5,048 Full Faith and Credit Bond to finance projects that remediate health and safety concerns, including and environmental health and safety assessment, repairs to the water system, lead paint abatement/encapsulation, and other related projects. The interest rate on the bonds is 2.99 percent, and the final maturity date is December 1, 2031.



## **REQUIRED SUPPLEMENTARY INFORMATION**

---

---

The information in this section compares budget to actual for the District's General and major special revenue funds.

The budgetary basis of accounting for all funds is modified accrual, which is the same as that required by accounting principles generally accepted in the United States of America. Unless otherwise noted, a reconciliation of budgetary to generally accepted accounting principles activity is not required.

Under the provisions of GASB Statement No. 45, a Schedule of Funding Progress for the District's Other Post Employment Benefit Plan is included in the Required Supplementary Information.

Under the provisions of GASB Statement No. 68, a Schedule of the District's Proportion of Net Pension Liability and District Contributions is included in the Required Supplementary Information.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Required Supplementary Information**  
**Other Postemployment Benefits**  
**Schedule of Funding Progress and Employer Contributions**  
**June 30, 2016**  
**(amounts expressed in thousands)**

**Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Normal Actuarial Accrued Liability (AAL) (b)				
07/01/2011	\$ -	\$ 145,855	\$ 145,855	0%	\$ 267,981	54.4%
07/01/2013	-	121,159	121,159	0%	245,261	49.4%
04/01/2014	-	105,510	105,510	0%	245,261	43.0%
6/30/2015	-	65,094	65,094	0%	283,007	23.0%

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

**Employer Contributions**

Fiscal Year End	Annual Required Contribution	Contribution Made	Percentage Contributed
6/30/2013	\$ 10,548	\$ 7,224	68.5%
6/30/2014	7,879	7,855	99.7%
6/30/2015	5,065	6,996	138.1%
6/30/2016	4,951	7,227	146.0%

The above table presents trend information about the amounts contributed to the plan by the District in comparison to the Annual Required Contribution.

**Requests for Information:**

Copies of the District's most recent actuarial report of its Other Post Employment Benefit Plan are available. Please direct requests to the Accounting and Payroll Services Department; Portland Public Schools; 501 N. Dixon Street; Portland, OR 97227.



**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of Net Pension Liability and District Contributions**  
**Last 10 Fiscal Years <sup>1</sup>**  
**(amounts expressed in thousands)**

**District's Proportionate Share of Net Pension Liability**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability/asset	0.254%	0.254%	0.299%
District's proportionate share of the net pension liability (asset)	\$ 12,953	\$ (5,754)	\$ 17,185
District's covered-employee payroll <sup>2</sup>	\$ 256,741	\$ 264,386	\$ 283,935
District's proportionate share of net pension liability (asset) as a percent of covered payroll	5.0%	-2.2%	6.1%
Plan fiduciary net position as a percentage of the total pension liability	92.0%	103.6%	91.88%
OPERS Measurement Date	6/30/2013	6/30/2014	6/30/2015

<sup>1</sup> Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

<sup>2</sup> Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan (OPERS) for each fiscal year presented above.

**Schedule of District Contributions**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 4,785	\$ 4,895	\$ - <sup>2</sup>
Contributions in relation to the contractually required contribution	4,785	4,895	- <sup>2</sup>
Contribution deficiency(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 264,386	\$ 283,935	\$ 316,998
Contributions as a percentage of covered employee payroll	1.81%	1.72%	0.00%

<sup>1</sup> Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

<sup>2</sup> Contribution rates were zero due to the rate offset provided by the District's OPERS side account funded by the district's Limited Tax Pension Bonds (See Footnote 10)

Copies of OPERS' most recent actuarial report of its Pension Plan are available at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of Net Pension Liability and District Contributions (continued)**  
**June 30, 2016**

**Notes to Required Supplementary Information**

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the annual letter from Oregon Public Employees Retirement System's actuary, which can be found at:

[http://www.oregon.gov/pers/EMP/docs/gasb\\_68-2\\_er\\_reporting.pdf](http://www.oregon.gov/pers/EMP/docs/gasb_68-2_er_reporting.pdf)

Changes of Assumptions

A summary of key changes implemented since the December 31, 2013 valuation are described in the Oregon Public Employees Retirement System's 2014 Actuarial Valuation, which can be found at:

[http://www.oregon.gov/pers/docs/financial\\_reports/actuarial\\_service/2015/actuarial\\_valuation\\_2015.pdf](http://www.oregon.gov/pers/docs/financial_reports/actuarial_service/2015/actuarial_valuation_2015.pdf)

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at:

[http://www.oregon.gov/pers/docs/2014\\_experience\\_study\\_9-23-15.pdf](http://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf)

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**

**General Fund**

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2016  
(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property and other taxes	\$ 226,992	\$ 233,778	\$ 232,342	\$ (1,436)
State School Fund	211,312	207,729	211,253	3,524
Local option taxes	73,240	75,800	76,593	793
County and intermediate sources	13,021	13,021	13,116	95
Federal and state support	-	-	25	25
State Common School Fund	4,490	4,490	5,810	1,320
Charges for services	3,128	3,128	3,562	434
Investment earnings	300	300	887	587
Other	6,270	6,270	5,586	(684)
<b>Total revenues</b>	<b>538,753</b>	<b>544,516</b>	<b>549,174</b>	<b>4,658</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	230,343	228,235	223,229	5,006
Materials and services	13,929	13,181	12,686	495
<b>Total regular programs</b>	<b>244,272</b>	<b>241,416</b>	<b>235,915</b>	<b>5,501</b>
Special programs:				
Salaries and benefits	57,724	57,098	55,269	1,829
Materials and services	25,498	25,530	23,996	1,534
<b>Total special programs</b>	<b>83,222</b>	<b>82,628</b>	<b>79,265</b>	<b>3,363</b>
Summer school programs:				
Salaries and benefits	768	768	561	207
Materials and services	10	10	289	(279)
<b>Total summer school programs</b>	<b>778</b>	<b>778</b>	<b>850</b>	<b>(72)</b>
<b>Total instruction</b>	<b>328,272</b>	<b>324,822</b>	<b>316,030</b>	<b>8,792</b>
Support services:				
Students:				
Salaries and benefits	43,264	45,144	44,419	725
Materials and services	4,549	4,499	4,222	277
<b>Total students</b>	<b>47,813</b>	<b>49,643</b>	<b>48,641</b>	<b>1,002</b>
Instructional staff:				
Salaries and benefits	23,893	24,222	23,158	1,064
Materials and services	3,127	2,592	1,766	826
<b>Total instructional staff</b>	<b>27,020</b>	<b>26,814</b>	<b>24,924</b>	<b>1,890</b>
General administration:				
Salaries and benefits	5,018	5,571	5,450	121
Materials and services	1,932	1,849	3,605	(1,756)
<b>Total general administration</b>	<b>6,950</b>	<b>7,420</b>	<b>9,055</b>	<b>(1,635)</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (continued)**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Support services (continued):				
School administration:				
Salaries and benefits	\$ 37,376	\$ 38,926	\$ 38,623	\$ 303
Materials and services	1,174	988	685	303
Total school administration	<u>38,550</u>	<u>39,914</u>	<u>39,308</u>	<u>606</u>
Business:				
Salaries and benefits	42,855	43,126	40,046	3,080
Materials and services	36,443	36,770	37,750	(980)
Total business	<u>79,298</u>	<u>79,896</u>	<u>77,796</u>	<u>2,100</u>
Central:				
Salaries and benefits	15,496	15,860	14,015	1,845
Materials and services	5,714	5,359	6,927	(1,568)
Total central	<u>21,210</u>	<u>21,219</u>	<u>20,942</u>	<u>277</u>
<b>Total support services</b>	<b><u>220,841</u></b>	<b><u>224,906</u></b>	<b><u>220,666</u></b>	<b><u>4,240</u></b>
Enterprise and community services:				
Salaries and benefits	826	704	623	81
Materials and services	1,119	1,119	1,171	(52)
<b>Total enterprise and community services</b>	<b><u>1,945</u></b>	<b><u>1,823</u></b>	<b><u>1,794</u></b>	<b><u>29</u></b>
<b>Operating contingency</b>	<b><u>21,575</u></b>	<b><u>20,199</u></b>	<b><u>-</u></b>	<b><u>20,199</u></b>
Total expenditures	<u>572,633</u>	<u>571,750</u>	<u>538,490</u>	<u>33,260</u>
Excess (deficit) of revenues over expenditures	<u>(33,880)</u>	<u>(27,234)</u>	<u>10,684</u>	<u>37,918</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Transfers out</b>	<b><u>(5,988)</u></b>	<b><u>(7,408)</u></b>	<b><u>(7,407)</u></b>	<b><u>1</u></b>
Proceeds from the sale of capital assets	100	200	116	(84)
Total other financing sources and (uses)	<u>(5,888)</u>	<u>(7,208)</u>	<u>(7,291)</u>	<u>(83)</u>
Net change in fund balance	(39,768)	(34,442)	3,393	37,835
Fund balance - beginning of year	39,768	34,442	34,442	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,835</u>	<u>\$ 37,835</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Grant Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal and state support	\$ 62,565	\$ 62,565	\$ 55,862	\$ (6,703)
County and intermediate sources	513	513	1,057	544
Other	1,657	1,657	1,649	(8)
<b>Total revenues</b>	<b>64,735</b>	<b>64,735</b>	<b>58,568</b>	<b>(6,167)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	10,890	10,890	10,503	387
Materials and services	1,643	1,893	2,451	(558)
<b>Total regular programs</b>	<b>12,533</b>	<b>12,783</b>	<b>12,954</b>	<b>(171)</b>
Special programs:				
Salaries and benefits	12,750	13,800	13,851	(51)
Materials and services	8,193	8,368	6,105	2,263
<b>Total special programs</b>	<b>20,943</b>	<b>22,168</b>	<b>19,956</b>	<b>2,212</b>
Summer school programs:				
Salaries and benefits	212	212	187	25
Materials and services	120	120	30	90
<b>Total summer school programs</b>	<b>332</b>	<b>332</b>	<b>217</b>	<b>115</b>
<b>Total instruction</b>	<b>33,808</b>	<b>35,283</b>	<b>33,127</b>	<b>2,156</b>
Support services:				
Students:				
Salaries and benefits	9,579	9,579	8,670	909
Materials and services	4,225	3,125	3,173	(48)
<b>Total students</b>	<b>13,804</b>	<b>12,704</b>	<b>11,843</b>	<b>861</b>
Instructional staff:				
Salaries and benefits	7,380	7,380	6,421	959
Materials and services	2,507	2,507	1,988	519
<b>Total instructional staff</b>	<b>9,887</b>	<b>9,887</b>	<b>8,409</b>	<b>1,478</b>
General administration:				
Salaries and benefits	-	-	548	(548)
Materials and services	-	-	554	(554)
<b>Total school administration</b>	<b>-</b>	<b>-</b>	<b>1,102</b>	<b>(1,102)</b>
School administration:				
Salaries and benefits	1,522	1,522	516	1,006
Materials and services	775	775	137	638
<b>Total school administration</b>	<b>2,297</b>	<b>2,297</b>	<b>653</b>	<b>1,644</b>
Business:				
Salaries and benefits	464	89	-	89
Materials and services	196	196	53	143
<b>Total business</b>	<b>660</b>	<b>285</b>	<b>53</b>	<b>232</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Grant Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (continued)**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Support services (continued):				
Central:				
Salaries and benefits	\$ 117	\$ 117	\$ 187	\$ (70)
Materials and services	143	143	109	34
Total central	<u>260</u>	<u>260</u>	<u>296</u>	<u>(36)</u>
<b>Total support services</b>	<b><u>26,908</u></b>	<b><u>25,433</u></b>	<b><u>22,356</u></b>	<b><u>3,077</u></b>
Enterprise and community services:				
Food services:				
Materials and services	510	510	960	(450)
Total food services	<u>510</u>	<u>510</u>	<u>960</u>	<u>(450)</u>
Community services:				
Salaries and benefits	2,163	2,163	1,847	316
Materials and services	1,346	1,346	278	1,068
Total community services	<u>3,509</u>	<u>3,509</u>	<u>2,125</u>	<u>1,384</u>
<b>Total enterprise and community services</b>	<b><u>4,019</u></b>	<b><u>4,019</u></b>	<b><u>3,085</u></b>	<b><u>934</u></b>
 Total expenditures	 <u>64,735</u>	 <u>64,735</u>	 <u>58,568</u>	 <u>6,167</u>
 Excess (deficit) of revenues over expenditures	 -	 -	 -	 -
 Fund balance - beginning of year	 -	 -	 -	 -
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**PERS Rate Stabilization Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property and other taxes	\$ 222	\$ 222	\$ 249	\$ 27
Investment earnings	60	60	90	30
Total revenues	282	282	339	57
 Net change in fund balance	 282	 282	 339	 57
Fund balance - beginning of year	16,028	16,057	16,057	-
Fund balance - end of year	\$ 16,310	\$ 16,339	\$ 16,396	\$ 57

Note: Bolded lines indicate legally required appropriation budget levels of control

## SUPPLEMENTARY INFORMATION

---



# COMBINING STATEMENTS

## Nonmajor Governmental Funds

---

---

### **SPECIAL REVENUE FUNDS**

Special revenue funds account for certain revenues that are restricted to expenditures for designated purposes.

#### **Student Body Activity Fund**

This fund has separate accounts for each school's student body activities. Principal revenue sources are donations, fund raisers, individual support from PTAs, booster clubs, student store sales and club dues.

#### **Cafeteria Fund**

The Cafeteria Fund accounts for revenues and expenditures of the District's food service programs. Principal revenue sources are cash sales and federal subsidies under the National School Lunch and Breakfast Programs, and the sales of food in the BESC Cafeteria.

#### **Dedicated Resource Fund**

The Dedicated Resource Fund (formerly called the Special Revenue Fund) accounts for specific project revenues and expenditures such as state grants, foundation grants, donations, and charges to participants.

### **DEBT SERVICE FUNDS**

Debt service funds account for the accumulation of financial resources to pay long-term debt principal, interest and related costs.

#### **IT Projects Debt Service Fund**

This fund is used for debt service payments of a \$15.0 million Full Faith and Credit bank loan that was executed on October 8, 2009.

#### **PERS UAL Debt Service Fund**

This fund was established to separately account for debt service payments related to series 2002 and 2003 Limited Tax Pension Obligation Bonds.

#### **Recovery Zone Debt Service Fund**

This fund is used for debt service payments of \$11.0 million in ARRA Recovery Zone Economic Development Bonds that were sub-awarded to the District by the City of Portland in July, 2010.

#### **GO Bond Debt Service Fund**

This fund was established to account for debt service payments associated with capital improvements activities occurring in the GO Bonds Fund. The principal source of revenue is proceeds from property taxes.

### **CAPITAL PROJECTS FUNDS**

Capital projects funds account for financial resources used to acquire technology or construction, or for major renovation of capital facilities.

#### **Construction Excise Tax Fund**

This fund accounts for facilities improvements and construction set forth in Oregon Senate Bill 1036, which authorizes school districts to impose a construction excise tax in order to fund real property improvements.

#### **IT System Project Fund**

This fund accounts for projects relating to teacher/classroom technology, information systems, and technical infrastructure.

#### **Recovery Zone Energy and Water Conservation Fund**

This fund accounts for energy and water conservation projects that will financially benefit the District in reduced energy and water costs.

#### **Energy Efficient Schools Fund**

This fund was established to separately account for resources and requirements of the Energy Efficient Schools Program receipts from the collections of the Public Purpose Charge funds by an electric company.

**COMBINING STATEMENTS**  
**Nonmajor Governmental Funds (continued)**

---

---

**CAPITAL PROJECTS FUNDS (continued)**

**Facilities Capital Fund**

This fund was established to separately account for resources and requirements resulting from capital improvements work conducted by the District. Primary sources of revenue are transfers from the General Fund and debt proceeds.

**Capital Asset Renewal Fund**

This fund was established to separately account for future resources and requirements that relate to life-cycle renewal of major building components. Primary sources of revenue are lease revenues, surplus property sales, athletic field rental income, and redirection of Recovery Zone Bond utility savings.

**Partnerships Fund**

This fund is used to manage non-bond-funded capital improvement work conducted by the District in conjunction with external partners. Primary sources of revenue are from external partners.

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet by Fund Types**  
**June 30, 2016**  
(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
<b>ASSETS</b>				
Cash and cash equivalents-unrestricted	\$ 9,315	\$ 56	\$ 22,316	\$ 31,687
Cash and cash equivalents held by fiscal agents	-	244	-	244
Investments	-	2,296	-	2,296
Accounts and other receivables	3,401	1	3,664	7,066
Property taxes and other taxes receivable	-	2,191	-	2,191
Due from other funds	8,743	-	739	9,482
Prepaid Items	-	-	12	12
Inventories	783	-	-	783
Total assets	<u>\$ 22,242</u>	<u>\$ 4,788</u>	<u>\$ 26,731</u>	<u>\$ 53,761</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,149	\$ -	\$ 2,014	\$ 3,163
Accrued wages and benefits	723	-	17	740
Due to other funds	-	-	739	739
Total liabilities	<u>1,872</u>	<u>-</u>	<u>2,770</u>	<u>4,642</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property tax revenue	-	2,086	-	2,086
<b>FUND BALANCES</b>				
Nonspendable	783	-	12	795
Restricted	19,587	2,698	17,767	40,052
Committed	-	4	-	4
Assigned	-	-	6,182	6,182
Total fund balances	<u>20,370</u>	<u>2,702</u>	<u>23,961</u>	<u>47,033</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,242</u>	<u>\$ 4,788</u>	<u>\$ 26,731</u>	<u>\$ 53,761</u>

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Student Body Activity Fund</b>	<b>Cafeteria Fund</b>	<b>Dedicated Resource Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,207	\$ 4,713	\$ 395	\$ 9,315
Accounts and other receivables	134	2,181	1,086	3,401
Due from other funds	743	-	8,000	8,743
Inventories	-	783	-	783
Total assets	<u>\$ 5,084</u>	<u>\$ 7,677</u>	<u>\$ 9,481</u>	<u>\$ 22,242</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 988	\$ 83	\$ 78	\$ 1,149
Accrued wages and benefits	-	90	633	723
Total liabilities	<u>988</u>	<u>173</u>	<u>711</u>	<u>1,872</u>
<b>FUND BALANCES</b>				
Nonspendable	-	783	-	783
Restricted	4,096	6,721	8,770	19,587
Total fund balances	<u>4,096</u>	<u>7,504</u>	<u>8,770</u>	<u>20,370</u>
Total liabilities and fund balances	<u>\$ 5,084</u>	<u>\$ 7,677</u>	<u>\$ 9,481</u>	<u>\$ 22,242</u>

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	<b>PERS UAL Debt Service Fund</b>	<b>GO Bond Debt Service Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4	\$ 52	\$ 56
Cash and cash equivalents held by fiscal agents	-	244	244
Investments	-	2,296	2,296
Accounts and other receivables	-	1	1
Property taxes and other taxes receivable	-	2,191	2,191
Total assets	<u>\$ 4</u>	<u>\$ 4,784</u>	<u>\$ 4,788</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property tax revenue	\$ -	\$ 2,086	\$ 2,086
<b>FUND BALANCES</b>			
Restricted	-	2,698	2,698
Committed	4	-	4
Total fund balances	<u>4</u>	<u>2,698</u>	<u>2,702</u>
Total deferred inflows and fund balances	<u>\$ 4</u>	<u>\$ 4,784</u>	<u>\$ 4,788</u>

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Nonmajor Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2016**  
**(amounts expressed in thousands)**

**DRAFT 11/16/16**

	<b>Construction Excise Tax Fund</b>	<b>IT System Project Fund</b>	<b>Energy Efficient Schools Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,978	\$ 1,611	\$ 946
Accounts and other receivables	1,627	-	91
Due from other funds	-	-	-
Prepaid Items	-	-	-
Total assets	<u>\$ 16,605</u>	<u>\$ 1,611</u>	<u>\$ 1,037</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 581	\$ 84	\$ 13
Accrued wages and benefits	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>581</u>	<u>84</u>	<u>13</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	16,024	-	1,024
Assigned	-	1,527	-
Total fund balances	<u>16,024</u>	<u>1,527</u>	<u>1,024</u>
Total liabilities and fund balances	<u>\$ 16,605</u>	<u>\$ 1,611</u>	<u>\$ 1,037</u>

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Nonmajor Capital Projects Funds (continued)**  
**Combining Balance Sheet**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Facilities Capital Fund</b>	<b>Capital Asset Renewal Fund</b>	<b>Partnerships Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,307	\$ 3,474	\$ -	\$ 22,316
Accounts and other receivables	51	38	1,857	3,664
Due from other funds	739	-	-	739
Prepaid Items	12	-	-	12
Total assets	<u>\$ 2,109</u>	<u>\$ 3,512</u>	<u>\$ 1,857</u>	<u>\$ 26,731</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 386	\$ -	\$ 950	\$ 2,014
Accrued wages and benefits	17	-	-	17
Due to other funds	-	-	739	739
Total liabilities	<u>403</u>	<u>-</u>	<u>1,689</u>	<u>2,770</u>
<b>FUND BALANCES</b>				
Nonspendable	12	-	-	12
Restricted	551	-	168	17,767
Assigned	1,143	3,512	-	6,182
Total fund balances	<u>1,706</u>	<u>3,512</u>	<u>168</u>	<u>23,961</u>
Total liabilities and fund balances	<u>\$ 2,109</u>	<u>\$ 3,512</u>	<u>\$ 1,857</u>	<u>\$ 26,731</u>

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances by Fund Type**

**For the year ended June 30, 2016**

**(amounts expressed in thousands)**

	<b>Total Nonmajor</b>			<b>Total</b>
	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	
<b>REVENUES</b>				
Property and other taxes	\$ -	\$ 48,558	\$ 5,886	\$ 54,444
Federal and state support	14,980	157	-	15,137
County and intermediate sources	1,598	-	-	1,598
Charges for services	4,518	40,637	595	45,750
Extracurricular activities	7,904	-	-	7,904
Investment earnings	-	247	27	274
Other	4,001	-	4,974	8,975
<b>Total revenues</b>	<b>33,001</b>	<b>89,599</b>	<b>11,482</b>	<b>134,082</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs	11,036	-	-	11,036
Special programs	1,916	-	-	1,916
Summer school programs	17	-	-	17
<b>Total instruction</b>	<b>12,969</b>	<b>-</b>	<b>-</b>	<b>12,969</b>
Support services:				
Students	443	-	-	443
Instructional staff	205	-	-	205
General administration	51	-	-	51
School administration	356	-	-	356
Business	88	-	5	93
Central	3	-	3,759	3,762
<b>Total support services</b>	<b>1,146</b>	<b>-</b>	<b>3,764</b>	<b>4,910</b>
Enterprise and community services:				
Food services	17,011	-	-	17,011
Community services	35	-	-	35
<b>Total enterprise and community services</b>	<b>17,046</b>	<b>-</b>	<b>-</b>	<b>17,046</b>
Facilities acquisition and construction:	-	-	12,001	12,001
Debt Service:				
Principal	-	47,020	-	47,020
Interest and fiscal charges	-	46,610	-	46,610
<b>Total debt service</b>	<b>-</b>	<b>93,630</b>	<b>-</b>	<b>93,630</b>
<b>Total expenditures</b>	<b>31,161</b>	<b>93,630</b>	<b>15,765</b>	<b>140,556</b>
Excess (deficit) of revenues over expenditures	1,840	(4,031)	(4,283)	(6,474)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	3,837	3,570	7,407
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>3,837</b>	<b>3,570</b>	<b>7,407</b>
 Net change in fund balances	 1,840	 (194)	 (713)	 933
 Fund balances - beginning of year	 18,530	 2,896	 24,674	 46,100
<b>Fund balances - end of year</b>	<b>\$ 20,370</b>	<b>\$ 2,702</b>	<b>\$ 23,961</b>	<b>\$ 47,033</b>

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Student Body Activity Fund</b>	<b>Cafeteria Fund</b>	<b>Dedicated Resource Fund</b>	<b>Total</b>
<b>REVENUES</b>				
Federal and state support	\$ -	\$ 14,895	\$ 85	\$ 14,980
County and intermediate sources	-	-	1,598	1,598
Charges for services	-	3,703	815	4,518
Extracurricular activities	7,904	-	-	7,904
Other	-	6	3,995	4,001
Total revenues	<u>7,904</u>	<u>18,604</u>	<u>6,493</u>	<u>33,001</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs	7,830	-	3,206	11,036
Special programs	-	-	1,916	1,916
Summer school programs	-	-	17	17
Total instruction	<u>7,830</u>	<u>-</u>	<u>5,139</u>	<u>12,969</u>
Support services:				
Students	-	-	443	443
Instructional staff	-	-	205	205
General administration	-	-	51	51
School administration	-	-	356	356
Business	-	-	88	88
Central	-	-	3	3
Total support services	<u>-</u>	<u>-</u>	<u>1,146</u>	<u>1,146</u>
Enterprise and community services:				
Food services	-	17,004	7	17,011
Community services	-	-	35	35
Total enterprise & community service	<u>-</u>	<u>17,004</u>	<u>42</u>	<u>17,046</u>
Total expenditures	<u>7,830</u>	<u>17,004</u>	<u>6,327</u>	<u>31,161</u>
Excess (deficit) of revenues over expenditures	<u>74</u>	<u>1,600</u>	<u>166</u>	<u>1,840</u>
Net change in fund balances	74	1,600	166	1,840
Fund balances - beginning of year	4,022	5,904	8,604	18,530
Fund balances - end of year	<u>\$ 4,096</u>	<u>\$ 7,504</u>	<u>\$ 8,770</u>	<u>\$ 20,370</u>

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>IT Projects Debt Service Fund</b>	<b>PERS UAL Debt Service Fund</b>	<b>Recovery Zone Debt Service Fund</b>	<b>GO Bond Debt Service Fund</b>	<b>Total</b>
<b>REVENUES</b>					
Property and other taxes	\$ -	\$ -	\$ -	\$ 48,558	\$ 48,558
Charges for services	-	40,637	-	-	40,637
Investment earnings	-	148	-	99	247
Federal and state support	-	-	157	-	157
Total revenues	<u>-</u>	<u>40,785</u>	<u>157</u>	<u>48,657</u>	<u>89,599</u>
<b>EXPENDITURES</b>					
Current:					
Debt Service:					
Principal	2,369	11,883	913	31,855	47,020
Interest and fiscal charges	339	30,431	373	15,467	46,610
Total expenditures	<u>2,708</u>	<u>42,314</u>	<u>1,286</u>	<u>47,322</u>	<u>93,630</u>
Excess (deficit) of revenues over expenditures	<u>(2,708)</u>	<u>(1,529)</u>	<u>(1,129)</u>	<u>1,335</u>	<u>(4,031)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>2,708</u>	<u>-</u>	<u>1,129</u>	<u>-</u>	<u>3,837</u>
Total other financing sources (uses)	<u>2,708</u>	<u>-</u>	<u>1,129</u>	<u>-</u>	<u>3,837</u>
Net change in fund balances	-	(1,529)	-	1,335	(194)
Fund balances - beginning of year	-	1,533	-	1,363	2,896
Fund balances - end of year	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 2,698</u>	<u>\$ 2,702</u>



**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<u>Construction Excise Tax Fund</u>	<u>IT System Project Fund</u>	<u>Recovery Zone Energy &amp; Water Cons. Fund</u>	<u>Energy Efficient Schools Fund</u>
<b>REVENUES</b>				
Property and other taxes	\$ 5,886	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment earnings	2	14	-	-
Other	-	-	-	941
Total revenues	<u>5,888</u>	<u>14</u>	<u>-</u>	<u>941</u>
<b>EXPENDITURES</b>				
Current:				
Support services:				
Business	-	-	-	-
Central	-	3,759	-	-
Total support services	<u>-</u>	<u>3,759</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction:	<u>2,893</u>	<u>-</u>	<u>56</u>	<u>573</u>
Total expenditures	<u>2,893</u>	<u>3,759</u>	<u>56</u>	<u>573</u>
Excess (deficit) of revenues over expenditures	<u>2,995</u>	<u>(3,745)</u>	<u>(56)</u>	<u>368</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	412	-	-
Total other financing sources (uses)	<u>-</u>	<u>412</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,995	(3,333)	(56)	368
Fund balances - beginning of year	13,029	4,860	56	656
Fund balances - end of year	<u>\$ 16,024</u>	<u>\$ 1,527</u>	<u>\$ -</u>	<u>\$ 1,024</u>

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Facilities Capital Fund</b>	<b>Capital Asset Renewal Fund</b>	<b>Partnerships Fund</b>	<b>Total</b>
<b>REVENUES</b>				
Property and other taxes	\$ -	\$ -	\$ -	\$ 5,886
Charges for services	-	595	-	595
Investment earnings	11	-	-	27
Other	53	-	3,980	4,974
Total revenues	<u>64</u>	<u>595</u>	<u>3,980</u>	<u>11,482</u>
<b>EXPENDITURES</b>				
Current:				
Support services:				
Business	5	-	-	5
Central	-	-	-	3,759
Total support services	<u>5</u>	<u>-</u>	<u>-</u>	<u>3,764</u>
Facilities acquisition and construction:	<u>4,609</u>	<u>55</u>	<u>3,815</u>	<u>12,001</u>
Total expenditures	<u>4,614</u>	<u>55</u>	<u>3,815</u>	<u>15,765</u>
Excess (deficit) of revenues over expenditures	<u>(4,550)</u>	<u>540</u>	<u>165</u>	<u>(4,283)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,158	-	-	3,570
Total other financing sources (uses)	<u>3,158</u>	<u>-</u>	<u>-</u>	<u>3,570</u>
Net change in fund balances	(1,392)	540	165	(713)
Fund balances - beginning of year	3,098	2,972	3	24,674
Fund balances - end of year	<u>\$ 1,706</u>	<u>\$ 3,512</u>	<u>\$ 168</u>	<u>\$ 23,961</u>



**BUDGETARY COMPARISON SCHEDULES**  
**Nonmajor Governmental Funds**

---

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Student Body Activity Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Extracurricular activities	\$ 8,500	\$ 8,500	\$ 7,904	\$ (596)
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>7,904</u>	<u>(596)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs				
Materials and services	8,500	8,500	7,830	670
<b>Total instruction</b>	<b><u>8,500</u></b>	<b><u>8,500</u></b>	<b><u>7,830</u></b>	<b><u>670</u></b>
Total expenditures	<u>8,500</u>	<u>8,500</u>	<u>7,830</u>	<u>670</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>74</u>	<u>74</u>
Net change in fund balance	-	-	74	74
Fund balance - beginning of year	3,261	4,022	4,022	-
Fund balance - end of year	<u>\$ 3,261</u>	<u>\$ 4,022</u>	<u>\$ 4,096</u>	<u>\$ 74</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Cafeteria Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal and state support	\$ 14,783	\$ 14,933	\$ 14,895	\$ (38)
Charges for services	3,477	3,477	3,703	226
Other	6	6	6	-
Total revenues	<u>18,266</u>	<u>18,416</u>	<u>18,604</u>	<u>188</u>
<b>EXPENDITURES</b>				
Current:				
Enterprise and community services:				
Food services:				
Salaries and benefits	8,406	8,397	7,753	644
Materials and services	10,816	12,301	9,251	3,050
<b>Total enterprise and community services</b>	<b><u>19,222</u></b>	<b><u>20,698</u></b>	<b><u>17,004</u></b>	<b><u>3,694</u></b>
Total expenditures	<u>19,222</u>	<u>20,698</u>	<u>17,004</u>	<u>3,694</u>
Excess (deficit) of revenues over expenditures	<u>(956)</u>	<u>(2,282)</u>	<u>1,600</u>	<u>3,882</u>
Net change in fund balance	(956)	(2,282)	1,600	3,882
Fund balance - beginning of year	4,578	5,904	5,904	-
Fund balance - end of year	<u>\$ 3,622</u>	<u>\$ 3,622</u>	<u>\$ 7,504</u>	<u>\$ 3,882</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Dedicated Resource Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance from</u> <u>Final Budget</u> <u>Positive/</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 1,060	\$ 1,060	\$ 815	\$ (245)
County and intermediate sources	4,280	4,280	1,598	(2,682)
Federal and state support	91	91	85	(6)
Other	2,712	2,712	3,995	1,283
<b>Total revenues</b>	<b>8,143</b>	<b>8,143</b>	<b>6,493</b>	<b>(1,650)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	2,632	3,737	2,759	978
Materials and services	1,697	2,112	447	1,665
<b>Total regular programs</b>	<b>4,329</b>	<b>5,849</b>	<b>3,206</b>	<b>2,643</b>
Special programs:				
Salaries and benefits	6,670	6,670	1,727	4,943
Materials and services	1,181	1,655	189	1,466
<b>Total special programs</b>	<b>7,851</b>	<b>8,325</b>	<b>1,916</b>	<b>6,409</b>
Summer school programs:				
Salaries and benefits	-	-	4	(4)
Materials and services	481	511	13	498
<b>Total summer school programs</b>	<b>481</b>	<b>511</b>	<b>17</b>	<b>494</b>
<b>Total instruction</b>	<b>12,661</b>	<b>14,685</b>	<b>5,139</b>	<b>9,546</b>
Support services:				
Students:				
Salaries and benefits	85	85	261	(176)
Materials and services	379	464	182	282
<b>Total students</b>	<b>464</b>	<b>549</b>	<b>443</b>	<b>106</b>
Instructional staff:				
Salaries and benefits	323	323	175	148
Materials and services	358	378	30	348
<b>Total instructional staff</b>	<b>681</b>	<b>701</b>	<b>205</b>	<b>496</b>
General administration:				
Materials and services	337	337	51	286
<b>Total general administration</b>	<b>337</b>	<b>337</b>	<b>51</b>	<b>286</b>
School administration:				
Salaries and benefits	324	324	317	7
Materials and services	4	4	39	(35)
<b>Total school administration</b>	<b>328</b>	<b>328</b>	<b>356</b>	<b>(28)</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Dedicated Resource Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (continued)**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Support services (continued):				
Business:				
Salaries and benefits	\$ -	\$ -	\$ 4	\$ (4)
Materials and services	13	108	84	24
<b>Total business</b>	<b>13</b>	<b>108</b>	<b>88</b>	<b>20</b>
Central:				
Materials and services	10	10	3	7
<b>Total central</b>	<b>10</b>	<b>10</b>	<b>3</b>	<b>7</b>
<b>Total support services</b>	<b>1,833</b>	<b>2,033</b>	<b>1,146</b>	<b>887</b>
Enterprise and community services:				
Food Services:				
Materials and services	52	52	7	45
<b>Total food services</b>	<b>52</b>	<b>52</b>	<b>7</b>	<b>45</b>
Community services:				
Salaries and benefits	58	58	27	31
Materials and services	38	38	8	30
<b>Total community services</b>	<b>96</b>	<b>96</b>	<b>35</b>	<b>61</b>
<b>Total enterprise and community services</b>	<b>148</b>	<b>148</b>	<b>42</b>	<b>106</b>
Facilities acquisition & construction:				
Materials and services	41	241	-	241
<b>Total facilities acquisition     and construction</b>	<b>41</b>	<b>241</b>	<b>-</b>	<b>241</b>
<b>Total expenditures</b>	<b>14,683</b>	<b>17,107</b>	<b>6,327</b>	<b>10,780</b>
Excess (deficit) of revenues over expenditures	(6,540)	(8,964)	166	9,130
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of capital assets	360	360	-	(360)
<b>Total other financing sources (uses)</b>	<b>360</b>	<b>360</b>	<b>-</b>	<b>(360)</b>
Net change in fund balance	(6,180)	(8,604)	166	8,770
Fund balance - beginning of year	6,180	8,604	8,604	-
Fund balance - end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,770</b>	<b>\$ 8,770</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**IT Projects Debt Service Fund**  
**Schedule of Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Principal	\$ 2,369	\$ 2,369	\$ 2,369	\$ -
Interest and fiscal charges	339	339	339	-
<b>Total debt service</b>	<b>2,708</b>	<b>2,708</b>	<b>2,708</b>	<b>-</b>
Total expenditures	<u>2,708</u>	<u>2,708</u>	<u>2,708</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>2,708</u>	<u>2,708</u>	<u>2,708</u>	<u>-</u>
Total other financing sources (uses)	<u>2,708</u>	<u>2,708</u>	<u>2,708</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**PERS UAL Debt Service Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget</b>
	<b>Original</b>	<b>Final</b>		<b>Positive/ (Negative)</b>
<b>REVENUES</b>				
Charges for services	\$ 42,214	\$ 42,214	\$ 40,637	\$ (1,577)
Investment earnings	100	100	148	48
<b>Total revenues</b>	<b>42,314</b>	<b>42,314</b>	<b>40,785</b>	<b>(1,529)</b>
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Principal	11,883	11,883	11,883	-
Interest and fiscal charges	30,431	30,431	30,431	-
<b>Total debt service</b>	<b>42,314</b>	<b>42,314</b>	<b>42,314</b>	<b>-</b>
 Total expenditures	 42,314	 42,314	 42,314	 -
Excess (deficit) of revenues over expenditures	-	-	(1,529)	(1,529)
Net change in fund balance	-	-	(1,529)	(1,529)
Fund balance - beginning of year	-	1,533	1,533	-
Fund balance - end of year	<b>\$ -</b>	<b>\$ 1,533</b>	<b>\$ 4</b>	<b>\$ (1,529)</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Recovery Zone Debt Service Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Federal and state support	\$ 156	\$ 156	\$ 157	\$ 1
Total revenues	<u>156</u>	<u>156</u>	<u>157</u>	<u>1</u>
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Principal	913	913	913	-
Interest and fiscal charges	373	373	373	-
<b>Total debt service</b>	<b><u>1,286</u></b>	<b><u>1,286</u></b>	<b><u>1,286</u></b>	<b><u>-</u></b>
Total expenditures	<u>1,286</u>	<u>1,286</u>	<u>1,286</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	<u>(1,130)</u>	<u>(1,130)</u>	<u>(1,129)</u>	<u>1</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,130	1,130	1,129	(1)
Total other financing sources (uses)	<u>1,130</u>	<u>1,130</u>	<u>1,129</u>	<u>(1)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**GO Bond Debt Service Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property and other taxes	\$ 47,322	\$ 47,322	\$ 48,558	\$ 1,236
Investment earnings	26	26	99	73
Total revenues	<u>47,348</u>	<u>47,348</u>	<u>48,657</u>	<u>1,309</u>
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Principal	31,855	31,855	31,855	-
Interest and fiscal charges	15,467	15,467	15,467	-
<b>Total debt service</b>	<b>47,322</b>	<b>47,322</b>	<b>47,322</b>	<b>-</b>
Total expenditures	<u>47,322</u>	<u>47,322</u>	<u>47,322</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	<u>26</u>	<u>26</u>	<u>1,335</u>	<u>1,309</u>
Net change in fund balance	26	26	1,335	1,309
Fund balance - beginning of year	700	1,363	1,363	-
Fund balance - end of year	<u>\$ 726</u>	<u>\$ 1,389</u>	<u>\$ 2,698</u>	<u>\$ 1,309</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Construction Excise Tax Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Construction excise tax	\$ 5,401	\$ 5,401	\$ 5,886	\$ 485
Investment earnings	10	10	2	(8)
Total revenues	<u>5,411</u>	<u>5,411</u>	<u>5,888</u>	<u>477</u>
<b>EXPENDITURES</b>				
Current:				
Facilities acquisition & construction:				
Salaries and benefits	-	-	-	-
Materials and services	15,411	18,440	2,893	15,547
<b>Total facilities acquisition &amp; construction</b>	<b><u>15,411</u></b>	<b><u>18,440</u></b>	<b><u>2,893</u></b>	<b><u>15,547</u></b>
Total expenditures	<u>15,411</u>	<u>18,440</u>	<u>2,893</u>	<u>15,547</u>
Excess (deficit) of revenues over expenditures	<u>(10,000)</u>	<u>(13,029)</u>	<u>2,995</u>	<u>16,024</u>
Net change in fund balance	(10,000)	(13,029)	2,995	16,024
Fund balance - beginning of year	10,000	13,029	13,029	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,024</u>	<u>\$ 16,024</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**IT System Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 1	\$ 1	\$ 14	\$ 13
Total revenues	<u>1</u>	<u>1</u>	<u>14</u>	<u>13</u>
<b>EXPENDITURES</b>				
Current:				
Support services:				
Central:				
Salaries and benefits	-	63	4	59
Materials and services	3,576	4,759	3,755	1,004
Total central	<u>3,576</u>	<u>4,822</u>	<u>3,759</u>	<u>1,063</u>
<b>Total support services</b>	<b><u>3,576</u></b>	<b><u>4,822</u></b>	<b><u>3,759</u></b>	<b><u>1,063</u></b>
<b>Operating contingency</b>	<b><u>439</u></b>	<b><u>451</u></b>	<b><u>-</u></b>	<b><u>451</u></b>
Total expenditures	<u>4,015</u>	<u>5,273</u>	<u>3,759</u>	<u>1,514</u>
Excess (deficit) of revenues over expenditures	<u>(4,014)</u>	<u>(5,272)</u>	<u>(3,745)</u>	<u>1,527</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	412	412	-
Net change in fund balance	(4,014)	(4,860)	(3,333)	1,527
Fund balance - beginning of year	4,014	4,860	4,860	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,527</u>	<u>\$ 1,527</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Recovery Zone Energy and Water Conservation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget</b>
	<b>Original</b>	<b>Final</b>		<b>Positive/ (Negative)</b>
<b>EXPENDITURES</b>				
Current:				
Facilities acquisition & construction:				
Materials and services	\$ -	\$ 56	\$ 56	\$ -
<b>Total facilities acquisition &amp; construction</b>	<b>-</b>	<b>56</b>	<b>56</b>	<b>-</b>
Total expenditures	-	56	56	-
Excess (deficit) of revenues over expenditures	-	(56)	(56)	-
Net change in fund balance	-	(56)	(56)	-
Fund balance - beginning of year	-	56	56	-
Fund balance - end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Energy Efficient Schools Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 3	\$ 3	\$ -	\$ (3)
Other	1,066	1,066	941	(125)
Total revenues	<u>1,069</u>	<u>1,069</u>	<u>941</u>	<u>(128)</u>
<b>EXPENDITURES</b>				
Current:				
Facilities acquisition & construction:				
Materials and services	1,869	1,725	573	1,152
<b>Total facilities acquisition &amp; construction</b>	<b><u>1,869</u></b>	<b><u>1,725</u></b>	<b><u>573</u></b>	<b><u>1,152</u></b>
Total expenditures	<u>1,869</u>	<u>1,725</u>	<u>573</u>	<u>1,152</u>
Excess (deficit) of revenues over expenditures	<u>(800)</u>	<u>(656)</u>	<u>368</u>	<u>1,024</u>
Net change in fund balance	(800)	(656)	368	1,024
Fund balance - beginning of year	800	656	656	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,024</u>	<u>\$ 1,024</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Facilities Capital Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Federal and state support	\$ 1,340	\$ 1,340	\$ -	\$ (1,340)
Investment earnings	3	3	11	8
Other	-	-	53	53
<b>Total revenues</b>	<b>1,343</b>	<b>1,343</b>	<b>64</b>	<b>(1,279)</b>
<b>EXPENDITURES</b>				
Current:				
Support Services:				
Business:				
Materials and services	5	5	5	-
<b>Total support services</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>-</b>
Facilities acquisition & construction:				
Salaries and benefits	-	63	36	27
Materials and services	5,589	7,531	4,573	2,958
<b>Total facilities acquisition &amp; construction</b>	<b>5,589</b>	<b>7,594</b>	<b>4,609</b>	<b>2,985</b>
<b>Total expenditures</b>	<b>5,594</b>	<b>7,599</b>	<b>4,614</b>	<b>2,985</b>
Excess (deficit) of revenues over expenditures	(4,251)	(6,256)	(4,550)	1,706
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,151	3,158	3,158	-
<b>Total other financing sources (uses)</b>	<b>2,151</b>	<b>3,158</b>	<b>3,158</b>	<b>-</b>
Net change in fund balance	(2,100)	(3,098)	(1,392)	1,706
Fund balance - beginning of year	2,100	3,098	3,098	-
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,706</b>	<b>\$ 1,706</b>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Capital Asset Renewal Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 275	\$ 275	\$ 595	\$ 320
Investment earnings	1	1	-	(1)
Total revenues	<u>276</u>	<u>276</u>	<u>595</u>	<u>319</u>
<b>EXPENDITURES</b>				
Current:				
Facilities acquisition & construction:				
Materials and services	2,776	3,248	55	3,193
<b>Total facilities acquisition &amp; construction</b>	<b><u>2,776</u></b>	<b><u>3,248</u></b>	<b><u>55</u></b>	<b><u>3,193</u></b>
Total expenditures	<u>2,776</u>	<u>3,248</u>	<u>55</u>	<u>3,193</u>
Excess (deficit) of revenues over expenditures	<u>(2,500)</u>	<u>(2,972)</u>	<u>540</u>	<u>3,512</u>
Net change in fund balance	(2,500)	(2,972)	540	3,512
Fund balance - beginning of year	2,500	2,972	2,972	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,512</u>	<u>\$ 3,512</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Partnerships Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Funding from external partners	\$ 12,000	\$ 12,000	\$ 3,980	\$ (8,020)
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>3,980</u>	<u>(8,020)</u>
<b>EXPENDITURES</b>				
Current:				
Facilities acquisition & construction:				
Materials and services	12,450	12,003	3,815	8,188
<b>Total facilities acquisition &amp; construction</b>	<b><u>12,450</u></b>	<b><u>12,003</u></b>	<b><u>3,815</u></b>	<b><u>8,188</u></b>
Total expenditures	<u>12,450</u>	<u>12,003</u>	<u>3,815</u>	<u>8,188</u>
Excess (deficit) of revenues over expenditures	<u>(450)</u>	<u>(3)</u>	<u>165</u>	<u>168</u>
Net change in fund balance	(450)	(3)	165	168
Fund balance - beginning of year	450	3	3	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168</u>	<u>\$ 168</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

**BUDGETARY COMPARISON SCHEDULES**  
**Other funds**

---

---

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**GO Bonds Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 4,287	\$ 4,287	\$ 1,845	\$ (2,442)
Other	-	-	5	5
Total revenues	<u>4,287</u>	<u>4,287</u>	<u>1,850</u>	<u>(2,437)</u>
<b>EXPENDITURES</b>				
Current:				
Support services:				
Business:				
Materials and services	1,321	1,321	445	876
<b>Total support services</b>	<u>1,321</u>	<u>1,321</u>	<u>445</u>	<u>876</u>
Facilities acquisition & construction:				
Salaries and benefits	2,420	2,738	2,237	501
Materials and services	164,753	182,237	113,253	68,984
<b>Total facilities acquisition and construction</b>	<u>167,173</u>	<u>184,975</u>	<u>115,490</u>	<u>69,485</u>
<b>Operating contingency</b>	<u>174,119</u>	<u>174,604</u>	-	<u>174,604</u>
Total expenditures	<u>342,613</u>	<u>360,900</u>	115,935	244,965
Excess (deficit) of revenues over expenditures	<u>(338,326)</u>	<u>(356,613)</u>	(114,085)	242,528
Net change in fund balance	(338,326)	(356,613)	(114,085)	242,528
Fund balance - beginning of year	338,326	356,613	356,613	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,528</u>	<u>\$ 242,528</u>

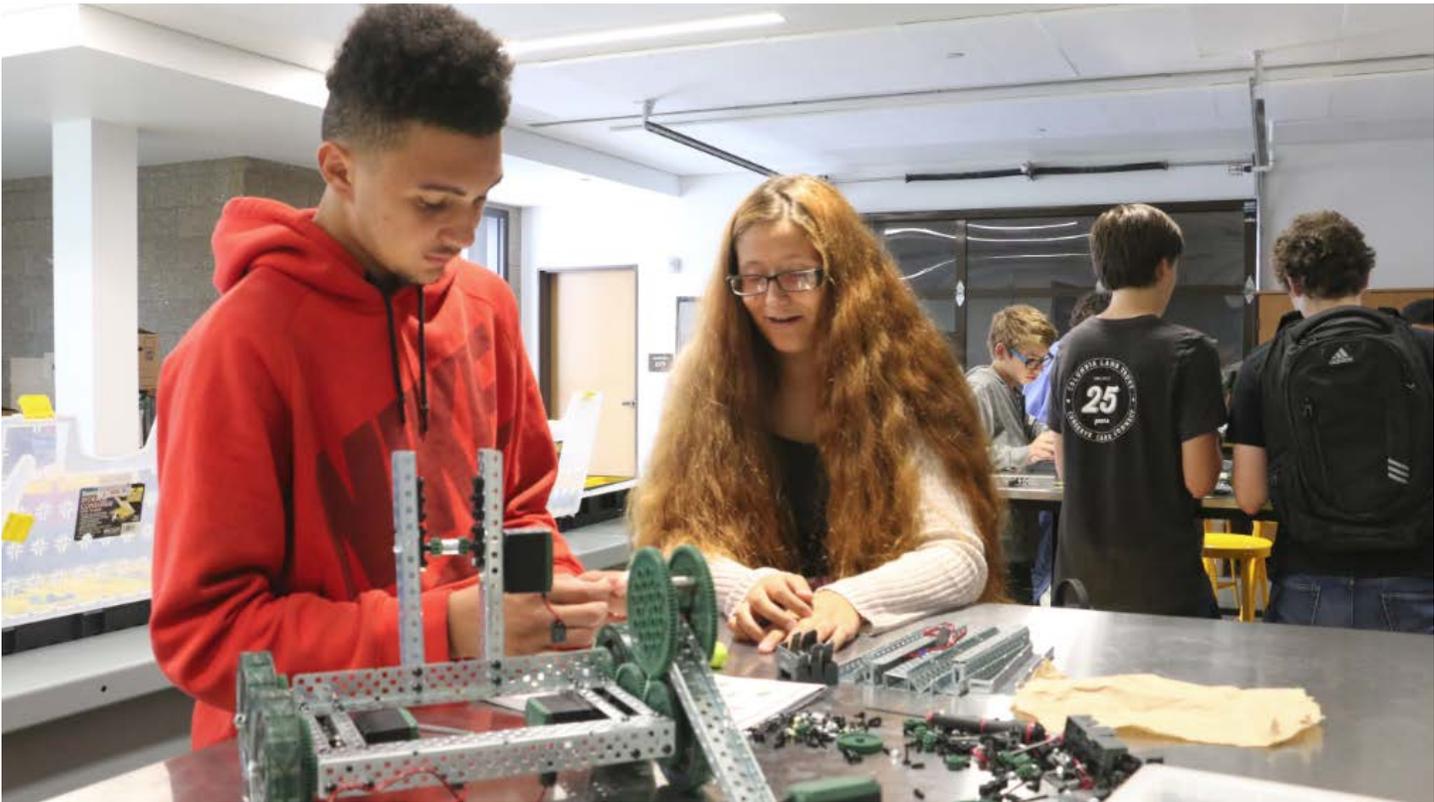
Note: Bolded lines indicate legally required appropriation budget levels of control

**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Self-Insurance Fund**  
**Schedule of Revenues, Expenses, and**  
**Changes in Retained Earnings - Budget and Actual**  
**For the year ended June 30, 2016**  
**(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,542	\$ 3,542	\$ 3,394	\$ (148)
Insurance recoveries	-	-	9	9
Total operating revenues	3,542	3,542	3,403	(139)
<b>OPERATING EXPENSES</b>				
Support services:				
Salaries and benefits	219	322	338	(16)
Materials and services	274	274	256	18
Claims expense	3,302	3,202	2,145	1,057
<b>Total support services</b>	<b>3,795</b>	<b>3,798</b>	<b>2,739</b>	<b>1,059</b>
<b>Operating contingency</b>	<b>2,300</b>	<b>3,377</b>	-	<b>3,377</b>
Total operating expenses	6,095	7,175	2,739	4,436
Operating income (loss)	(2,553)	(3,633)	664	4,297
<b>NON OPERATING REVENUES</b>				
Investment income	3	3	43	40
Federal and state support	250	250	206	(44)
Total non-operating revenues	253	253	249	(4)
Change in net position	(2,300)	(3,380)	913	4,293
Beginning net position - budgetary basis	2,300	3,380	3,380	-
Ending net position - budgetary basis	\$ -	\$ -	4,293	\$ 4,293
Reconciliation:				
Other post employment benefits obligation			(32)	
Accrued compensated absences			(17)	
Net pension asset, deferred inflows, and deferred outflows			(14)	
Net position - GAAP basis			\$ 4,230	

Note: Bolded lines indicate legally required appropriation budget levels of control







## Statistical Section

---

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
<b><i>Financial Trends (Schedules 1-4)</i></b>	114
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b><i>Revenue Capacity (Schedules 5-8)</i></b>	122
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b><i>Debt Capacity (Schedules 9-11)</i></b>	126
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b><i>Demographic and Economic Information (Schedules 12-13)</i></b>	129
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b><i>Operating Information (Schedules 14-16)</i></b>	131
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Schedule 1**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Condensed Statement of Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(dollars in thousands)**

**Government-wide Activities**

	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Assets</b>			
Current and other assets	\$ 167,964	\$ 175,282	\$ 175,091
Prepaid pension & other prepaid items	471,759	463,507	455,247
Net capital assets	<u>195,885</u>	<u>187,312</u>	<u>185,571</u>
<b>Total assets</b>	<u><b>835,608</b></u>	<u><b>826,101</b></u>	<u><b>815,909</b></u>
<b>Deferred Outflows of Resources</b>			
Pension			
<b>Liabilities</b>			
Other current liabilities	95,818	88,936	96,163
Other long-term liabilities	24,271	22,377	10,320
Limited tax pension bonds payable	476,416	468,163	459,756
Net pension liability	-	-	-
Other post employment benefits	-	8,852	17,762
<b>Total liabilities</b>	<u><b>596,505</b></u>	<u><b>588,328</b></u>	<u><b>584,001</b></u>
<b>Deferred Inflows of Resources</b>			
Insurance recovery			
Pension			
<b>Net Assets</b>			
Invested in capital assets, net of related debt	180,034	177,198	181,442
Restricted	-	-	-
Unrestricted	<u>59,069</u>	<u>60,575</u>	<u>50,466</u>
<b>Total Net Assets</b>	<u><b>\$ 239,103</b></u>	<u><b>\$ 237,773</b></u>	<u><b>\$ 231,908</b></u>
<b>Net Position</b>			
Net investment in capital assets			
Restricted			
Unrestricted			
<b>Total Net Position</b>			

Note: The District Implemented GASB 65 beginning in 2013. As a result, Net Assets format is presented for years prior to 2013, and Net Position format is presented for 2013 and subsequent years.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 174,564	\$ 177,558	\$ 180,957	\$ 298,246	\$ 304,224	\$ 579,805	\$ 487,394
445,555	436,790	425,421	414,407	2,149	5,754	1,628
<u>194,725</u>	<u>200,731</u>	<u>199,058</u>	<u>213,944</u>	<u>233,265</u>	<u>273,957</u>	<u>382,401</u>
<u>814,844</u>	<u>815,079</u>	<u>805,436</u>	<u>926,597</u>	<u>539,638</u>	<u>859,516</u>	<u>871,423</u>
				<u>4,785</u>	<u>6,801</u>	<u>3,200</u>
75,555	77,535	83,977	87,185	90,983	105,763	121,321
34,182	62,851	57,972	182,759	244,301	495,290	453,679
450,125	440,491	430,058	419,034	407,499	395,958	384,075
-	-	-	-	-	-	17,185
<u>24,741</u>	<u>29,667</u>	<u>33,595</u>	<u>36,263</u>	<u>35,579</u>	<u>32,900</u>	<u>29,933</u>
<u>584,603</u>	<u>610,544</u>	<u>605,602</u>	<u>725,241</u>	<u>778,362</u>	<u>1,029,911</u>	<u>1,006,193</u>
			819	-	-	-
			-	-	11,102	6,062
			<u>819</u>	<u>-</u>	<u>11,102</u>	<u>6,062</u>
186,783	164,033	157,209				
8,426	25,597	21,577				
<u>35,032</u>	<u>14,905</u>	<u>21,048</u>				
<u>\$ 230,241</u>	<u>\$ 204,535</u>	<u>\$ 199,834</u>				
			146,148	183,584	230,251	260,146
			131,060	119,224	394,845	283,176
			<u>(76,671)</u>	<u>(536,747)</u>	<u>(799,792)</u>	<u>(680,955)</u>
			<u>\$ 200,537</u>	<u>\$ (233,939)</u>	<u>\$ (174,696)</u>	<u>\$ (137,633)</u>

**Schedule 2**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(dollars in thousands)**

**Government-wide Activities**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>				
Instruction	\$ 281,308	\$ 311,474	\$ 306,993	\$ 323,190
Support services	198,721	192,598	196,857	183,267
Enterprise and community services	15,187	15,750	16,653	17,135
Facilities services	7,633	3,140	6,899	14,177
Interest and fees on long-term debt	1,535	1,815	1,600	1,642
Total expenses	<u>504,384</u>	<u>524,777</u>	<u>529,002</u>	<u>539,411</u>
<b>Program Revenues</b>				
Charges for services:				
Instruction	4,100	4,151	4,783	4,898
Support services	2,157	2,879	3,075	2,883
Enterprise and community services	4,190	4,353	4,442	4,655
Operating grants and contributions:				
Instruction	51,915	68,180	72,121	71,538
Support services	29,163	27,793	28,722	27,585
Enterprise and community services	12,500	1,889	2,620	2,548
Total program revenues	<u>104,025</u>	<u>109,245</u>	<u>115,763</u>	<u>114,107</u>
<b>Net Expenses</b>	<u>(400,359)</u>	<u>(415,532)</u>	<u>(413,239)</u>	<u>(425,304)</u>
<b>General Revenues:</b>				
Property taxes levied for general purposes	165,536	174,926	181,928	189,234
Property taxes levied for debt service	37	-	-	-
Local option taxes levied for general purposes	200	35,887	37,364	38,292
Construction excise tax	-	69	1,962	1,192
State School Fund - general support	166,813	168,438	151,376	155,566
State Common School Fund - general support	4,316	4,864	3,717	4,544
County and intermediate sources - general support	30,009	15,511	10,271	10,223
Federal Stimulus	-	-	8,816	12,182
Investment earnings	7,795	7,208	3,477	781
Other	8,303	7,299	8,463	9,905
Total general revenues	<u>383,009</u>	<u>414,202</u>	<u>407,374</u>	<u>421,919</u>
<b>Extraordinary items</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,718</u>
<b>Change in Net Assets</b>	<u>\$ (17,350)</u>	<u>\$ (1,330)</u>	<u>\$ (5,865)</u>	<u>\$ (1,667)</u>

**Change in Net Position**

Note: The District Implemented GASB 65 beginning in 2013. As a result, Net Assets format is presented for years prior to 2013, and Net Position format is presented for 2013 and subsequent years.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 315,465	\$ 287,424	\$ 267,192	\$ 308,652	\$ 326,935	\$ 364,964
204,613	206,856	194,270	200,750	212,213	241,016
19,758	19,108	18,923	19,164	20,445	21,326
11,649	10,697	31,635	1,470	2,617	1,230
2,135	25,748	26,813	33,546	31,600	40,116
<u>553,620</u>	<u>549,833</u>	<u>538,833</u>	<u>563,582</u>	<u>593,810</u>	<u>668,652</u>
4,799	5,046	5,958	5,989	6,457	996
2,348	2,109	2,852	2,857	2,916	3,157
4,666	4,422	4,123	4,420	4,214	4,521
75,981	71,319	62,006	58,418	65,409	58,619
25,844	25,447	23,437	17,693	21,638	22,356
3,915	2,863	2,623	2,240	2,704	3,085
<u>117,553</u>	<u>111,206</u>	<u>100,999</u>	<u>91,617</u>	<u>103,338</u>	<u>92,734</u>
<u>(436,067)</u>	<u>(438,627)</u>	<u>(437,834)</u>	<u>(471,965)</u>	<u>(490,472)</u>	<u>(575,918)</u>
194,170	200,906	205,177	213,115	222,872	233,548
-	-	-	44,765	46,568	48,985
38,226	53,622	51,357	55,709	62,923	76,467
1,361	2,108	3,619	4,889	6,076	5,886
139,229	149,031	151,369	184,690	179,505	211,253
4,461	4,138	4,608	4,427	4,721	5,810
9,543	9,588	14,560	15,736	15,202	15,772
14,349	595	6	-	-	-
582	403	644	774	1,285	3,140
8,440	13,535	10,518	11,253	10,563	12,120
<u>410,361</u>	<u>433,926</u>	<u>441,858</u>	<u>535,358</u>	<u>549,715</u>	<u>612,981</u>
<u>-</u>	<u>-</u>				
<u>\$ (25,706)</u>	<u>\$ (4,701)</u>				
		<u>\$ 4,024</u>	<u>\$ 63,393</u>	<u>\$ 59,243</u>	<u>\$ 37,063</u>

**Schedule 3**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(dollars in thousands)**

<b>Governmental Activities</b>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Fund</b>				
Nonspendable	\$ 823	\$ 1,949	\$ 1,881	\$ 1,587
Restricted	-	-	-	-
Committed	-	2,000	2,000	2,000
Assigned	-	-	-	-
Unassigned	<u>43,032</u>	<u>50,556</u>	<u>46,079</u>	<u>50,185</u>
<b>Total general fund</b>	<u>43,855</u>	<u>54,505</u>	<u>49,960</u>	<u>53,772</u>
<b>All Other</b>				
<b>Governmental Funds</b>				
Nonspendable	591	512	635	446
Restricted	8,913	7,267	11,039	21,648
Committed	16,800	16,800	16,800	16,800
Assigned	-	-	-	-
Unassigned	-	-	<u>(2,467)</u>	<u>(14,536)</u>
Total all other governmental funds	26,304	24,579	26,007	24,358
<b>Total Governmental Fund Balances</b>	<u><u>\$ 70,159</u></u>	<u><u>\$ 79,084</u></u>	<u><u>\$ 75,967</u></u>	<u><u>\$ 78,130</u></u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 795	\$ 452	\$ 139	\$ 200	\$ 247	\$ 386
-	-	-	560	-	-
1,289	1,583	-	-	-	-
-	-	-	-	-	7,200
<u>29,457</u>	<u>28,890</u>	<u>37,318</u>	<u>50,914</u>	<u>34,195</u>	<u>30,249</u>
<u>31,541</u>	<u>30,925</u>	<u>37,457</u>	<u>51,674</u>	<u>34,442</u>	<u>37,835</u>
522	390	473	2,370	2,452	2,286
25,137	27,471	144,677	127,176	393,179	281,089
26,899	20,461	15,486	16,342	17,590	16,400
-	-	-	-	5,549	6,182
-	-	-	-	-	-
52,558	48,322	160,636	145,888	418,770	305,957
<u>\$ 84,099</u>	<u>\$ 79,247</u>	<u>\$ 198,093</u>	<u>\$ 197,562</u>	<u>\$ 453,212</u>	<u>\$ 343,792</u>

**Schedule 4**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(dollars in thousands)**

**Governmental Activities**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues</b>				
Property and other taxes	\$ 166,522	\$ 174,568	\$ 181,847	\$ 190,105
State School Fund	164,182	168,438	151,376	155,566
Local option taxes	200	35,373	37,042	38,470
County and intermediate sources	30,009	15,511	10,271	10,224
Federal stimulus	-	-	10,206	26,972
State Common School Fund	4,316	4,864	3,717	4,544
Federal and state support	80,134	82,435	89,014	74,055
Charges for services	10,446	11,383	12,300	12,436
Extracurricular activities	7,178	7,963	7,524	7,423
Investment earnings	7,531	6,907	3,310	1,037
Other	13,674	14,068	13,450	13,131
Total revenues	<u>484,192</u>	<u>521,510</u>	<u>520,057</u>	<u>533,963</u>
<b>Expenditures</b>				
Current:				
Instruction	276,929	301,171	301,457	310,846
Support services	182,918	203,620	192,384	199,983
Enterprise and community services	15,077	15,467	16,386	17,106
Facilities acquisition and construction	7,633	3,141	6,899	14,166
Debt Service:				
Principal	8,039	6,966	7,291	5,901
Interest	1,412	1,546	1,499	1,740
Total expenditures	<u>492,008</u>	<u>531,911</u>	<u>525,916</u>	<u>549,742</u>
Excess (deficit) of revenues over expenditures	<u>(7,816)</u>	<u>(10,401)</u>	<u>(5,859)</u>	<u>(15,779)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	10,704	8,748	9,913	7,550
Transfers out	(10,704)	(8,748)	(7,913)	(7,550)
Issuance of debt	2,125	15,220	-	15,000
Issuance of refunding bonds	-	-	-	-
Proceeds from the sale of capital assets	1,796	1,616	743	2,942
Total other financing sources (uses)	<u>3,921</u>	<u>16,836</u>	<u>2,743</u>	<u>17,942</u>
Net change in fund balances	<u>\$ (3,895)</u>	<u>\$ 6,435</u>	<u>\$ (3,116)</u>	<u>\$ 2,163</u>
Debt service as a percentage of noncapital expenditures	2.0%	1.6%	1.7%	1.4%

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 196,044	\$ 200,716	\$ 208,434	\$ 260,872	\$ 274,219	\$ 287,035
139,229	149,031	151,369	184,690	179,505	211,253
38,603	53,099	51,720	56,013	63,274	76,593
9,544	9,588	14,560	15,736	15,201	15,771
28,991	4,591	1,920	155	-	-
4,461	4,138	4,608	4,427	4,721	5,810
79,034	84,704	71,942	65,231	75,793	71,024
11,814	45,953	48,674	51,874	54,233	49,312
7,563	7,355	7,867	8,308	8,276	7,904
649	579	632	757	1,255	3,096
11,991	15,127	16,315	13,138	15,414	16,215
<u>527,923</u>	<u>574,881</u>	<u>578,041</u>	<u>661,201</u>	<u>691,891</u>	<u>744,013</u>
314,597	305,238	303,360	323,921	349,667	362,126
205,869	207,691	193,375	202,233	229,254	248,377
20,001	19,782	19,710	20,059	21,902	21,925
11,546	10,613	31,575	31,105	54,830	127,491
8,082	56,963	62,443	51,500	55,033	47,020
2,043	25,608	26,318	34,921	33,811	46,610
<u>562,138</u>	<u>625,895</u>	<u>636,781</u>	<u>663,739</u>	<u>744,497</u>	<u>853,549</u>
<u>(34,215)</u>	<u>(51,014)</u>	<u>(58,740)</u>	<u>(2,538)</u>	<u>(52,606)</u>	<u>(109,536)</u>
9,939	14,090	55,786	9,013	14,409	7,407
(6,939)	(9,680)	(55,786)	(9,013)	(14,409)	(7,407)
36,750	27,250	176,931	-	308,212	-
-	14,400	-	-	-	-
434	102	655	2,007	44	116
<u>40,184</u>	<u>46,162</u>	<u>177,586</u>	<u>2,007</u>	<u>308,256</u>	<u>116</u>
<u>\$ 5,969</u>	<u>\$ (4,852)</u>	<u>\$ 118,846</u>	<u>\$ (531)</u>	<u>\$ 255,650</u>	<u>\$ (109,420)</u>
1.8%	13.4%	14.7%	13.7%	12.9%	12.9%

**Schedule 5**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Assessed Values of Taxable Property within School District No. 1J Boundaries**  
**Last Ten Fiscal Years**  
**(dollars in thousands)**

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)										Less: Reduction and Adjustments	Total Taxes Imposed (Net Levy)
	Real Property	Personal Property	Manufactured Structures	Public Utility	Total Assessed Value	Add: Non-Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Amount tax rate will raise		
2007	\$ 32,185,082	\$ 1,863,994	\$ 13,755	\$ 1,309,159	\$ 35,371,990	\$ 17,332	\$ 2,830,224	\$ 32,559,098	\$ 5.2781	\$ 171,850	\$ 1,963	\$ 169,887
2008	34,287,573	1,859,615	14,311	1,273,298	37,434,797	18,062	3,200,929	34,251,930	6.5281	223,600	7,940	215,660
2009	36,093,965	1,901,468	14,130	1,383,226	39,392,789	23,270	3,635,372	35,780,687	6.5281	233,580	8,151	225,429
2010	37,714,170	1,883,081	15,640	1,607,399	41,220,290	23,968	4,189,459	37,054,799	6.5281	241,897	8,996	232,901
2011	38,951,439	1,903,652	41,782	1,629,651	42,526,524	19,736	4,425,353	38,120,907	6.5281	248,657	9,390	239,467
2012	40,421,170	1,687,236	41,578	1,568,907	43,718,891	20,328	4,519,149	39,220,070	7.2681	285,055	24,051	261,004
2013	41,725,902	1,691,285	18,523	1,538,735	44,974,445	20,938	4,653,499	40,341,884	7.2681	293,209	29,814	263,395
2014	43,211,127	1,716,219	17,485	1,613,794	46,558,625	21,566	4,833,326	41,746,865	8.3571	348,883	27,190	321,693
2015	45,073,153	1,757,198	18,655	1,673,302	48,522,308	22,213	4,907,733	43,636,788	8.3535	364,520	23,132	341,388
2016	47,216,863	1,838,347	23,782	1,710,931	50,789,923	22,880	5,237,111	45,575,692	8.3632	381,159	12,569	368,590

**Notes:**

- Beginning July 1, 1997 property taxes were based on an assessed value. Assessed value is defined as the lower of "maximum assessed value" or "real market value". For the 1997-1998 tax year, "maximum assessed value" was set at the 1995-1996 real market value less 10 percent. Assessed value for later years is limited to 3 percent annual increases.
- The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

**Source:**

FY 2007-2016: Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the combined total for the taxing district, "Portland 1J School", in Multnomah, Clackamas and Washington counties.

**Schedule 6**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(rate per \$1,000 of assessed value)**

District Direct Rates						
Fiscal Year	General Tax Permanent Rate	Local Option	General Obligation Debt Service Bonds	Total Direct Tax Rate		
2007	\$ 5.2781	\$ -	\$ -	\$ 5.2781		
2008	5.2781	1.2500	-	6.5281		
2009	5.2781	1.2500	-	6.5281		
2010	5.2781	1.2500	-	6.5281		
2011	5.2781	1.2500	-	6.5281		
2012	5.2781	1.9900	-	7.2681		
2013	5.2781	1.9900	-	7.2681		
2014	5.2781	1.9900	1.0890	8.3571		
2015	5.2781	1.9900	1.0854	8.3535		
2016	5.2781	1.9900	1.0951	8.3632		

Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
2007	\$ 4.3434	\$ 0.0701	\$ 0.0966	\$ 4.5770	\$ 0.2828	\$ 0.4576
2008	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2009	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2010	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2011	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2012	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2013	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2014	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2015	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2016	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576

The permanent and local option tax rates are determined by the State of Oregon Constitution and State Statutes. Existing districts cannot increase their permanent rate authority. Local option levies are limited to five years for operations and ten years for capital projects. Elections for local option levies must meet the double majority election test, except in the November general election in even numbered years. Rates for debt service are set based on each year's requirements.

Source: The Tax Supervising and Conservation Commission annual reports for the relevant fiscal year.

**Schedule 7**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Principal Property Tax Payers for Multnomah County**  
**Prior Year and Nine Years Ago**  
**Taxing District - 311 Portland School District**  
**(dollars in thousands)**

Taxpayer	2015 <sup>1</sup>			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
<b>Ten Largest Taxpayers</b>						
Pacifcorp (PP&L)	\$ 299,787	1	0.69 %	211,738	2	0.67%
Comcast Corporation	257,204	2	0.59	-	-	-
Portland General Electric CO	254,208	3	0.58	210,806	3	0.67
Weston Investment Co LLC	231,629	4	0.53	-	-	-
Evraz Inc NA	218,465	5	0.50	-	-	-
Port of Portland	213,083	6	0.49	123,542	7	0.39
Capref Lloyd Center LLC	173,304	7	0.40	-	-	-
AT&T, INC	170,140	8	0.39	-	-	-
Centurylink	167,056	9	0.38	-	-	-
111 SW 5th Avenue	155,136	10	0.36	-	-	-
Qwest Wireless	-	-	-	254,286	1	0.81
Siltronic Corp	-	-	-	114,574	9	0.36
Oregon Steel Mills Inc	-	-	-	163,511	4	0.52
LC Portland LLC	-	-	-	143,837	5	0.46
Freightliner LLC	-	-	-	127,971	6	0.41
One Eleven Tower LLC	-	-	-	112,303	10	0.36
Cingular Wireless LLC	-	-	-	115,164	8	0.37
Subtotal of Ten Largest Taxpayers	2,140,012		4.91	1,577,732		5.02
All Other Taxpayers	41,496,776		95.09	29,822,819		94.98
Total All Taxpayers	<u>\$ 43,636,788</u>		<u>100.00 %</u>	<u>\$ 31,400,551</u>		<u>100.00 %</u>

**Notes:**

<sup>1</sup> 2016 information not available at time of distribution

Source:

Multnomah County, Division of Assessment and Taxation

**Schedule 8**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(dollars in thousands)**

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>2</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 169,887	\$ 160,813	94.66%	\$ 4,289	\$ 165,102	97.18%
2008	216,645	202,448	93.45	4,860	207,308	95.69
2009	226,206	211,232	93.38	5,170	216,402	95.67
2010	233,861	219,970	94.06	7,203	227,173	97.14
2011	239,467	225,418	94.13	7,481	232,899	97.26
2012	261,004	244,408	93.64	7,349	251,757	96.46
2013	263,395	248,807	94.46	8,519	257,326	97.70
2014	321,693	304,458	94.64	8,332	312,790	97.23
2015	341,388	323,906	94.88	10,413	334,319	97.93
2016	368,590	350,212	95.01	-	350,212	95.01

**Note:**

The net taxes levied are combined for Multnomah, Washington, and Clackamas counties. Responsibility for the collection of all property taxes rests within each County's Department of Assessment and Taxation. Current taxes are assessed as of July 1, become due as of November 15 and become delinquent as of May 15. Assessed taxes become a lien upon real property in the fourth year of delinquency. Proceeds of tax sales are applied to delinquent taxes, interest and other costs attributable to the property sold.

<sup>1</sup> The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997. Additional information can be found on Schedule 5. Note that the Net Taxes Levied in Schedule 5 is based on the Assessed Value, while data for this schedule is based on the actual Net Taxes Levied.

<sup>2</sup> Collections in subsequent years includes current year revenue received for taxes levied in prior years.

Source: Multnomah, Washington and Clackamas Counties, Division of Assessment and Taxation.

**Schedule 9**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(dollars in thousands, except per student and per capita)**

General Bonded Debt															
Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net Unamortized Premium (Discount)	Net General Obligation Bonds Outstanding	Percentage of Actual Taxable Value of Property <sup>1</sup>	Per Student <sup>2</sup>	Net General Obligation Debt Per Capita <sup>4</sup>	Other Governmental Activities Debt					Per Student <sup>2</sup>	Per Capita <sup>4</sup>	
								Full Faith & Credit Obligations	Small Scale Energy Loan Programs	Recovery Zone Bond	Other Debt	Unamortized Premium (Discount)			Total District <sup>3</sup>
2007	\$ -	\$ -	\$ -	\$ -	-%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	716
2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-	702
2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	667
2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	666
2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-	673
2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-	643
2013	144,840	-	13,347	158,187	0.39%	3,329	206	-	-	-	-	-	-	-	785
2014	108,890	(361)	10,209	118,738	0.28%	2,469	153	-	-	-	-	-	-	-	704
2015	343,575	(1,363)	39,974	382,186	0.88%	7,887	N/A	-	-	-	-	-	-	-	N/A
2016	311,720	(2,698)	37,726	346,748	0.76%	7,066	N/A	-	-	-	-	-	-	-	N/A

**Note:** Details regarding the District's outstanding debt can be found in the notes to the financial statements.  
<sup>1</sup> See Schedule 5 for property value data. The total estimated actual value of taxable property cannot be reasonably estimated.  
<sup>2</sup> Student enrollment data can be found in Schedule 16.  
<sup>3</sup> Includes net general bonded debt and other governmental activities debt, excluding amounts available for repayment.  
<sup>4</sup> Per capita is calculated using the estimated District population from the US Department of Commerce, Bureau of Economic Analysis as reported in Schedule 12. Data for 2015 and 2016 not available at time of printing.  
<sup>5</sup> Limited Tax Pension Bonds are not included in the General Bonded Debt schedule above since they are not repaid directly with property tax dollars.

**Schedule 10**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2016**  
**(dollars in thousands)**

<u>Overlapping Issuer</u>	Net Property-tax Backed Debt <sup>1</sup>	Percent Overlapping	Overlapping Debt <sup>2</sup>
Burlington Water District	\$ 1,425	100.00 %	\$ 1,425
City of Beaverton	722	1.66	12
City of Lake Oswego	13,550	5.39	730
City of Milwaukie	4,938	0.82	40
City of Portland	194,581	86.25	167,825
Clackamas County	101,775	0.11	112
Clackamas Cty RFPD 1	16,700	0.22	37
Metro	199,855	38.89	77,732
Mt Hood Community College	23,735	0.07	16
Multnomah County	160,510	75.43	121,070
Multnomah Cty Drainage District 1	65	100.00	65
Multnomah Cty RFPD 10	3,561	0.28	10
Portland Community College	335,095	48.89	163,834
Tualatin Hills Park & Rec District	86,872	1.26	1,092
Tualatin Valley Fire & Rescue District	52,000	2.09	1,085
Valley View Water District	1,622	100.00	1,622
Washington County	53,680	0.63	336
Washington Cty Enhanced Patrol Dist.	90	0.70	1
Subtotal, overlapping debt			<u>537,044</u>
Direct District debt (PERS) <sup>3</sup>			383,888
Direct District debt (other) <sup>3</sup>			<u>363,745</u>
Subtotal, Direct debt			<u>747,633</u>
Total direct and overlapping debt			<u>\$ 1,284,677</u>

**Notes:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

<sup>1</sup> Net Property-tax Backed Debt includes all General Obligation (GO) bonds and Limited-tax GO bonds, less Self-supporting Unlimited-tax (GO) and Self-supporting Limited-tax GO debt.

<sup>2</sup> Overlapping Debt is calculated using Net Property-tax Backed Debt times Percent Overlapping that are provided by Oregon State Treasury, Debt Management Division.

<sup>3</sup> Direct District debt is net of unamortized premiums and discounts.

Source:

Oregon State Treasury, Debt Management Division

Schedule 11  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (dollars in thousands)

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Legal Debt Margin Calculation for Fiscal Year 2016</b>											
Real Market Value	\$							90,930,548			
Debt Limit (7.95%) <sup>1</sup>								7,228,979			
Amount of Debt Applicable to Debt Limit:											
General Obligation Bonded Debt								349,446			
Less: Amount Available in Debt Service Funds								(2,698)			
Amount of Debt Applicable to Debt Limit								<u>346,748</u>			
Legal Debt Margin	\$							<u>6,882,231</u>			

Debt Limit	\$	5,036,778	\$ 5,835,393	\$ 6,267,884	\$ 6,194,374	\$ 6,028,990	\$ 5,680,406	\$ 5,604,461	\$ 5,917,214	\$ 6,517,491	\$ 7,228,979
Total net debt applicable to limit		-	-	-	-	-	-	158,187	118,738	382,186	346,748
Legal debt margin	\$	<u>5,036,778</u>	<u>5,835,393</u>	<u>6,267,884</u>	<u>6,194,374</u>	<u>6,028,990</u>	<u>5,680,406</u>	<u>5,446,274</u>	<u>5,798,476</u>	<u>6,135,305</u>	<u>6,882,231</u>
Total net debt applicable to the limit as a percentage of debt limit		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.82%	2.01%	5.86%	4.80%

<sup>1</sup> ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values within the District based on the following:

<sup>A</sup> For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value.

<sup>B</sup> For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value.

Allowable Percentage of Real Market Value:

<sup>A</sup> Kindergarten through eighth grade, 9 x .0055	4.95%
<sup>B</sup> Ninth through twelfth, 4 x .0075	3.00%
Allowable Percentage	<u>7.95%</u>

Source: Market value from Multnomah County, Tax Supervising and Conservation Commission

**Schedule 12**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**  
**Multnomah County**

<b>Year</b>	<b>Population</b>	<b>Personal Income</b> (thousands of dollars)	<b>Per Capita Personal Income</b> (dollars)	<b>Unemployment Rate</b>
2007	699,186	\$ 28,385,388	\$ 40,598	4.6% <sup>2</sup>
2008	712,539	29,372,019	41,222	5.6 <sup>2</sup>
2009	726,855	29,430,654	40,490	9.5 <sup>2</sup>
2010	737,476	29,458,183	39,945	9.4 <sup>2</sup>
2011	748,031	31,161,157	41,658	9.1 <sup>2</sup>
2012	759,256	32,715,802	43,089	8.2 <sup>2</sup>
2013	766,135	33,376,029	43,564	7.5 <sup>2</sup>
2014	776,712	36,588,018	47,106	6.1 <sup>2</sup>
2015	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	5.3 <sup>2</sup>
2016	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	4.9 <sup>2</sup>

<sup>1</sup> Data for 2015 and 2016 not available at time of printing.

<sup>2</sup> As of October, 2016.

Sources:

Population, personal income and per capita information: US Department of Commerce, Bureau of Economic Analysis.

Unemployment rate information: US Department of Labor, Bureau of Labor Statistics.

**Schedule 13**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Principal Employers for the Portland Metro Area**  
**Current Year and Nine Years Ago**

Employer	2016			2007		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
<b>Ten Largest Employers</b>						
Intel Corporation	18,600	1	1.62 %	16,740	1	1.54 %
Providence Health & Services	16,139	2	1.41	14,639	2	-
Oregon Health & Science University	14,963	3	1.31	11,500	3	1.06
Kaiser Permanente Northwest	11,898	4	1.04	8,221	5	0.76
Fred Meyer	10,813	5	0.94	8,500	4	0.78
Legacy Health System	8,700	6	0.76	8,196	6	0.75
Nike Inc.	8,500	7	0.74	7,648	8	0.70
Portland Public Schools	6,135	8	0.54	-	-	-
Multnomah County	5,995	9	0.52	-	-	-
City of Portland	5,481	10	0.48	7,996	7	0.74
Beaverton School District	-	-	-	5,000	10	0.46
State of Oregon	-	-	-	7,180	9	0.66
<b>Subtotal of Ten Largest Employers</b>	<b>107,224</b>		<b>9.36</b>	<b>95,620</b>		<b>7.45</b>
<b>All Other Employers</b>	<b>1,037,976</b>		<b>90.64</b>	<b>990,043</b>		<b>92.55</b>
<b>Total Portland MSA<sup>1</sup> Employment</b>	<b>1,145,200<sup>2</sup></b>		<b>100.00 %</b>	<b>1,085,663</b>		<b>100.00 %</b>

<sup>1</sup> Portland-Vancouver-Hillsboro MSA includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon, and Clark and Skamania counties in Washington.

<sup>2</sup> As of June 2016, not seasonally adjusted.

Sources:

Portland Business Journal, Book of Lists published December 2007 & December 2016.  
Oregon Employment Department, Workforce and Economic Research

**Schedule 14**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Full-time Equivalent District Employees by Assignment/Function**  
**Last Five Fiscal Years**

<u>Assignment/Function</u>	<b>Full-time Equivalent Employees for the Fiscal Year</b>				
	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Teachers	2,315.0	2,353.1	2,384.0	2,606.8	2,632.5
Educational Assistants	555.8	520.9	509.8	582.1	667.8
School Level Administration	142.9	144.2	142.3	155.0	151.0
District Level Administration	13.0	14.0	11.0	17.0	22.0
Other Staff	<u>1,850.3</u>	<u>1,798.4</u>	<u>1,720.0</u>	<u>2,056.5</u>	<u>1,959.4</u>
Total FTE	<u><u>4,877.0</u></u>	<u><u>4,830.6</u></u>	<u><u>4,767.1</u></u>	<u><u>5,417.4</u></u>	<u><u>5,432.7</u></u>

Source: District System Planning and Performance department.

Schedule 15  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**Meal and Transportation Services Provided**  
**Last Ten Fiscal Years**

	2007	2008	2009	2010	2011
<b>Nutrition Services</b>					
Number of Meals Served <sup>1</sup>					
Paid Meals	1,333,234	1,553,008	1,439,321	1,443,806	1,421,889
Reduced Meals	481,156	577,275	562,630	549,157	502,171
Free Meals	4,155,965	3,538,655	3,485,451	3,651,647	3,560,515
Total meals served	<u>5,970,355</u>	<u>5,668,938</u>	<u>5,487,402</u>	<u>5,644,610</u>	<u>5,484,575</u>
Average Daily Breakfast Served	14,017	12,343	11,344	10,592	10,101
Average Daily Lunch Served	20,164	19,875	19,867	20,369	20,295
Student Participation	53.46%	52.45%	47.98%	46.94%	46.96%
<b>Transportation</b>					
Number of buses	241	240	239	252	258
Total miles traveled	2,848,220	3,006,996	2,914,877	3,317,636	3,265,683
Cost per mile	\$ 5.09	\$ 5.42	\$ 5.77	\$ 5.50	\$ 5.63
Area encompassed by District (sq mi)	160	160	160	160	160
<b>Nutrition Services</b>					
Number of Meals Served <sup>1</sup>					
Paid Meals	1,382,329	1,354,685	1,313,005	1,071,048	1,114,504
Reduced Meals	441,829	434,353	375,796	194,558	209,753
Free Meals	3,689,643	3,632,901	3,560,251	4,315,732	4,141,824
Total meals served	<u>5,513,801</u>	<u>5,421,939</u>	<u>5,249,052</u>	<u>5,581,338</u>	<u>5,466,081</u>
Average Daily Breakfast Served	10,400	10,768	10,380	10,846	10,724
Average Daily Lunch Served	19,942	19,059	18,668	19,710	19,083
Student Participation	49.14%	47.00%	45.80%	44.00%	44.40%
<b>Transportation</b>					
Number of buses	257	263	254	269	245
Total miles traveled	3,019,548	3,392,622	3,156,795	3,127,505	3,273,739
Cost per mile	\$ 6.24	\$ 5.28	\$ 5.89	\$ 5.97	\$ 5.91
Area encompassed by District (sq mi)	160	160	160	160	160

<sup>1</sup> Number of meals served includes breakfast, lunch, snack, and supper.

<sup>2</sup> Student Participation percentage is calculated based on the average daily lunches served at elementary schools, middle schools, and high schools, over the average daily attendance (enrollment adjusted per industry factors) at the schools where nutrition services meals are served.

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years**

		Footnotes	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Elementary Schools and Programs</b>												
<b>Abernethy (1925)</b>	(12)											
Gross Floor Area (sq ft): 50,358												
Elementary Enrollment			357	342	349	392	421	455	505	528	511	513
<b>Ainsworth w/Annex (1912)</b>												
Gross Floor Area (sq ft): 57,593												
Elementary Enrollment			509	493	520	528	551	568	569	576	582	600
<b>Alameda (1921)</b>												
Gross Floor Area (sq ft): 64,138												
Elementary Enrollment			678	697	717	744	774	782	769	773	760	730
<b>Arleta (1929)</b>	(6)											
Gross Floor Area (sq ft): 76,489												
Elementary Enrollment			370	387	420	420	428	422	462	476	454	456
<b>Astor (1948)</b>	(6)											
Gross Floor Area (sq ft): 47,360												
Elementary Enrollment			331	381	438	458	445	482	478	500	497	493
<b>Atkinson (1953)</b>												
Gross Floor Area (sq ft): 58,057												
Elementary Enrollment			549	524	535	491	484	447	440	441	428	435
<b>Beach (1928)</b>	(6)											
Gross Floor Area (sq ft): 70,404												
Elementary Enrollment			412	426	484	538	561	582	613	620	607	631
<b>Beverly Cleary (1959)</b>	(4)											
Gross Floor Area (sq ft): 90,664												
Elementary Enrollment			210	578	557	552	604	674	730	814	834	859
<b>Boise-Eliot/Humboldt (1926)</b>	(6,24)											
Gross Floor Area (sq ft): 61,369												
Elementary Enrollment			415	412	423	417	390	389	535	506	540	540
<b>Bridger (1951)</b>	(1,6,13,16,21)											
Gross Floor Area (sq ft): 45,142												
Elementary Enrollment			421	470	320	331	365	396	405	435	415	476
<b>Bridlemile (1958)</b>												
Gross Floor Area (sq ft): 59,037												
Elementary Enrollment			458	468	464	480	463	472	457	450	442	480
<b>Buckman (1921)</b>												
Gross Floor Area (sq ft): 82,023												
Elementary Enrollment			506	481	498	492	497	488	460	452	444	481
<b>Capitol Hill (1917)</b>	(12)											
Gross Floor Area (sq ft): 47,275												
Elementary Enrollment			341	354	321	357	351	371	403	405	460	437
<b>Cesar Chavez (1928)</b>	(4)											
Gross Floor Area (sq ft): 75,814												
Middle School Enrollment			401	587	499	484	477	453	473	483	451	522
<b>Chapman (1923)</b>	(13)											
Gross Floor Area (sq ft): 62,962												
Elementary Enrollment			478	476	532	544	522	562	592	646	674	643
<b>Chief Joseph/Ockley Green (1948)</b>	(10,12)											
Gross Floor Area (sq ft): 118,141												
Elementary Enrollment			359	361	370	377	408	481	459	642	627	604
<b>Creative Science School (1955)</b>	(1,6)											
Gross Floor Area (sq ft): 50,595												
Elementary Enrollment			-	-	260	301	305	356	388	425	444	476

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

	Footnotes	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
<b>Creston w/ Annex (1948)</b>	(6,12)										
Gross Floor Area (sq ft): 80,940											
Elementary Enrollment		309	335	365	333	345	380	345	350	350	392
<b>Duniway (1926)</b>											
Gross Floor Area (sq ft): 67,492											
Elementary Enrollment		446	426	411	423	442	425	423	437	505	494
<b>Faubion (1951)</b>	(6,33)										
Gross Floor Area (sq ft): 0											
Elementary Enrollment		332	355	396	393	401	434	454	487	511	479
<b>Forest Park (1998)</b>											
Gross Floor Area (sq ft): 42,000											
Elementary Enrollment		508	502	512	501	507	491	502	490	486	449
<b>Glencoe (1923)</b>	(12)										
Gross Floor Area (sq ft): 64,378											
Elementary Enrollment		498	506	499	474	480	453	472	502	503	500
<b>Grout (1927)</b>	(16)										
Gross Floor Area (sq ft): 65,838											
Elementary Enrollment		333	349	339	346	361	359	371	377	389	376
<b>Harrison Park (1948)</b>	(1,18,21)										
Gross Floor Area (sq ft): 109,059											
Elementary Enrollment		508	507	719	732	751	751	757	742	742	729
<b>Hayhurst (1954)</b>	(13)										
Gross Floor Area (sq ft): 56,266											
Elementary Enrollment		345	329	351	385	396	420	412	415	484	499
<b>Humboldt (1959)</b>	(6,8,24)										
Gross Floor Area (sq ft): 46,865											
Elementary Enrollment		240	235	258	275	230	219	-	-	-	-
<b>Irvington (1932)</b>	(6)										
Gross Floor Area (sq ft): 65,285											
Elementary Enrollment		473	505	503	505	529	483	460	478	485	493
<b>James John (1929)</b>											
Gross Floor Area (sq ft): 63,697											
Elementary Enrollment		459	430	404	384	394	402	439	461	445	429
<b>Kelly w/ Kelly Center (1952)</b>	(21)										
Gross Floor Area (sq ft): 97,546											
Elementary Enrollment		439	464	468	467	509	570	626	622	631	610
<b>King (1927)</b>	(6)										
Gross Floor Area (sq ft): 88,957											
Elementary Enrollment		458	453	399	336	288	292	312	331	370	400
<b>Laurelhurst (1923)</b>	(6)										
Gross Floor Area (sq ft): 46,204											
Elementary Enrollment		561	536	606	708	704	684	665	673	671	691
<b>Lee (1953)</b>	(6)										
Gross Floor Area (sq ft): 73,276											
Elementary Enrollment		354	367	434	458	457	459	497	493	431	456
<b>Lent (1948)</b>	(6,21)										
Gross Floor Area (sq ft): 76,478											
Elementary Enrollment		400	475	528	549	561	577	573	604	560	564
<b>Lewis (1952)</b>											
Gross Floor Area (sq ft): 48,380											
Elementary Enrollment		293	310	349	374	396	393	400	414	382	382

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

	Footnotes	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Llewellyn (1928)</b>											
Gross Floor Area (sq ft): 50,651											
Elementary Enrollment		309	341	396	434	485	543	583	570	518	531
<b>Maplewood (1948)</b>	(12)										
Gross Floor Area (sq ft): 35,022											
Elementary Enrollment		307	308	331	342	350	335	327	333	329	359
<b>Markham (1951)</b>	(12)										
Gross Floor Area (sq ft): 82,794											
Elementary Enrollment		359	349	360	376	376	384	383	393	386	377
<b>Marysville (1921)</b>	(6,17,21)										
Gross Floor Area (sq ft): 53,490											
Elementary Enrollment		368	407	437	435	404	363	352	416	405	390
<b>Peninsula (1952)</b>	(6)										
Gross Floor Area (sq ft): 70,151											
Elementary Enrollment		299	326	370	375	361	358	368	376	396	374
<b>Rieke (1961)</b>											
Gross Floor Area (sq ft): 30,647											
Elementary Enrollment		280	322	348	371	356	416	388	388	388	402
<b>Rigler (1931)</b>	(3,6)										
Gross Floor Area (sq ft): 59,760											
Elementary Enrollment		538	562	525	596	588	524	449	463	480	451
<b>Rosa Parks (2006)</b>											
Gross Floor Area (sq ft): 45,147											
Elementary Enrollment		435	562	503	463	434	407	405	405	341	329
<b>Roseway Heights (1923)</b>	(4,23)										
Gross Floor Area (sq ft): 75,693											
Elementary Enrollment		406	660	565	578	551	589	616	606	668	697
<b>Sabin (1928)</b>	(2,6)										
Gross Floor Area (sq ft): 71,946											
Elementary Enrollment		432	451	363	348	362	392	420	485	514	568
<b>Scott (1949)</b>	(3)										
Gross Floor Area (sq ft): 62,681											
Elementary Enrollment		440	539	530	563	533	521	504	507	481	473
<b>Sitton (1948)</b>											
Gross Floor Area (sq ft): 58,762											
Elementary Enrollment		285	315	309	291	307	333	356	376	399	390
<b>Skyline (1963)</b>	(6)										
Gross Floor Area (sq ft): 37,245											
Elementary Enrollment		233	258	266	294	281	276	273	265	309	300
<b>Stephenson (1965)</b>											
Gross Floor Area (sq ft): 40,539											
Elementary Enrollment		310	320	327	335	324	335	329	320	308	322
<b>Sunnyside Environmental (1925)</b>	(13)										
Gross Floor Area (sq ft): 54,361											
Elementary Enrollment		501	542	565	585	580	608	605	587	586	574
<b>Vernon (1931)</b>	(3,6,16)										
Gross Floor Area (sq ft): 72,323											
Elementary Enrollment		404	453	394	397	376	500	440	394	386	407

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

	Footnotes	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
<b>Vestal (1929)</b>	(6,16)										
Gross Floor Area (sq ft): 66,378											
Elementary Enrollment		343	389	428	433	451	420	395	402	399	412
<b>Whitman (1954)</b>	(21)										
Gross Floor Area (sq ft): 69,755											
Elementary Enrollment		384	370	369	372	347	361	351	349	316	271
<b>Winterhaven (1930)</b>	(16)										
Gross Floor Area (sq ft): 39,084											
Elementary Enrollment		344	335	345	345	352	346	352	356	346	350
<b>Woodlawn (1926)</b>	(12)										
Gross Floor Area (sq ft): 61,595											
Elementary Enrollment		450	424	462	449	478	443	439	449	443	426
<b>Woodmere (1954)</b>	(21)										
Gross Floor Area (sq ft): 59,293											
Elementary Enrollment		422	418	398	397	393	397	383	371	338	312
<b>Woodstock (1910)</b>											
Gross Floor Area (sq ft): 69,135											
Elementary Enrollment		384	407	443	433	466	491	508	505	487	496
<b>Middle Schools and Programs</b>											
<b>Beaumont (1926)</b>											
Gross Floor Area (sq ft): 94,431											
Middle School Enrollment		500	460	458	450	455	481	583	584	554	571
<b>George (1950)</b>											
Gross Floor Area (sq ft): 78,713											
Middle School Enrollment		383	328	375	388	364	360	385	373	359	369
<b>Gray (1952)</b>											
Gross Floor Area (sq ft): 60,624											
Middle School Enrollment		457	421	420	419	428	422	422	464	527	566
<b>Hosford (1925)</b>											
Gross Floor Area (sq ft): 77,050											
Middle School Enrollment		476	516	531	548	547	534	538	576	591	640
<b>Jackson (1966)</b>											
Gross Floor Area (sq ft): 247,779											
Middle School Enrollment		688	714	712	651	584	533	532	533	548	606
<b>Lane (1927)</b>											
Gross Floor Area (sq ft): 87,438											
Middle School Enrollment		527	489	419	397	398	441	486	505	471	481
<b>Mt. Tabor (1952)</b>											
Gross Floor Area (sq ft): 83,076											
Middle School Enrollment		633	588	555	559	579	593	606	628	662	694
<b>Sellwood (1925)</b>											
Gross Floor Area (sq ft): 86,823											
Middle School Enrollment		515	459	474	480	474	486	455	483	545	560
<b>West Sylvan (1954)</b>											
Gross Floor Area (sq ft): 104,009											
Middle School Enrollment		896	886	863	863	849	848	888	945	958	966

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

		Footnotes	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>High Schools and Programs</b>												
<b>Benson (1916)</b>	(7)											
Gross Floor Area (sq ft): 410,910												
High School Enrollment			1,294	1,218	1,134	1,100	986	889	889	830	879	914
Focus/Alt Prog Enroll ( <b>Night Sch.</b> )	(8)		10	-	-	-	-	-	-	-	-	-
<b>Cleveland (1928)</b>	(21)											
Gross Floor Area (sq ft): 253,895												
High School Enrollment			1,472	1,528	1,516	1,553	1,570	1,520	1,532	1,523	1,516	1,600
<b>Franklin (1915)</b>	(5,21,33)											
Gross Floor Area (sq ft): 0												
High School Enrollment			1,283	1,233	1,007	1,032	1,036	1,480	1,469	1,460	1,552	1,570
<b>Grant (1923)</b>												
Gross Floor Area (sq ft): 275,173												
High School Enrollment			1,691	1,642	1,553	1,610	1,620	1,565	1,536	1,486	1,503	1,481
Focus/Alt Prog Enroll ( <b>Night Sch</b> )	(9,8)		-	-	-	-	-	-	-	-	-	-
<b>Jefferson (1909)</b>	(5,20)											
Gross Floor Area (sq ft): 360,911												
High School Enrollment			566	707	631	617	621	584	441	511	493	524
<b>Lincoln (1951)</b>												
Gross Floor Area (sq ft): 236,893												
High School Enrollment			1,498	1,404	1,335	1,395	1,410	1,476	1,513	1,565	1,583	1,696
<b>Madison (1955)</b>	(3,9)											
Gross Floor Area (sq ft): 370,112												
High School Enrollment			936	859	900	860	910	1,161	1,107	1,066	1,077	1,134
<b>Marshall (1960)</b>	(8,9,11,21)											
Gross Floor Area (sq ft): 271,427												
High School Enrollment			860	775	774	747	707	-	-	-	-	-
<b>Roosevelt w/ Auto Shop (1921)</b>	(33)											
Gross Floor Area (sq ft): 229,495												
High School Enrollment			794	730	703	681	683	748	828	914	947	940
<b>Wilson (1954)</b>												
Gross Floor Area (sq ft): 326,062												
High School Enrollment			1,556	1,533	1,480	1,439	1,435	1,387	1,236	1,230	1,257	1,324

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

Footnotes	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Facilities with Focus/Alternative Programs</b>										
<b>daVinci (Monroe) (1928)</b>										
Gross Floor Area (sq ft): 99,219										
Focus/Alt Prog Enroll. ( <b>da Vinci</b> )	444	458	445	456	464	462	470	468	465	458
Focus/Alt Prog Enroll. ( <b>Natv. Mont</b> ) (8)	9	22	20	-	-	-	-	-	-	-
<b>Meek (1953) (16)</b>										
Gross Floor Area (sq ft): 32,477										
Focus/Alt Prog Enrollment (8)	-	-	-	-	-	-	-	-	-	-
<b>Metropolitan Learning Center (Couch) (1914)</b>										
Gross Floor Area (sq ft): 68,135										
Focus/Alt Prog Enrollment	439	444	424	443	440	447	455	440	436	426
<b>Richmond (1908) (12)</b>										
Gross Floor Area (sq ft): 77,070										
Elementary Enrollment	360	436	505	569	612	662	662	687	677	629
<b>Enrollment in other Focus/Alt. Programs</b>										
Focus/Alt Prog Enroll. ( <b>Alliance HS</b> ) (9)	366	292	288	267	221	233	222	183	172	178
Focus/Alt Prog Enroll. ( <b>Head Start</b> )	606	674	696	732	804	790	824	808	739	799
Focus/Alt Prog Enroll. ( <b>ACCESS</b> ) (2,23)	-	-	159	200	196	198	219	236	305	346
Focus/Portland International Scholars Academy (22)	-	-	-	-	-	-	-	10	31	22
Focus/Alt Prog Enroll. ( <b>Turnaround</b> ) (22)	-	-	-	-	2	21	19	22	17	30
<b>Inactive School and Other Facilities</b>										
<b>Applegate (1954) (12,26)</b>										
Gross Floor Area (sq ft): 26,101										
<b>Ball (1948) [sold in 2007] (27)</b>										
Gross Floor Area (sq ft): 0										
Elementary Enrollment	-	-	-	-	-	-	-	-	-	-
<b>BESC (1978)</b>										
Gross Floor Area (sq ft): 381,723										
<b>Binnsmead (1949) (1)</b>										
Middle School Enrollment	484	346	-	-	-	-	-	-	-	-
Gross Floor Area (sq ft): 0										
<b>Clarendon (1970) (4,19)</b>										
Gross Floor Area (sq ft): 42,958										
Elementary Enrollment	286	-	-	-	-	-	-	-	16	16
<b>Columbia Holding (1946) (14,28)</b>										
Gross Floor Area (sq ft): 37,746										
<b>Columbia Bus Barn Bldg (na) (29)</b>										
Gross Floor Area (sq ft): 9,600										
<b>Columbia Bus Parking (portable) (na) (29)</b>										
Gross Floor Area (sq ft): 960										
<b>Edwards (1961) (12,28)</b>										
Gross Floor Area (sq ft): 20,502										

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

	Footnotes	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Fernwood (1911)</b>	(4,19)										
Middle School Enrollment		347	-	-	-	-	-	-	-	-	-
Gross Floor Area (sq ft): 0											
<b>Foster (1962)</b>	(14,30)										
Gross Floor Area (sq ft): 12,462											
<b>Glenhaven Vocational Village (1913)</b>											
Gross Floor Area (sq ft): 63,714											
Focus/Alt Prog Enroll ( <b>Meek HS</b> )	(9)	-	-	-	-	-	-	-	-	-	-
<b>Green Thumb (1974)</b>											
Gross Floor Area (sq ft): 32,767											
<b>Gregory Heights (1923)</b>	(4,19)										
Gross Floor Area (sq ft): 95,438											
Middle School Enrollment		471	-	-	-	-	-	-	-	-	-
<b>Holladay Center w/ Annex (1961)</b>	(14)										
Gross Floor Area (sq ft): 61,457											
<b>Kellogg (1913)</b>	(5,31)										
Gross Floor Area (sq ft): 94,592											
Middle School Enrollment		269	-	-	-	-	-	-	-	-	-
<b>Kenton (1913)</b>	(12,28)										
Gross Floor Area (sq ft): 52,363											
Elementary Enrollment		-	-	-	-	-	-	-	-	-	-
<b>King Neighborhood Facility (1974)</b>	(28)										
Gross Floor Area (sq ft): 9,200											
<b>Ockley Green (1925)</b>	(10)										
Gross Floor Area (sq ft): 0											
Elementary School Enrollment		442	389	337	299	310	269	243	-	-	-
<b>Rice (1956)</b>											
Gross Floor Area (sq ft): 16,990											
<b>Sacajawea (1953)</b>	(26)										
Gross Floor Area (sq ft): 18,751											
<b>Smith (1958)</b>	(12,30)										
Gross Floor Area (sq ft): 38,472											
<b>East Sylvan (1933) (Bldg used by W. Sylvan)</b>	(32)										
Gross Floor Area (sq ft): 24,986											
<b>Terwilliger (1917)</b>											
Gross Floor Area (sq ft): 24,646											
<b>Tubman w/ Annex (1952)</b>	(5)										
Gross Floor Area (sq ft): 96,860											
Middle School Enrollment		131	-	-	-	-	-	-	-	-	-
<b>Wilcox (1959)</b>	(16)										
Gross Floor Area (sq ft): 19,102											
<b>Youngson (1955)</b>	(4,14,16)										
Gross Floor Area (sq ft): 32,824											

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

Footnotes	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
<b>Enrollment Summary:</b>										
Regular Programs										
Elementary Schools	22,385	23,817	24,625	25,145	25,397	25,992	26,577	27,051	27,015	27,159
Middle Schools	7,622	6,252	5,751	5,695	5,619	5,613	5,365	5,559	5,680	5,911
High Schools	11,950	11,629	11,033	11,034	10,978	10,810	10,551	10,585	10,807	11,183
Focus/Alternative Programs	1,716	1,432	1,587	1,642	1,663	1,689	1,739	1,699	1,716	1,817
Plus enrollment not normally within PPS facilities:										
Community Based Programs	1,303	1,342	1,282	1,206	1,275	1,150	1,207	1,055	1,034	964
Special Education Programs (7,13,14,15)	548	539	522	500	385	502	457	485	443	451
Public Charter Programs	<u>824</u>	<u>1,077</u>	<u>1,246</u>	<u>1,374</u>	<u>1,486</u>	<u>1,532</u>	<u>1,627</u>	<u>1,664</u>	<u>1,764</u>	<u>1,590</u>
Total Enrollment	<u>46,348</u>	<u>46,088</u>	<u>46,046</u>	<u>46,596</u>	<u>46,803</u>	<u>47,288</u>	<u>47,523</u>	<u>48,098</u>	<u>48,459</u>	<u>49,075</u>

**Gross Floor Area (sq ft) Summary:**

		<u>Oldest</u>	<u>Median</u>	<u>Newest</u>
Elementary Schools	3,476,534	104	74	10
Middle Schools	919,943	103	66	52
High Schools	2,734,878	107	90	57
Focus/Alternative Schools	276,901	108	95	63
Other Facilities	<u>1,253,298</u>	105	64	38
Total Gross Floor Area (sq ft)	<u>8,661,554</u>	108	69	10

**Sources:**

Gross Floor Area - PPS Facilities and Asset Management "Gross Floor Areas, Site Areas, and Year of Construction for Original Building on Site"; Rel. March 4, 2003. Gross area includes portables, fieldhouses, and tunnels; no unfinished attic space is included.

PPS System Planning and Performance department - School Profiles and Enrollment Data, October 2014-2015. Enrollment counts are compiled on or about the first of October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

**Footnotes:**

Program type (i.e., elementary, middle, high, etc.) reflects the most recent administrative assignment. In recent years enrollment counts are compiled on or about the first of October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated. Schools and programs that are no longer in operation are designated as 'closed'.

(1) For the 2008-09 school year, Binnsmead closed and Clark moved from the Clark site into the Binnsmead site. The Creative Science School Program (CSSP) expanded and moved from Bridger Elementary to the Clark site. Clark K-8 at Binnsmead was recently renamed Harrison Park K-8 school.

(2) The ACCESS Program was located at Sabin site but is a district-wide alternative education program drawing students district-wide. Starting in 2008-09 the enrollment for ACCESS was separated from Sabin elementary. Access was sharing Sabin location and on Sept. 2013 relocated to Rose City Park (note#23).

(3) For the 2008-09 school year, Scott and Rigler remained K-7 schools, and those students that matriculated from 7th to 8th grade attended the Madison 8th grade academy. For 2009-10, Scott and Rigler became K-8 Schools. For the 2011-12 school year, Rigler neighborhood 7th and 8th graders attended Vernon.

(4) For the 2007-08 school year, Clarendon ES and Portsmouth MS merged to form a KG-8 school. Enrollment counts for years prior to 2007-08 for Clarendon consist of grades KG-5 only. Enrollment counts for Portsmouth prior to 2007-08 are contained in the MS section of this report. Enrollment counts for the two schools should have been put into Portsmouth MS instead of Clarendon ES. FY 2009-10, enrollment for both schools is captured in the Portsmouth MS line in the elementary section of the report and Clarendon ES is moved to the inactive list. On July 17, 2010, Clarendon-Portsmouth was renamed Cesar Chavez. Similarly, Hollyrood ES and Fernwood MS merged to form a KG-8 school (renamed Beverly Cleary) as did Rose City Park ES and Gregory Heights MS (renamed Roseway Heights). Square Footage for Beverly Cleary @ Fernwood and Beverly Cleary @ Hollyrood is now under Beverly Cleary. Clarendon opened in 2015 as RELA (Regional Early Learning Academy Center).

(5) For the 2007-08 school year, Kellogg MS was closed. Eighth grade students that would have been enrolled at Kellogg for the 2007-08 school year were enrolled at Franklin HS. Tubman MS was also closed and a new Young Women's Academy was opened on the Tubman campus as part of Jefferson High School. Effective 2011-12, students in the Jefferson cluster had the choice to attend either the new Jefferson Middle College program or a neighborhood comprehensive high school program at Roosevelt, Madison or Grant, depending on where they lived within the Jefferson cluster boundaries. Young Women's Academy was closed in FY 11-12. Starting with the 2015-16 school year, Tubman is occupied by Faubion K-8 students during construction of a new Faubion building.

(6) Transitioning or recently transitioned to K-8. In the 2015-16 school year, Rigler transitioned from K-8 to K-5.

(7) Day and Residential Treatment Programs (Long Term Care and Treatment) are located at Whiteshield, Nickerson, Johns Landing, Breakthrough and Hand in Hand sites. The administrative department is located at Benson High School.

(8) No students enrolled for current school year.

(9) For the 2006-07 school year, Meek Professional Technical HS, Portland Night HS at Grant, Marshall Night HS, and Madison Focus (shown in Madison enrollment in prior years) merged to form Alliance High School.

(10) For the 2006-07 school year, Ockley Green converted from a Middle School to a KG-8, and Kellogg and Portsmouth no longer received sixth grade students. Due to overcrowding at Ockley Green, the School was merged with Chief Joseph to form Chief Joseph/Ockely Green K-8.

(11) For the 2005-06 school year, two high schools located at the Marshall campus, Linus Pauling Academy and Portland Academy of International Studies, merged into one school renamed Pauling Academy of Integrated Sciences.

(12) Applegate, Edwards, Kenton, Richmond and Smith Elementary Schools were closed at the end of the 2004-05 school year. Whitaker Middle school was closed as well. Most elementary school-aged students residing in the Applegate neighborhood area went on to attend Woodlawn. Similarly, students residing in the Edwards neighborhood area went on to attend Abernethy, those at Kenton to Chief Joseph; those at Richmond to Abernethy, Creston or Glencoe; and those at Smith went on to Capitol Hill, Maplewood or Markham. Most middle school students residing in the Whitaker neighborhood area went on to attend Tubman. A new focus/option school was established at the Richmond ES site. Applegate is now used for Headstart. Edwards is now leased to Trillium Service. Kenton is leased to Delasalle North School.

(13) For the 2004-05 school year, the Environmental Middle School combined with Sunnyside Elementary and was renamed as Sunnyside Environmental School. In addition, the Odyssey program and its students (formerly at Chapman Elementary) moved to Hayhurst Elementary. The Family Cooperative program (formerly at Sunnyside) moved to Bridger Elementary.

**Schedule 16**  
**SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON**  
**School Building and Student Enrollment Information**  
**Last Ten Fiscal Years (continued)**

**Footnotes (continued):**

(14) Pioneer Schools consist of elementary, middle and high school programs. It was formerly known as ES B Program at Youngson, MS B Program at Foster and HS B Program at Columbia. Pioneer is now located at Holladay Center and Youngson.

(15) As of the 2003-04 school year, enrollment summaries no longer include the following programs: Hospital Programs (Emanuel, Oregon Health Science University, Shriners Hospitals); M.E.S.D. Functional Living Skills; Portland Early Intervention Program (PeiP) and Columbia Regional Programs (Autism, Deaf and Hard of Hearing, Orthopedic and Vision Oregon State and Oregon State and Services). Administration of the Hospital Programs, Functional Living Skills and PeiP was transferred to Multnomah Education Service District (M.E.S.D.). Historically, enrollments reported for Columbia Regional Programs represent non-District students served by PPS staff on a part-time basis. For purposes of State reporting, membership (i.e., enrollment) the Columbia Regional Program students are reported by the resident District.

(16) Brooklyn and Meek Elementary Schools were closed at the end of the 2002-03 school year. Most students residing in the Brooklyn neighborhood area went on to attend Grout Elementary, while those residing in the Meek neighborhood area attended Vernon Elementary. Similarly, Wilcox and Youngson Elementary Schools were closed at the end of the 2001-02 school year. Most students residing in the Wilcox neighborhood area went on to attend Vestal Elementary, while those residing in the Youngson neighborhood area attended Bridger Elementary. Winterhaven now operates in the Brooklyn Building. Square Footage which was at Brooklyn is now recorded at Winterhaven and Brooklyn square ft. is now zero. Youngson facility is now used for Special Education.

(17) On November 10, 2009, a portion of the Marysville K-8 school was destroyed as a result of a fire. Marysville K-8 school students and staff were moved into the Rose City Park building temporarily until the school was renovated. Marysville moved out of Rose City Park in December, 2012 and moved back to Marysville location in January, 2013.

(18) Clark K-8 @ Binnsmead was renamed Harrison Park K-8 school in July 2009.

(19) In FY 2009-10 Gregory Heights MS, Clarendon ES and Fernwood were moved to the inactive list.

In FY 14-15 Clarendon facility was re-activated for Early Learning and Headstart.

(20) In FY 2009-10, at Jefferson High School, the Academy of Arts & Tech; Science & Tech; School of Champions; School of Pride and the Young Men's Academy programs within Jefferson High School were closed. The Young Men's Academy students returned to Jefferson.

(21) As of 7/1/2011, Marshall High School no longer operated as a high school. Students in the Harrison Park K-8 School area attend Madison High School. Students in the Kelly and Woodmere Elementary School areas, and the Bridger, Lent and Marysville K-8 areas, attend Franklin High School. Students in the Whitman Elementary School area attend Cleveland High School. As of the 2015-16 school year, Marshall campus was used by Franklin High School while Franklin was under renovation.

(22) For FY 2015-16, the Focus/Alt Program enrollment of 30 at Turnaround includes the Reconnection Center (28) Teen Parent Program (1) and Ramona Early Childhood (1). In FY 2013-14 International Scholars Academy started at this site.

(23) In 2007 Rose City Park was consolidated with Gregory Heights. After the consolidation the building was named as Rose City Park.

Rose City Park location became inactive in December, 2012. On September, 2013 Access Academy relocated in Rose City Park Building.

(24) Humboldt closed on June 30, 2012. Students from Humboldt now attend the Boise-Elliott location. Now this space is used for storage.

(25) The North parcel of the Children's Service Center(CSC) site, formerly Washington High School, was sold to private development. The South site parcel is under review for building demolition and resale pending City and DEQ regulation. It is now referred to as the DEQ site. DEQ building will not be demolished.

(26) Applegate and Sacajawea facilities are now used for the Headstart Program.

(27) Sold- Entity building sold, therefore Sq.Ft. is removed from total. The schools remain on the list while students remain on the list, for 10 years.

(28) Leased- Edwards is leased to Trillium. Kenton is leased to Delasalle North School. King Neighborhood Facility is leased to N.E.C.N. and SEI which is part of Columbia Holding is now leased to Bridges Middle School.

(29) Columbia Bus Barn Building and Columbia Bus Parking (portable) facility is now used for Transportation Services.

(30) Vacant/Inactive- Smith is now vacant and inactive.

(31) Kellogg - Vacant facility is now used by BESC for storage of furniture.

(32) East Sylvan facility was used by East and West Sylvan. East Sylvan had 6th grade and West Sylvan had 7th-8th grade. East Sylvan was closed at the end of the 2014-15 school year, and those students were relocated to West Sylvan. All Student numbers are represented under West Sylvan data.

(33) As of June 30, 2016 Roosevelt, Faubion and Franklin buildings were partially or completely demolished as part of the renovation/reconstruction funded by the 2012 GO Bond.





**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS**



**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

**ACHIEVE MORE**

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4293

P 503.274.2849  
F 503.274.2853

[www.tkw.com](http://www.tkw.com)

## **INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS**

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2016, and have issued our report thereon dated December 2, 2016.

### **COMPLIANCE**

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- State school fund factors and calculation.
- Public charter school requirements.

An Independently Owned Member  
**MCGLADREY ALLIANCE**

 **McGladrey**

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

Page 2

**COMPLIANCE (Continued)**

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

**State School Fund Factors and Calculation:**

- The number of years of teacher experience reported by the District was either overstated or understated for sixteen of the sixty teachers in our sample. The total overstatement of years of experience was 18.

**Local Budget Law**

- The final supplemental budget for 2015/16 was not published in accordance with ORS 294.426(5a).

**OAR 162-10-0230 INTERNAL CONTROL**

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

**RESTRICTIONS ON USE**

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

*Talbot, Kowola & Warwick LLP*

Lake Oswego, Oregon  
December 2, 2016

## Portland Public Schools Nondiscrimination Statement

---

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. The District is committed to equal opportunity and nondiscrimination in all its educational and employment activities. The District prohibits discrimination based on race; national or ethnic origin; color; sex; religion; age; sexual orientation; gender expression or identity; pregnancy; marital status; familial status; economic status or source of income; mental or physical disability or perceived disability; or military service.

Board of Education Policy 1.80.020-P

### Contact Information for Civil Rights Matters

---

District Title VI and Title IX: Greg Wolleck	Phone: 503-916-3963
District 504: Tammy Jackson	Phone: 503-916-5460
American Disabilities Act: Human Resources	Phone: 503-916-3544

### 2015-16 CAFR Preparation

---

Yousef Awwad, CPA, CGMA, PMP, MBA, Chief Financial Officer  
Joanne Ossanna, Interim Sr. Director Accounting and Payroll  
David Wynde, Deputy Chief Financial Officer & Budget Director

#### Accounts Payable

Harriet Deary, CAPP, Sr. Mgr. Accounts Payable  
Suzanne Rademacher, AP Accountant I  
Abdullah Elmadhoun, AP Accountant III  
Jeannie Langston, AP Accountant I  
Joy Beach, AP Accountant I  
Gretta Robert, AP Accountant I  
Shawn Martinez, P-Card Accountant III  
Chad Hepner, AP Clerk

#### General Ledger/Financial Reporting

Cheryl Anselone, CPA, Interim Asst. Director Accounting  
Greg Lecuyer, General Ledger Sr. Analyst  
Darwin Dittmar, Sr. Bond Accountant  
Tami Christenson, Student Body Funds  
General Ledger Accountant III  
Premila Kumar, General Ledger Accountant III  
Amoy Williamson, CPA, Student Body Funds  
Auditor

#### Grant Accounting

David Shick, Sr. Manager Grant Accounting  
Christie Bailey, Sr. Financial Analyst  
Ruby Beecham, Grant Accountant III  
Susan Jeannet, Grant Accountant III  
Chris Roe, Grant Accountant III

#### Payroll

Ondra Matthews, CPP, Asst. Director Payroll  
Jeanette Riopelle, CPP, Payroll Functional Lead  
Elaine Budlong, Sr. Payroll Specialist  
Debbie Chan, FPC, Sr. Payroll Coordinator  
Shawna Geer, Payroll Clerk I  
Connie Preci, Payroll Specialist PERS  
Marina Vlasenko, FPC, Sr. Payroll Specialist  
Marisha Reese, Sr. Payroll Specialist  
Tori Hilbruner, Sr. Payroll Specialist

#### Treasury / Accounts Receivable

Barb Gibbs, Sr. Manager Treasury  
Jill Bellone, Accounts Receivable Accountant II  
Matthew Howe, Accounts Receivable Clerk  
Teresa Eckblad, Accounts Receivable Clerk

#### Financial Systems

Jeanne Morgan, Sr. Mgr. Financial Systems  
Kathleen Hiigel, Financial Systems Analyst  
Lonnie Doi, PS Functional Lead

Special thanks to Sara Bottomley, Assistant Budget Director and the Budget Department staff

School District No. 1J, Multnomah County, Oregon

# PORTLAND PUBLIC SCHOOLS



## REPORT ON REQUIREMENTS OF THE SINGLE AUDIT ACT

For the year ended June 30, 2016



Artist's rendering of the modernized Roosevelt High School,  
scheduled for completion in the Fall of 2017

## About the Cover

The modernized Roosevelt High School offers the first new PPS high school buildings in nearly 50 years. Roosevelt High School is one of four schools being rebuilt or modernized as part of the 2012 School Building Improvement Bond. Currently both Faubion PK-8 and Franklin High School are under construction, and schematic design is underway at Grant High School.

In late August 2016, Roosevelt students and staff returned to a transformed school. The new buildings included 33 general education classrooms plus several Career Technical Education (CTE) classrooms, a two-court main gymnasium, and three new community program spaces. In early 2017 additional new facilities will open including the new commons/cafe, auxiliary gym, and a state of the art theater. In the fall of 2017, the fully renovated historic 1921 building will reopen providing additional new classrooms, the main office, counseling center, and the Albina Head Start facility.

Bond money is also being used to fix leaking and deteriorating roofs and make seismic safety, accessibility and science classroom improvements at up to 63 other schools.

Portland Public Schools

**Report on Requirements of the  
Single Audit Act**

**For the year ended June 30, 2016**

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Accounting and Payroll Services Department



**School District No. 1J,  
Multnomah County, Oregon  
Portland Public Schools**

**Table of Contents**

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	12
Schedule of Prior Audit Findings	23









**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

**ACHIEVE MORE**

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4293

P 503.274.2849  
F 503.274.2853

[www.tkw.com](http://www.tkw.com)

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Portland, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2016.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an

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

**COMPLIANCE AND OTHER MATTERS (Continued)**

objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**PURPOSE OF THIS REPORT**

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

*Talbot, Kowola & Warwick LLP*

Lake Oswego, Oregon  
December 2, 2016



Talbot, Korvola  
& Warwick, LLP

Certified Public Accountants  
& Consultants

*ACHIEVE MORE*

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4293

P 503.274.2849  
F 503.274.2853

www.tkw.com

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED  
BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
School District No. 1J, Multnomah County, Oregon  
Portland, Oregon

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited School District No. 1J, Multnomah County, Oregon (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

**MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**AUDITOR'S RESPONSIBILITY**

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

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

**OPINION ON EACH MAJOR FEDERAL PROGRAM**

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

An Independently Owned Member  
McGLADREY ALLIANCE

 McGladrey

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED  
BY THE UNIFORM GUIDANCE (Continued)**

**OTHER MATTERS**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 through 2016-007. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 through 2016-007, which we consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED  
BY THE UNIFORM GUIDANCE (Continued)**

**REPORT ON INTERNAL CONTROL OVER COMPLIANCE (Continued)**

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

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE  
UNIFORM GUIDANCE**

We have audited the financial statements of the District as of and for the year ended June 30, 2016, and have issued our report thereon dated December 2, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Talbot, Kowola & Warwick LLP*

Lake Oswego, Oregon  
December 2, 2016









**Schedule of Expenditures of Federal Awards  
for the Year Ended June 30, 2016**

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Beg. Date	End Date			
<b>Department of Transportation</b>							
Federal Transit Administration							
Federal Transit Cluster							
<b>20.507</b>	<b>Federal Transit Formula Grants</b>						
G1541	Healthy Travel Options to School	933658	7/1/15	6/30/17	Pass-Through	\$ 12	
<b>Total Federal Transit Cluster</b>						<b>12</b>	
Pass-Through from METRO						12	
<b>Department of Transportation Total</b>							<b>12</b>
<b>Department of Education and Human Resources</b>							
National Science Foundation							
<b>47.076</b>	<b>Education and Human Resources Project Grants</b>						
G1477	Cornell Lab of Ornithology AISL Award	Letter	11/1/14	9/30/16	Pass-Through	9,111	
Pass-Through from Cornell University						9,111	
<b>Department of Education and Human Resources Total</b>							<b>9,111</b>
<b>Department of Energy</b>							
Bonneville Power Administration							
<b>81.xxx</b>							
G1585	Title VII - OMSI STEM Classes	72736	5/4/16	9/30/16	Direct	17,100	
Direct Funding						17,100	
<b>Department of Energy Total</b>							<b>17,100</b>
<b>Department of Education</b>							
Office of Career, Technical, and Adult Education							
<b>84.048</b>	<b>Career and Technical Education - Basic Grants to States</b>						
G1418	Carl Perkins 14/15	31773	7/1/14	9/30/15	Pass-Through	123,834	
G1521	Carl Perkins 15/16	36418	7/1/15	9/30/16	Pass-Through	345,803	
						<u>469,637</u>	

**Schedule of Expenditures of Federal Awards  
for the Year Ended June 30, 2016**

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Beg. Date	End Date			
<b>Department of Education - (Continued)</b>							
<b>Office Of Elementary and Secondary Education</b>							
<b>84.010 Title I Grants to Local Education Agencies</b>							
G1410	Title I - School Budgets	32666	7/1/14	9/30/16	Pass-Through	\$ 214,723	
G1411	Title I - Central	32666	7/1/14	9/30/16	Pass-Through	1,137,893	
G1412	Title ID	32517	7/1/14	9/30/15	Pass-Through	29,184	
G1432	Priority/Focus Improvement - Cesar Chavez	32809	7/1/14	9/30/15	Pass-Through	10,790	
G1433	Priority/Focus Improvement - Jefferson	32811	7/1/14	12/30/15	Pass-Through	24,087	
G1434	Priority/Focus Improvement - Lane	32812	7/1/14	9/30/15	Pass-Through	18,169	
G1435	Priority/Focus Improvement - Ockley Green / Chief Joseph	32810	7/1/14	11/30/15	Pass-Through	12,099	
G1436	Priority/Focus Improvement - Rigler	32813	7/1/14	9/30/15	Pass-Through	12,217	
G1437	Priority/Focus Improvement - Rosa Parks	32814	7/1/14	9/30/15	Pass-Through	2,966	
G1438	Priority/Focus Improvement - Scott	32815	7/1/14	9/30/15	Pass-Through	21,788	
G1439	Priority/Focus Improvement - Sitton	32816	7/1/14	9/30/15	Pass-Through	7,784	
G1443	Priority/Focus Improvement - Woodmere	32819	7/1/14	9/30/15	Pass-Through	10,064	
G1457	Title I - Focus and Priority Set Aside	32666	7/1/14	9/30/16	Pass-Through	23,419	
G1500	Title I - School Budgets	36057	7/1/15	9/30/16	Pass-Through	4,527,685	
G1501	Title I - Central	36057	7/1/15	9/30/16	Pass-Through	5,242,664	
G1502	Title I - Focus and Priority Set Aside	36057	7/1/15	9/30/16	Pass-Through	291,623	
G1503	Title ID	36569	7/1/15	9/30/16	Pass-Through	86,571	
G1507	Priority/Focus Improvement - Cesar Chavez	37113	7/1/15	9/30/16	Pass-Through	21,780	
G1508	Priority/Focus Improvement - Jefferson	37114	7/1/15	9/30/16	Pass-Through	24,679	
G1509	Priority/Focus Improvement - Lane	37115	7/1/15	9/30/16	Pass-Through	37,000	
G1511	Priority/Focus Improvement - Rigler	37116	7/1/15	9/30/16	Pass-Through	36,578	
G1512	Priority/Focus Improvement - Rosa Parks	37117	7/1/15	9/30/16	Pass-Through	11,473	
G1513	Priority/Focus Improvement - Scott	37118	7/1/15	9/30/16	Pass-Through	19,128	
G1514	Priority/Focus Improvement - Sitton	37119	7/1/15	9/30/16	Pass-Through	32,346	
G1516	Priority/Focus Improvement - Whitman	37120	7/1/15	9/30/16	Pass-Through	32,016	
G1517	Priority/Focus Improvement - Woodmere	37121	7/1/15	9/30/16	Pass-Through	26,983	
						11,915,709	
<b>84.011 Migrant Education - State Grant Program</b>							
G1414	Title IC - Migrant Education Preschool	33588	7/1/14	9/30/15	Pass-Through	6,573	
G1415	Title IC - Migrant Education Summer	35112	4/15/15	9/30/15	Pass-Through	27,187	
G1504	Title IC - Migrant Education	37725	7/1/15	9/30/16	Pass-Through	127,264	
G1506	Title IC - Migrant Education Summer	40021	4/15/16	9/30/16	Pass-Through	4,604	
						165,628	
<b>84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth</b>							
G1537	Title I N&D - Portland DART Schools	38530	7/1/15	6/30/16	Pass-Through	216,910	
<b>84.196 Education for Homeless Children and Youth</b>							
G1474	Title X - McKinney-Vento Homeless Education	34334	7/1/14	9/30/15	Pass-Through	7,894	
G1546	Title X - McKinney-Vento Homeless Education	36744	7/1/15	9/30/16	Pass-Through	10,075	
						17,969	

**Schedule of Expenditures of Federal Awards  
for the Year Ended June 30, 2016**

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Beg. Date	End Date			
<b>Department of Education - (Continued)</b>							
<b>Office Of Elementary and Secondary Education - (Continued)</b>							
<b>84.287 Twenty-First Century Community Learning Centers (CLCs)</b>							
G1336	21st Century CLCs - Cohort 3 Yr 1	28310	7/1/13	9/30/15	Pass-Through	\$ 98,620	
G1425	21st Century CLCs - Cohort 3 Yr 2	32279	7/1/14	9/30/16	Pass-Through	305,047	
G1525	21st Century CLCs - Cohort 3 Yr 3	36391	7/1/15	9/30/17	Pass-Through	43,091	
						<u>446,758</u>	
<b>84.330 Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)</b>							
G0972	International Baccalaureate (IB) Fee Payment Program	Agreement	7/1/09	6/30/16	Pass-Through	75,550	
<b>84.365 English Language Acquisition State Grants</b>							
G1417	Title III - Language Instruction	32357	7/1/14	9/30/16	Pass-Through	168,711	
G1520	Title III - Language Instruction	36356	7/1/15	9/30/16	Pass-Through	405,109	
						<u>573,820</u>	
<b>84.367 Supporting Effective Institution State Grants (formerly Improving Teacher Quality State Grants)</b>							
G1326	Title IIA - Teacher Quality	28726	7/1/13	9/30/15	Pass-Through	248,302	
G1416	Title IIA - Teacher Quality	32990	7/1/14	9/30/16	Pass-Through	852,601	
G1458	Title IIA - Private School Allocation	32990	7/1/14	9/30/16	Pass-Through	141,291	
G1518	Title IIA - Teacher Quality	36254	7/1/15	9/30/16	Pass-Through	1,375,531	
G1519	Title IIA - Private School Allocation	36254	7/1/15	9/30/16	Pass-Through	107,783	
G1543	OMP New Facilitators Professional Learning	35547	4/1/15	6/30/17	Pass-Through	17,747	
						<u>2,743,255</u>	
<b>84.060A Indian Education - Grants to Local Educational Agencies</b>							
G1523	Indian Education	S060A150938	7/1/15	6/30/16	Direct	92,088	
<b>School Improvement Grants Cluster</b>							
<b>84.377 School Improvement Grants</b>							
G1348	School Improvement - Madison	28057	7/1/13	9/30/15	Pass-Through	89,019	
G1459	School Improvement - Woodlawn	31397	5/9/14	9/30/15	Pass-Through	199,359	
G1566	School Improvement - Woodlawn	38987	6/1/15	9/30/16	Pass-Through	351,861	
						<u>640,239</u>	
					<b>Total School Improvement Grants Cluster</b>	<b>640,239</b>	

**Schedule of Expenditures of Federal Awards  
for the Year Ended June 30, 2016**

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Beg. Date	End Date			
<b>Department of Education - (Continued)</b>							
<b>Office Of Special Education and Rehabilitative Services</b>							
<b>Special Education Cluster (IDEA)</b>							
<b>84.027 Special Education - Grants to States</b>							
G1342	Columbia Regional - IDEA 13/15	IGA/R 59939	7/1/13	6/30/15	Pass-Through	\$ 238,517	
G1419	IDEA Enhancement - 14/15	33787	10/1/14	9/30/15	Pass-Through	21,218	
G1421	IDEA Part B, 611 14/15	33362	7/1/14	9/30/16	Pass-Through	4,464,665	
G1499	Columbia Regional - IDEA 15/17	IGA/R 59939-2	7/1/15	6/30/17	Pass-Through	4,967,511	
G1524	Special Ed - SPR&I 15/16	37977	8/1/15	6/30/16	Pass-Through	26,471	
G1529	Extended Assessment- 15/16	35794	7/1/15	6/30/16	Pass-Through	7,112	
G1531	TBI Liaison 15/16	35710	7/1/15	6/30/16	Pass-Through	21,250	
G1533	IDEA Part B, Section 611 15/16	36948	7/1/15	9/30/17	Pass-Through	3,555,466	
G1536	IDEA Portland Dart - LTCT 15/16	38505	7/1/15	6/30/17	Pass-Through	124,467	
G1545	Audiology Support 15/16	35718	7/1/15	6/30/16	Pass-Through	503,334	
G1547	CRP Accomodation for Staff Training	35722	7/1/15	11/1/15	Pass-Through	119,632	
G1548	D/HH EI/ECSE Classroom Move 15/16	35723	7/1/15	9/15/15	Pass-Through	8,750	
G1560	IDEA Enhancement - 15/16	38413	10/1/15	9/30/16	Pass-Through	11,522	
						<u>14,069,915</u>	
<b>84.173 Special Education Preschool Grants</b>							
G1363	IDEA Part B, 619 13/14	28919	7/1/13	9/30/15	Pass-Through	16,325	
G1444	IDEA Part B, 619 14/15	33520	7/1/14	9/30/16	Pass-Through	93,631	
G1534	IDEA Part B, 619 15/16	37239	7/1/15	9/30/17	Pass-Through	3,616	
G1584	IDEA Part B., 619 LTCT 15/16	39385	7/1/15	6/30/16	Pass-Through	1,998	
						<u>115,570</u>	
<b>Total Special Education (IDEA) Cluster</b>						<b>14,185,485</b>	
<b>84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States</b>							
G1522	BVI Pre-employment Transition Services	IGA 62128	7/1/15	9/30/16	Pass-Through	115,000	
G1496	YTP Vocational Rehabilitation	IGAR 61967	7/1/15	6/30/17	Pass-Through	73,425	
						<u>188,425</u>	
<b>84.326 Special Education - Personal Development to Improve Services and Results for Children with Disabilities</b>							
G1407	SWIFT Schools	34982	1/15/15	10/14/16	Pass-Through	19,909	
G1483	SWIFT 2014 Carryover Funds	35011	10/15/14	10/14/16	Pass-Through	3,914	
						<u>23,823</u>	
<b>Office of Vocational and Adult Education</b>							
<b>84.360A School Dropout Prevention Program</b>							
G1116	School Dropout Prevention Program	S360A100137	10/1/10	6/30/16	Direct	600,955	
<b>Institute of Education Sciences</b>							
<b>84.305E Education Research, Development and Dissemination</b>							
G1281	Effect of Dual-Language Immersion on Student Achievement	R305E120003	7/24/12	6/30/16	Pass-Through	31,312	

**Schedule of Expenditures of Federal Awards  
for the Year Ended June 30, 2016**

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Beg. Date	End Date			

**Department of Education - (Continued)**

**Office of Postsecondary Education**

**84.334A Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)**

G1188	GEAR UP - College Ahead Program	P334A110243	9/26/11	9/25/18	Direct	\$ 1,092,462	
G1455	GEAR UP - Mobilizing for College	P334A140180	9/25/14	9/24/21	Direct	1,084,896	
						2,177,358	

Direct Funding	2,870,401
Pass-Through from Oregon Department of Education	31,474,783
Pass-Through from Oregon Commission for the Blind	115,000
Pass-Through from Rand Corporation	31,312
Pass-Through from Oregon Department of Human Services	73,425

**Department of Education Total**

**34,564,921**

**Department of Health and Human Services**

**Substance Abuse And Mental Health Services Administration**

**93.243 Substance Abuse and Mental Health Services - Projects of Regional and National Significance**

G1149	Proactive Classroom Management Initiative	10SM60302A	9/30/10	6/30/16	Direct	11,797	
-------	---	------------	---------	---------	--------	--------	--

**Administration For Children And Families**

**Child Care and Development Fund (CCDF) Cluster**

**93.575 CCDF Block Grant**

G1377	Teen Parent Services	9965 amend 5	7/1/13	6/30/17	Pass-Through	63,100	
-------	----------------------	--------------	--------	---------	--------------	--------	--

**Total Child Care and Development Fund Cluster 63,100**

**93.600 Head Start**

G1527	Head Start - Federal 15/16	10CH0193-03-00	11/1/15	10/30/16	Direct	3,811,370	
-------	----------------------------	----------------	---------	----------	--------	-----------	--

**93.658 Foster Care - Title IV-E Recovery Act**

G1234	Foster Care Transportation	IGAR 58988	9/1/11	9/1/16	Pass-Through	6,258	
-------	----------------------------	------------	--------	--------	--------------	-------	--

**Centers for Medicare and Medicaid Services**

**Medicaid Cluster**

**93.778 Medical Assistance Program**

S0027	Medicaid Revenue - Regional Durable Medical Equipment		7/1/15	6/30/16	Pass Through	20,514	
S0054	Medicaid Revenue - DART Program		7/1/15	6/30/16	Pass Through	721	
S0085	Medicaid Revenue - DHC Nursing		7/1/15	6/30/16	Pass Through	1,077	
S0278	Medicaid Revenue - Pioneer		7/1/15	6/30/16	Pass Through	264	
S0279	Medicaid Revenue - Speech Pathology		7/1/15	6/30/16	Pass Through	2,303	
						24,879	

**Total Medicaid Cluster 24,879**

Direct Funding	3,823,167
Pass-Through from OR Dept. of Education Child Care Division	63,100
Pass-Through from Oregon Department of Human Services	31,137

**Department of Health and Human Services Total**

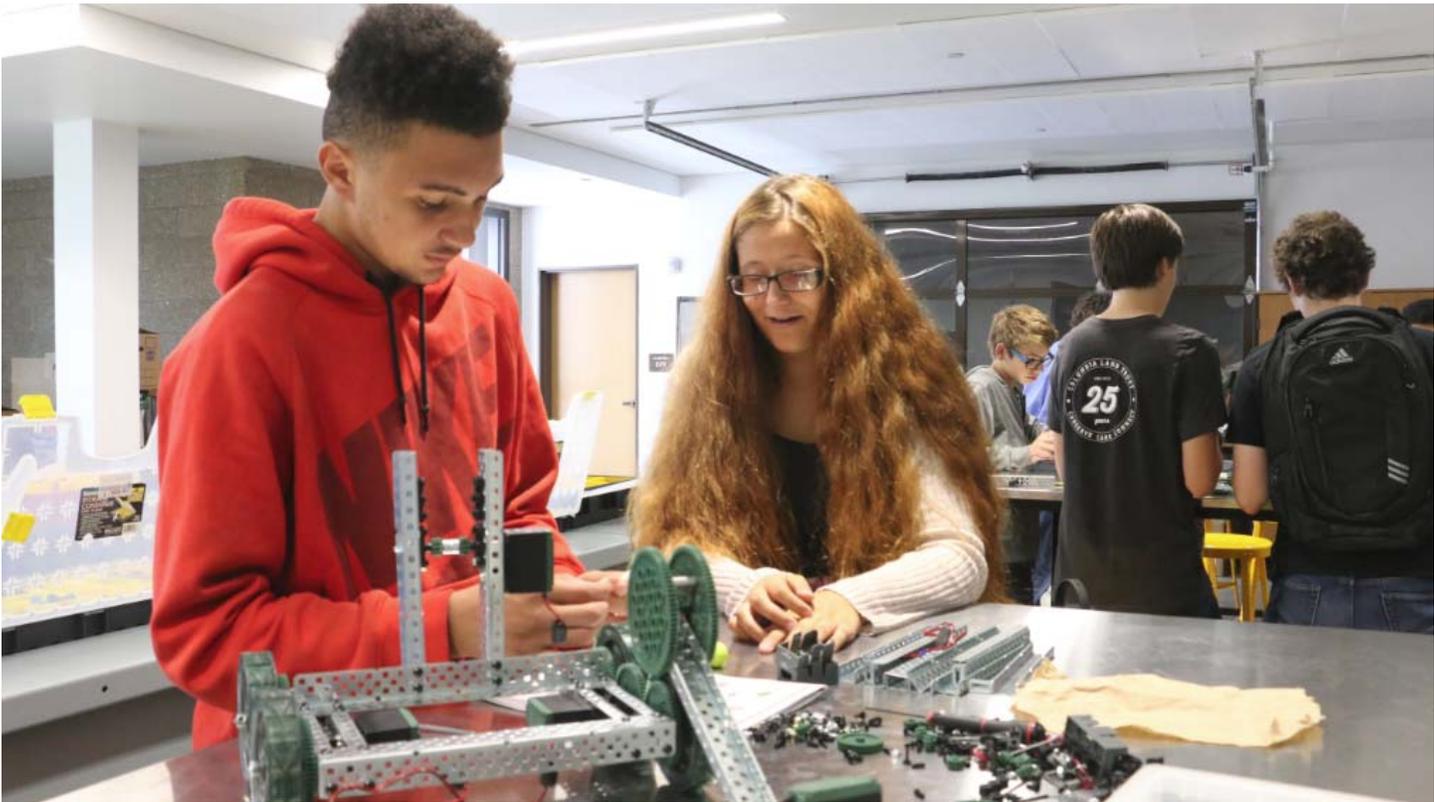
**3,917,404**

**Grand Total**

**\$ 54,001,789**

This schedule is prepared on the modified accrual basis of accounting.

<sup>1</sup> Donated food is valued at estimated fair value. Donated food was allocated between 10.553, 10.555 and 10.558.





SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

**Federal Awards:**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of <i>Uniform Guidance</i> ?	Yes

Identification of major programs:

<b>CFDA NUMBER(S)</b>	<b>NAME OF PROGRAM OR CLUSTER</b>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.287	Twenty-First Century Community Learning Centers (CLCs)
84.367	Supporting Effective Institution State Grants
84.334A	Gaining Early Awareness and Readiness for Undergraduate Programs
93.600	Head Start

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS (Continued)**

Dollar threshold used to distinguish between type A and type B programs	\$ 1,620,054
Auditee qualified as low-risk auditee?	No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2016-001**

CFDA: 84.287

Program Title: Twenty-First Century Community Learning Centers (CLCs)

Criteria: Per section C. Cash Management of Part 3 – Compliance Requirements, of the OMB Circular A-133 Compliance Supplement 2016, “when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.”

Condition: From a population of 11 draws totaling \$425,953, 4 draws totaling \$149,818 were selected for testing. In one draw, \$1,548 was found not to have been paid prior to the reimbursement request. We noted the amount of questioned costs for findings related to this requirement is the interest calculated for the time between the draw and the payment of the cost. Using the error rate of 1.03%, the amount of questioned costs calculated using a reasonable interest rate of 0.875% is negligible.

Context: The District did not pay for all program costs before requesting reimbursement.

Effect: If reimbursements are requested prior to a cost being paid by the District, the District is out of compliance with the Cash Management requirements of the grant program. The District is able to earn interest revenue on Federal dollars held, which the compliance requirements are in place to minimize.

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

**Finding 2016-001, (cont.)**

Cause: The controls in place were not sufficient to prevent or detect errors with regard to the cash management compliance requirements for federal grant monies. The errors resulted from manual adjustments made to the amount of Unbilled Accounts Receivable for which reimbursements are requested.

Recommendation: We recommend that the District review all adjustments to the amount of Unbilled Accounts Receivable submitted for reimbursement for compliance with Cash Management requirements.

Management Response: We understand and concur with the finding and recommendation. Beginning July 1, 2016, qualifying expenses recorded via journal entry to federally funded programs will be reviewed by the Senior Manager of Grant Accounting, for evidence that they were paid prior to the District's request for reimbursement of those expenses.

**Finding 2016-002**

CFDA: 93.600

Program Title: Head Start

Criteria: Per 45 CFR 1304.51, grantee agencies must establish and maintain efficient and effective reporting systems that generate official reports for Federal authorities. Per the OMB Circular A-133 Compliance Supplement 2016 Part 3 – Compliance Requirements, section L. Reporting, the auditee must submit reports that are complete and accurate. Per the Administration for Children and Families Program Instructions “Changes in Federal Reporting,” (ACF-PI-HI-16-01) for Head Start budget periods beginning November 1, the Final SF-425 must be submitted by January 30 of the following period.

Condition: The District is required to submit a semi-annual SF-425, due 90 days after the end of the first six month grant period, as well as a final SF-425, due 90 days after the end of the grant period. Due to the timing of the reports, the first report submitted in the fiscal year was the final SF-425 for the prior year grant. This was selected for testing along with the semi-annual SF-425 submitted during the fiscal year for the first six months of the grant period. The final report tested was found to have been submitted late. The semi-annual report was found to contain inaccuracies with regard to the amount of local funds expended. Therefore, the control over the reporting function failed in both instances.

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

**Finding 2016-002, (cont.)**

Context: The District did not submit the required SF-425 reports in a timely and accurate manner.

Effect: We noted that the amount of local funds reported as expended was inaccurate. The amount of local funds expended is used for the purpose of determining whether the matching requirements have been met. While the matching requirements were met when calculated using the corrected amount of local expenditures, the error is a control deficiency. The report which was filed late is an instance of noncompliance. Noncompliance and control deficiencies may jeopardize the Head Start Program, as program is funded by annual grants.

Cause: The numerical inaccuracies on the SF-425 were due to a copy and paste error, which was not detected by the review process. It appears the late reporting was due to an error in timing the preparation and subsequent review of the report.

Recommendation: We recommend management review the detail of the SF-425 reports prior to timely submission.

Management Response: We understand and concur with the finding and recommendation. Beginning with the first report due during fiscal year 2016-17, the Senior Manager of Grant Accounting will assure there is evidence of review by both the grant accountant responsible for the Head Start Grants as well as the Senior Manager of Grant Accounting, prior to submitting the report to the Director of Head Start for final review. Management will also implement processes to monitor report deadlines, to ensure that all reports are filed in a timely manner.

**Finding 2016-003**

CFDA: 93.600

Program Title: Head Start

Criteria: Per the OMB Circular A-133 Compliance Supplement 2016, Part 3, C. Cash Management, "When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government." Per review of the grant award documents, the District's Head Start program is funded on a reimbursement basis. The costs for which reimbursements are requested must be paid prior to the date of the reimbursement request.

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**Finding 2016-003, (cont.)**

**Condition:** From a population of three cash drawdowns, two were selected for testing. Both were found to be noncompliant due to the accrual of wages not paid prior to the reimbursement request. This cash management noncompliance applies to the entire population. As payroll expenditures are allowable, the expenditures themselves are not questioned costs. The purpose of the cash management requirements are to minimize interest earned on Federal dollars, therefore the questioned costs are interest earned on Federal dollars which were retained and not returned to the Treasury. Estimated likely questioned costs were calculated using an interest rate equal to the current Local Government Investment Pool rate earned by the District, as this is the largest interest bearing account held. With accrued payroll costs ranging over a period of 7 months, the estimated interest earned on Federal monies is \$1,071.

**Context:** Accrued payroll amounts were included in the costs submitted for reimbursement, and therefore had not been paid out by the date of the reimbursement request.

**Effect:** The District was out of compliance with each cash draw for the program in the current year due to a District policy regarding payroll accruals where Federal awards are used. Noncompliance with the terms of the award may result in the suspension or termination of this Federal award as well as others. The Treasury may require the interest earned to be returned.

**Cause:** It appears the cause of the noncompliance is a District policy that does not consider the cash management compliance requirements. The District pays some 9-month employees on a 12-month schedule by withholding a portion of the employees' wages each month. The amount of payroll expensed each month is more than the amount paid out, however the District includes this larger amount in their reimbursement requests. Therefore, the District is requesting cash reimbursements for costs which have not yet been paid out.

**Recommendation:** We recommend that the District only request reimbursement for costs which have been paid out, in order to be compliant with cash management requirements.

**Management Response:** We understand and concur with the finding and recommendation. Management is researching the options for correcting for the payroll payment schedule issue, and will implement processes to ensure compliance with the cash management requirements.

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

**Finding 2016-004**

CFDA: 84.367

Program Title: Improving Teacher Quality State Grants

Criteria: Per the OMB Circular A-133 Compliance Supplement 2016, Part 3, C. Cash Management, "When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government." Per review of the grant award documents, the District's Improving Teacher Quality State Grant program is funded on a reimbursement basis. The costs for which reimbursements are requested must be paid prior to the date of the reimbursement request.

Condition: From a population of 13 cash drawdowns, four were selected for testing. All 4 were found to be noncompliant due to the accrual of wages not paid prior to the reimbursement request. This cash management noncompliance applies to the entire population. As payroll expenditures are allowable, the expenditures themselves are not questioned costs. The purpose of the cash management requirements are to minimize interest earned on Federal dollars, therefore the questioned costs are interest earned on Federal dollars which were retained and not returned to the Treasury. Estimated likely questioned costs were calculated using an interest rate equal to the current Local Government Investment Pool rate earned by the District, as this is the largest interest bearing account held. With accrued payroll costs ranging over a period of 10 months, the estimated interest earned on Federal monies is \$2,767.

Context: Accrued payroll amounts were included in the costs submitted for reimbursement, and therefore had not been paid out by the date of the reimbursement request.

Effect: The District was out of compliance with each cash draw for the program in the current year due to a District policy regarding payroll accruals where Federal awards are used. Noncompliance with the terms of the award may result in the suspension or termination of this Federal award as well as others. The Treasury may require the interest earned to be returned.

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

**Finding 2016-004, (cont.)**

Cause: It appears the cause of the noncompliance is a District policy that does not consider the cash management compliance requirements. The District pays some 9-month employees on a 12-month schedule by withholding a portion of the employees' wages each month. The amount of payroll expensed each month is more than the amount paid out, however the District includes this larger amount in their reimbursement requests. Therefore, the District is requesting cash reimbursements for costs which have not yet been paid out.

Recommendation: We recommend that the District only request reimbursement for costs which have been paid out, in order to be compliant with cash management requirements.

Management Response: We understand and concur with the finding and recommendation. Management is researching the options for correcting for the payroll payment schedule issue, and will implement processes to ensure compliance with cash management requirements.

**Finding 2016-005**

CFDA: 84.334A

Program Title: Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

Criteria: 2 CFR Section 215.23 (a) states "All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria, (1) Are verifiable from the recipient's records."

2 CFR Section 215.23 (c) states "Values for recipient contributions of services and property shall be established in accordance with the applicable cost principles. If a Federal awarding agency authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of paragraphs (c)(1) or (2) of this section"

2 CFR Section 215.23 (h) (5) states "The following requirements pertain to the recipient's supporting records for in-kind contributions from third parties.

(i) Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees."

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

**Finding 2016-005, (cont.)**

- Condition: Matching contributions for year 4 – College Ahead Program (4<sup>th</sup> year of a 7 year award) Annual Performance Report (APR) and year 1 – Mobilizing for College (1<sup>st</sup> year of a 7 year award) were incorrectly determined and reported. The matching contributions tested in our sample (31 of 60) did not have supporting documentation or the documentation did not support the amounts reported and/or the calculation of the amount was inaccurately computed. Our tests determined there were \$145,171 of known questioned and \$278,403 of likely questioned matching contributions reported on the APRs. The District is required to meet the matching contribution requirement by the end of the 7<sup>th</sup> year of the award. Therefore, future matching contributions could be adjusted to correct the aforementioned questioned contributions.
- Context: The control over recording, calculating, and reviewing matching contributions did not operate sufficiently to identify duplicate, erroneous, and unsupported costs. Documents that were used by the District to accumulate matching contributions information and calculate total matching contributions contained several errors.
- Effect: The District has over reported its matching contributions for the College Ahead Program (Year 4) and Mobilizing for College (Year 1) in their Annual Performance Reports. Should the District not adjust its matching contributions for the balance of the award period it may be required to return a portion of the federal funds received.
- Cause: The underlying cause appears to be a lack of internal controls over the recording and measurement of matching contributions and a lack of training and accountability for grant administrators. There are not appropriate controls at the GEAR UP department level to ensure that records are accurately kept and reported to the Grant Accounting Department. The Grant Accounting Department does not appear to have sufficient controls over the processing of data received from GEAR UP staff.
- Recommendation: We recommend that management develop and implement improved processes and controls over the recording and calculation of matching contributions; management improve communication between GEAR UP staff and the Grant Accounting Department to enhance information flow; and provide training opportunities for GEAR UP staff regarding grant requirements over matching contributions and the appropriate methods for documenting and determining them.

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

**Finding 2016-005, (cont.)**

Management  
Response:

We understand and concur with the finding and recommendation. Management will implement regular review meetings between the Senior Manager of Grant Accounting and the Senior Director of Funded Programs, to improve information flow. In addition, Management is evaluating options for improvement of tracking of grant matching requirements and will implement procedures to better document matching contributions.

**Finding 2016-006**

CFDA:

84.367

Program Title:

Improving Teacher Quality State Grants

Criteria:

2 CFR section 200.430(i)(1)(vii) requires that charges to Federal awards for salaries and wages be based on records that accurately reflect the work performed. These records must (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated... (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities... (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award or a Federal award and non-Federal award. The District's policy, in order to maintain compliance over this requirement, is that each salaried employee of a program certifies their time and effort semi-annually.

Condition:

From a population of 251 employees paid with grant funds, 40 were selected for testing. Of the 40, 12 were salaried employees for which the time and effort certification requirement applies. 4 of the 12 had not completed the time and effort certifications prior to audit fieldwork.

Context:

The control over obtaining sufficient documentation to support salaries and wages is not operating effectively.

Effect:

Failure to maintain a system of internal control over the requirements of 2 CFR section 200.430(i)(1)(vii), as well as the failure to maintain records that support the activity for which the employee is compensated and the distribution of the employee's salary or wages among cost objectives puts the District out of compliance with the aforementioned CFR. Lack of compliance with requirements can result in disallowance of labor costs, as the costs are not supported by the appropriate documentation.

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

**Finding 2016-006**

Cause: While the District does send one request for time and effort certifications, there does not appear to be a procedure in place to follow up on employees who do not respond to the request. There is no effective control operating over this requirement.

Recommendation: We recommend that management develop and implement procedures to obtain sufficient documentation over wages and salaries.

Management Response: We understand and concur with the finding and recommendation. Management will review procedures related to documentation of wages and salaries charged to grants, and will implement procedures to ensure documentation is sufficient.

**Finding 2016-007**

CFDA: 93.600

Program Title: Head Start

Criteria: 2 CFR section 200.430(i)(1)(vii) requires that charges to Federal awards for salaries and wages be based on records that accurately reflect the work performed. These records must (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated... (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities... (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award or a Federal award and non-Federal award. The District's policy, in order to maintain compliance over this requirement, is that each salaried employee of a program certifies their time and effort semi-annually.

Condition: From a population of 195 employees paid with grant funds, 40 were selected for testing. Of the 40, 11 had not completed the time and effort certifications on a timely basis. As the District was able to obtain certifications for all selected, there are no likely questioned costs.

Context: The control over obtaining sufficient documentation to support salaries and wages is not operating effectively.

**SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2016**

**Finding 2016-007, (cont.)**

Effect: Failure to maintain a system of internal control over the requirements of 2 CFR section 200.430(i)(1)(vii), as well as the failure to maintain records that support the activity for which the employee is compensated and the distribution of the employee's salary or wages among cost objectives puts the District out of compliance with the aforementioned CFR. Lack of compliance with requirements can result in disallowance of labor costs, as the costs are not supported by the appropriate documentation.

Cause: While the District does send one request for time and effort certifications, there does not appear to be a procedure in place to follow up on employees who do not respond to the request. There is no effective control operating over this requirement.

Recommendation: We recommend that management develop and implement procedures to obtain sufficient documentation over wages and salaries.

Management Response: We understand and concur with the finding and recommendation. Management will review procedures related to documentation of wages and salaries charged to grants, and will implement procedures to ensure documentation is sufficient.







**SCHOOL DISTRICT NO. 1J. MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2016**

**Finding 2015-01**

Condition:                    There was no evidence that the District's consultations with private school administrators included a discussion of Twenty-First Century Community Learning Centers (CLCs) funds, or that private school administrators opted out of participation in the program. Further, the District allocated no portion of program funds to private school children.

Corrective Action:        Corrective action has been completed.

## **Portland Public Schools Nondiscrimination Statement**

---

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society.

The District is committed to equal opportunity and nondiscrimination in all its educational and employment activities. The District prohibits discrimination based on race; national or ethnic origin; color; sex; religion; age; sexual orientation; gender expression or identity; pregnancy; marital status; familial status; economic status or source of income; mental or physical disability or perceived disability; or military service.

Board of Education Policy 1.80.020-P

### **Contact Information for Civil Rights Matters**

---

District Title VI and Title IX:

Greg Wolleck

Phone: 503-916-3963

District 504:

Tammy Jackson

Phone: 503-916-2000 x71004

American Disabilities Act:

Human Resources Department

Phone: 503-916-3544

### **Preparation of Report on Requirements of the Single Audit Act**

---

Chief Financial Officer

Interim Assistant Director of Accounting

Yousef Awwad, CPA, CGMA, PMP, MBA

Cheryl Anselone, CPA

#### **Grant Accounting**

Sr. Manager of Grant Accounting

Sr. Financial Analyst

Grant Accountant III

Grant Accountant III

Grant Accountant III

David Shick

Christie Christie

Chris Roe

Ruby Beecham

Susan Jeannet

BOARD OF EDUCATION  
SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

INDEX TO THE AGENDA

December 13, 2016

Board  
Action  
Number

Page

Purchases, Bids, Contracts

5373      Expenditure Contracts that Exceed \$150,000 for Delegation of Authority ..... 3

Other Matters Requiring Board Approval

5374      Amendment No. 1 to the 2016/17 Budget for School District No. 1J, Multnomah  
County, Oregon ..... 5

5375      Acceptance and Approval of the Comprehensive Annual Financial Report,  
Reports to Management and Report on Requirements of the Single Audit Act  
And OMB Circular A-133 ..... 9

5376      Authorizing Addition of Two Instructional Days..... 9

Purchases, Bids, Contracts

The Interim Superintendent RECOMMENDS adoption of the following item:

Resolutions 5373

**RESOLUTION No. 5373**

Expenditure Contracts that Exceed \$150,000 for Delegation of Authority

**RECITAL**

Portland Public Schools (“District”) Public Contracting Rules PPS-45-0200 (“Authority to Approve District Contracts; Delegation of Authority to Superintendent”) requires the Board of Education (“Board”) enter into contracts and approve payment for products, materials, supplies, capital outlay, equipment, and services whenever the total amount exceeds \$150,000 per contract, excepting settlement or real property agreements. Contracts meeting this criterion are listed below.

**RESOLUTION**

The Superintendent recommends that the Board approve these contracts. The Board accepts this recommendation and by this resolution authorizes the Deputy Clerk to enter into the following agreements.

**NEW CONTRACTS**

<b>Contractor</b>	<b>Contract Term</b>	<b>Contract Type</b>	<b>Description of Services</b>	<b>Contract Amount</b>	<b>Responsible Administrator, Funding Source</b>
PacificSource Administrators	1/1/2017 through 12/31/2023	Personal Services PS 64000	Administration of the PPS flexible spending account. Fees include annual per employee fees, losses that may occur and allowance for increased enrollments.  Direct Negotiation PPS 46-0525(3)	\$420,000	S. Murray Fund 101 Dept. 5528

**NEW INTERGOVERNMENTAL AGREEMENTS (“IGAs”)**

No New IGAs

**AMENDMENTS TO EXISTING CONTRACTS**

<b>Contractor</b>	<b>Contract Amendment Term</b>	<b>Contract Type</b>	<b>Description of Services</b>	<b>Amendment Amount, Contract Total</b>	<b>Responsible Administrator, Funding Source</b>
CDWg	12/14/2016 through 02/28/2018	Cooperative Agreement COA 61262 Amendment 3	Purchase of Microsoft licenses and software.  Cooperative Procurement Group: Intermountain Education Service District Administering Agency: Association of Educational Purchasing Agencies (AEPA)	\$850,000 \$1,000,000	J. Klein Various based on usage

Y. Awwad

Other Matters Requiring Board Approval

The Interim Superintendent RECOMMENDS adoption of the following items:

Resolutions 5374 through 5376

**RESOLUTION No. 5374**

Amendment No. 1 to the 2016/17 Budget for School District No. 1J,  
Multnomah County, Oregon

**RECITALS**

- A. On June 21, 2016 the Board of Education (“Board”), by way of Resolution No. 5290, voted to adopt an annual budget for the Fiscal Year 2016/17 as required under Local Budget Law.
- B. Board Policy 8.10.030-AD, “Budget Reallocations – Post Budget Adoption,” establishes the guidelines to ensure consistent and detailed communication on fiscal issues between the Superintendent and the Board.
- C. Oregon Local Budget Law, ORS 294.471, allows budget changes after adoption under prescribed guidelines.
- D. On February 28, 2011 by way of resolution No. 4416, the Board established Fund 420 “Full Faith and Credit Funds” to manage capital expenditures for specifically authorized projects with effective financial control and transparency.
- E. On July 25, 2016 by way of resolution No. 5314, the board voted to authorize entering into a purchase agreement for sale of the Board’s Qualified Zone Academy Bonds (“QZABS”).
- F. On September 6, 2016 by way of resolution No. 5330, the Board voted to authorize the issuance of a principal amount of revenue bonds sufficient to provide net proceeds of up to \$5 million for immediate environmental health and safety issues and assessments.
- G. On September 27, 2016 by way of resolution No. 5338, the Board voted to authorize the issuance of a principal amount of revenue bonds sufficient to provide net proceeds of up to \$10 million for architectural engineering pre-design diligence and health and safety.
- H. This resolution is to enable the Board to approve Amendment No.1 to the annual budget for the Fiscal Year 2016/17, and is allowed under ORS 294.471 guidelines, which state that the budget may be amended at a regular meeting of the governing body.
- I. Amendment No.1 includes the following major components:
  - a) QZAB Full Faith and Credit Obligation – QZAB resources and requirements are moved from Fund 438 – Facilities Capital Fund to Fund 420 – Full Faith and Credit Funds in order to separately manage expenditures.
  - b) \$5M Full Faith and Credit Obligation – update the budget to include resources, requirements and debt service for this obligation; reflect issuance and debt service costs through a transfer from the Fund 101 - General Fund.
  - c) \$10M Full Faith and Credit Obligation - update the budget to include resources, requirements and debt service for this obligation; reflect issuance and debt service costs through a transfer from Fund 404 - Construction Excise Tax.
- J. Expenditures in four funds (Fund 320 – Full Faith and Credit Debt Service Fund, Fund 338 – Facilities Capital Debt Service Fund, Fund 420 – Full Faith and Credit Fund and Fund 438 – Facilities Capital Fund) will be changed by more than 10% under this amendment. Local budget law requires a public hearing on these changes. A public hearing occurred prior to Board action.
- K. The Superintendent recommends approval of this resolution.

**RESOLUTION**

- 1. Having held a public hearing on this amendment as required under local budget law, the Board hereby amends budgeted expenditure appropriation levels as summarized by Fund and Appropriation Level in Attachment A for the fiscal year beginning July 1, 2016.

*Deputy CEO / Y. Awwad*

**AMENDMENT 1**

Fund 101 - General Fund	Adopted Budget	Change Amount	Amendment #1
<b>Resources</b>			
Beginning Fund Balance	25,719,308	-	25,719,308
Local Sources	330,962,980	-	330,962,980
Intermediate Sources	13,021,202	-	13,021,202
State Sources	222,796,690	-	222,796,690
Federal Sources	-	-	-
Other Sources	100,000	-	100,000
<b>Total</b>	<b>592,600,180</b>	<b>-</b>	<b>592,600,180</b>

<b>Requirements</b>			
Instruction	332,299,184	-	332,299,184
Support Services	237,833,986	-	237,833,986
Enterprise & Community Services	1,812,588	-	1,812,588
Facilities Acquisition & Construction	-	-	-
Debt Service & Transfers Out	5,420,705	100,000	5,520,705
Contingency	15,233,717	(100,000)	15,133,717
Ending Fund Balance	-	-	-
<b>Total</b>	<b>592,600,180</b>	<b>-</b>	<b>592,600,180</b>

Fund 320 - Full Faith and Credit Debt Service Fund	Adopted Budget	Change Amount	Amendment #1
<b>Resources</b>			
Beginning Fund Balance	-	-	-
Local Sources	-	-	-
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	136,894	-	136,894
Other Sources	1,130,032	200,000	1,330,032
<b>Total</b>	<b>1,266,926</b>	<b>200,000</b>	<b>1,466,926</b>

<b>Requirements</b>			
Instruction	-	-	-
Support Services	-	-	-
Enterprise & Community Services	-	-	-
Facilities Acquisition & Construction	-	-	-
Debt Service & Transfers Out	1,266,926	200,000	1,466,926
Contingency	-	-	-
Ending Fund Balance	-	-	-
<b>Total</b>	<b>1,266,926</b>	<b>200,000</b>	<b>1,466,926</b>

**AMENDMENT 1**

<b>Fund 338 - Facilities Capital Debt Services Fund</b>	<b>Adopted Budget</b>	<b>Change Amount</b>	<b>Amendment #1</b>
<b>Resources</b>			
Beginning Fund Balance	-	-	-
Local Sources	-	-	-
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
Other Sources	323,530	(323,530)	-
<b>Total</b>	<b>323,530</b>	<b>(323,530)</b>	<b>-</b>

<b>Requirements</b>			
Instruction	-	-	-
Support Services	-	-	-
Enterprise & Community Services	-	-	-
Facilities Acquisition & Construction	-	-	-
Debt Service & Transfers Out	323,530	(323,530)	-
Contingency	-	-	-
Ending Fund Balance	-	-	-
<b>Total</b>	<b>323,530</b>	<b>(323,530)</b>	<b>-</b>

<b>Fund 404 - Construction Excise Fund</b>	<b>Adopted Budget</b>	<b>Change Amount</b>	<b>Amendment #1</b>
<b>Resources</b>			
Beginning Fund Balance	15,372,873	-	15,372,873
Local Sources	6,003,400	-	6,003,400
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
Other Sources	-	-	-
<b>Total</b>	<b>21,376,273</b>	<b>-</b>	<b>21,376,273</b>

<b>Requirements</b>			
Instruction	-	-	-
Support Services	-	10,000	10,000
Enterprise & Community Services	-	-	-
Facilities Acquisition & Construction	21,052,743	(36,470)	21,016,273
Debt Service & Transfers Out	323,530	26,470	350,000
Contingency	-	-	-
Ending Fund Balance	-	-	-
<b>Total</b>	<b>21,376,273</b>	<b>-</b>	<b>21,376,273</b>

**AMENDMENT 1**

Fund 420 - Full Faith and Credit Fund	Adopted Budget	Change Amount	Amendment #1
<b>Resources</b>			
Beginning Fund Balance	-	-	-
Local Sources	-	-	-
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
Other Sources	-	19,300,000	19,300,000
<b>Total</b>	<b>-</b>	<b>19,300,000</b>	<b>19,300,000</b>

<b>Requirements</b>			
Instruction	-	-	-
Support Services	-	7,600,000	7,600,000
Enterprise & Community Services	-	-	-
Facilities Acquisition & Construction	-	11,700,000	11,700,000
Debt Service & Transfers Out	-	-	-
Contingency	-	-	-
Ending Fund Balance	-	-	-
<b>Total</b>	<b>-</b>	<b>19,300,000</b>	<b>19,300,000</b>

Fund 438 - Facilities Capital Fund	Adopted Budget	Change Amount	Amendment #1
<b>Resources</b>			
Beginning Fund Balance	3,504,897	-	3,504,897
Local Sources	3,000	-	3,000
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
Other Sources	6,853,239	(5,500,000)	1,353,239
<b>Total</b>	<b>10,361,136</b>	<b>(5,500,000)</b>	<b>4,861,136</b>

<b>Requirements</b>			
Instruction	-	-	-
Support Services	4,500	-	4,500
Enterprise & Community Services	-	-	-
Facilities Acquisition & Construction	10,332,480	(5,500,000)	4,832,480
Debt Service & Transfers Out	-	-	-
Contingency	24,156	-	24,156
Ending Fund Balance	-	-	-
<b>Total</b>	<b>10,361,136</b>	<b>(5,500,000)</b>	<b>4,861,136</b>

**RESOLUTION No. 5375**

Acceptance and Approval of the Comprehensive Annual Financial Report, Reports to Management and Report on Requirements of the Single Audit Act and OMB Circular A-133

**RECITALS**

- A. The Board of Education is committed to accountability for how Portland Public Schools spends its tax dollars and other resources, and recognizes that transparency, accuracy, and timeliness in financial reporting are important components of financial accountability.
- B. The District Auditor, Talbot, Korvola & Warwick, LLP, has completed their independent audit of the financial reporting for the year ended June 30, 2016, and provides assurance that the District's accounting and reporting is in compliance with generally accepted accounting principles.
- C. The District has received awards in Excellence in Financial Reporting for 36 consecutive years from both the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) and plans to submit the current financial reports for similar award consideration.

**RESOLUTION**

The Board of Education accepts and approves the Comprehensive Annual Financial Report, Reports to Management, and Report on Requirements of the Single Audit Act of School District No. 1J, Multnomah County, Oregon for the fiscal year ended June 30, 2016, and authorizes the reports to be distributed to required state and federal agencies and filed for future reference.

*Y. Awwad*

**RESOLUTION No. 5376**

Authorizing Addition of Two Instructional Days

**RESOLUTION**

- 1. Due to inclement weather, school was closed on December 8 and 9.
- 2. The Board directs the Superintendent to add the two additional days identified on the school calendar for inclement weather to the end of the 2016-17 school calendar, specifically June 12 and 13, 2017.

*A. Whalen*