

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2015



Artist's rendering of the combined Faubion PK-8-Concordia
University building, scheduled to open September 2017

About the Cover

The new Faubion PK-8 leverages a major capital partnership with Concordia University in a new facility scheduled to begin work in the fall of 2015 and open in September 2017. The new facility will serve as a new public/private model for higher education and K-12 sharing space as well as leveraging resources to create a new teaching model for the Cully/Concordia community.

Faubion PK-8 is one of four schools being rebuilt or modernized as part of the 2012 School Building Improvement Bond. Currently both Franklin and Roosevelt High Schools are under construction and master planning is underway at Grant High School.

Bond money will also be 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, 2015

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Accounting and Payroll Services Department

DRAFT 2/7/15



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2015

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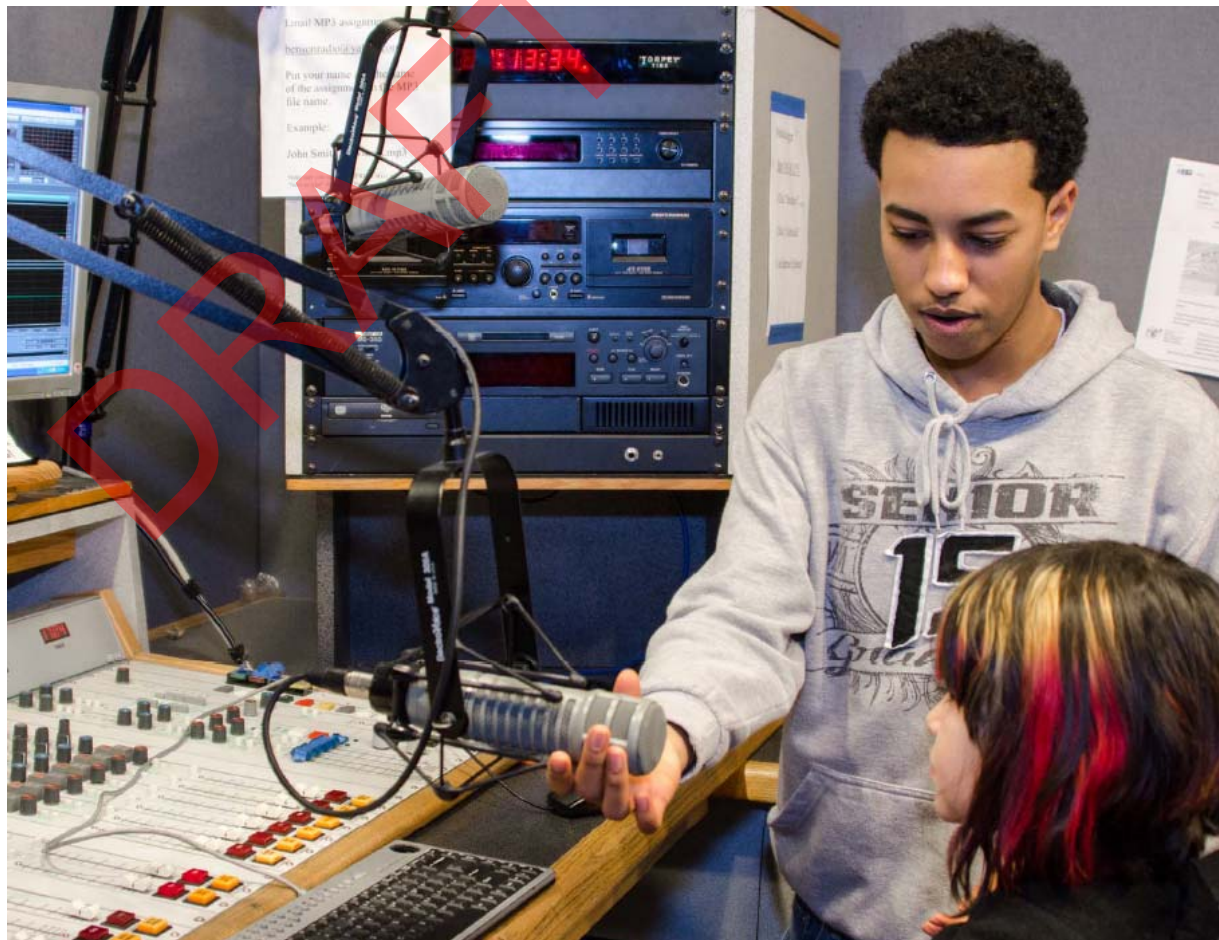
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PORTLAND PUBLIC SCHOOLS

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OFFICE OF THE SUPERINTENDENT

Carole Smith
Superintendent

December 7, 2015

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, 2015, 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 are stated fairly in all material aspects in reflecting the financial position and results of operations of the District. 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' 2014 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.

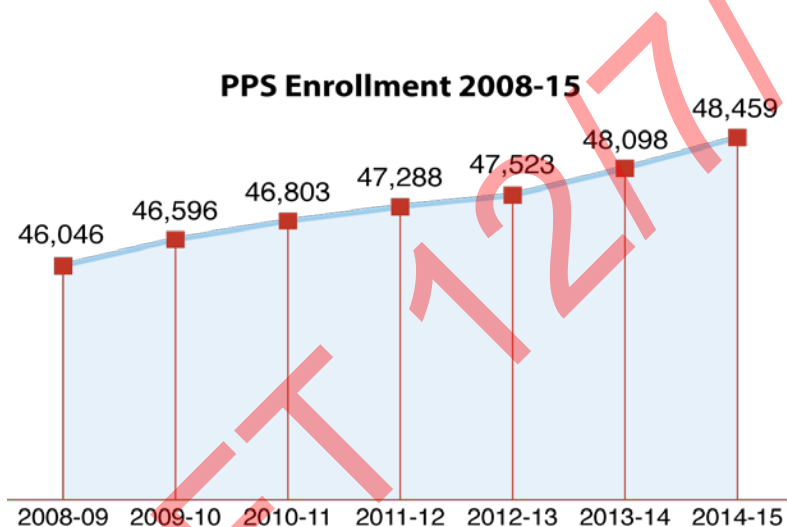
The **Audit Comments and Disclosures Section** includes disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

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 percent 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 floor area of approximately 9.0 million square feet. Please see the Statistical Section, Schedule 16 for details of each building’s size, age, and enrollment.

Student enrollment in the fall of 2015 was 48,938. 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.



Program Type	Grade Ranges ⁽¹⁾	Enrollment	Distribution
Regular Schools and Programs			
Elementary Schools	K-5, K-8, PK-5, PK-8	27,115	55%
Middle Schools	6-8	5,900	12%
High Schools	9-12	11,159	23%
Subtotal - Regular Schools		44,174	90%
PPS Alternative Programs	PK, 1-12, 1-8, 9-12, 10-12	1,782	4%
Subtotal - Schools and Alternative Programs		45,956	94%
Community-Based Programs	9-12,6-8, 6-12, 8-12	973	2%
Special Education Programs	K-12	421	1%
Public Charter Programs	K-5, K-8, K-12, K-2, 6-8, 9-12	1,588	3%
Grand Total		48,938	100%

⁽¹⁾ Definitions: PK-Pre-Kindergarten, K-Kindergarten

Source: Preliminary PPS Enrollment Summaries - October 1, 2015

After more than a decade of steady decline beginning in 1996-97, Portland Public Schools has seen increasing enrollment counts for the last seven years since a nadir in October, 2008 with the early counts for 2015 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. PPS is running ahead of the most recent elementary, middle and high school medium growth forecast from PSUPRC, which predicts continued growth over the next five years, with 2,700 more students by 2019-20. 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.

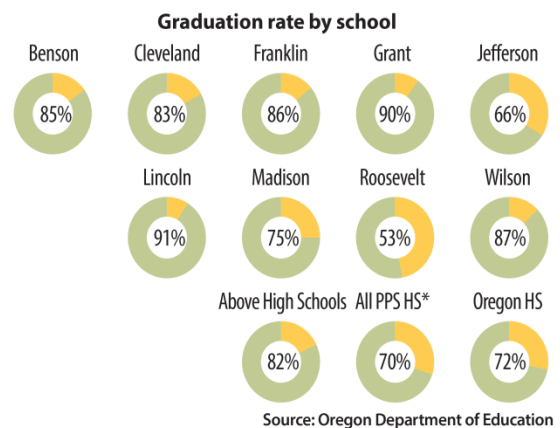
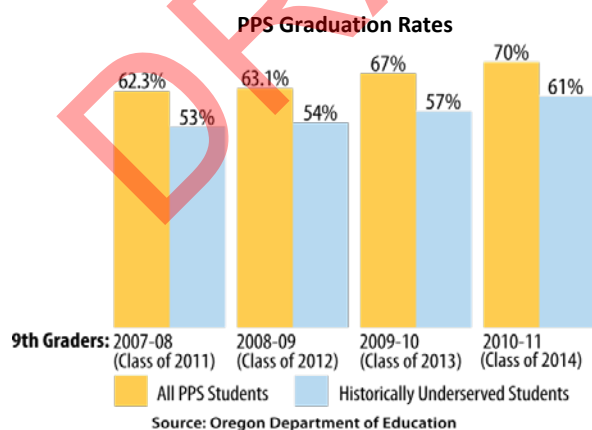
Under Oregon Revised Statutes (33.710), school districts are municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. The District discharges this responsibility by building, operating, and maintaining school facilities, 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 programs. This report includes all funds of the District.

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.

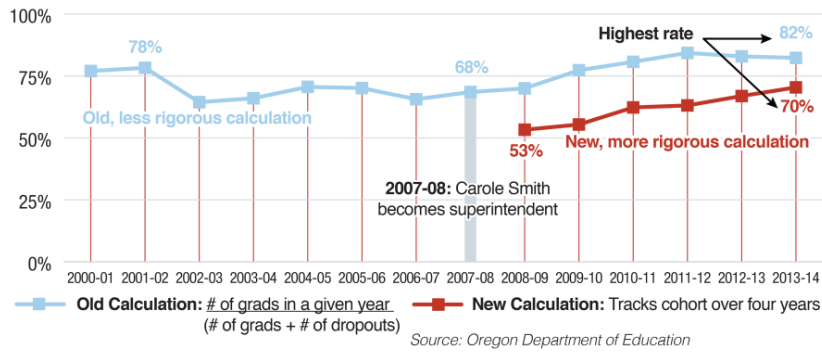
Service Efforts and Accomplishments

Portland Public Schools, founded in 1851, is an urban school district in Portland, Oregon. With more than 48,000 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.

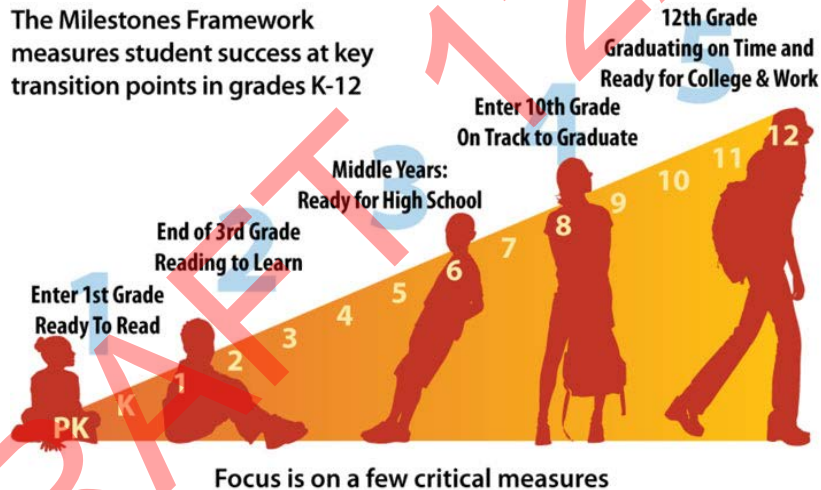


Graduation rate: Highest rate since 2000-01



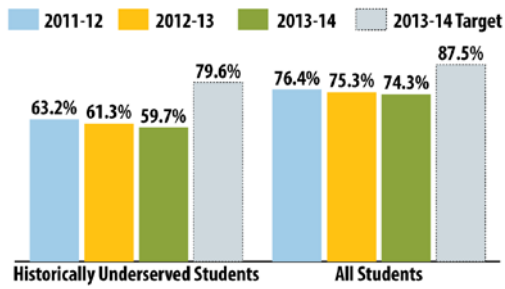
During Superintendent Smith’s tenure PPS schools have produced gains in student achievement while narrowing the academic opportunity gap between white students and students of color. The most consistent and significant increase has been in PPS’ graduation rate which has increased by 17 percentage points 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 percent the out-of-school discipline rates overall and the disparity in discipline rates between students of color and white students. The first two are three-year goals. The third goal is to be reached by the end of 2015-16.

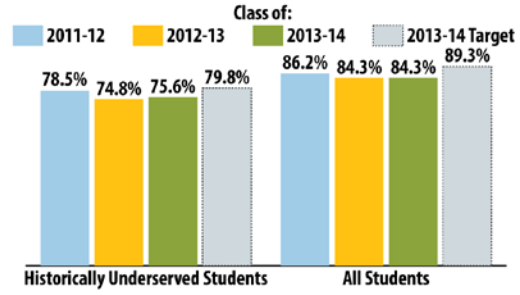


Portland Public Schools adopted the Milestones -- measures of achievement at key points in a student’s education -- because these measures are predictive of long-term success. The Milestones also help us focus our limited resources and invest in the strategies that are gaining the best results. The charts on the following page outline 2013-14 achievement (2014-15 final results are not available at this time):

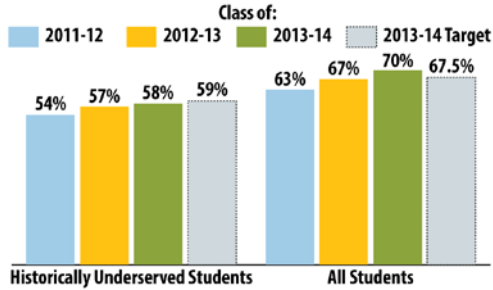
3rd Grade Reading – Met or Exceeded OAKS Benchmark



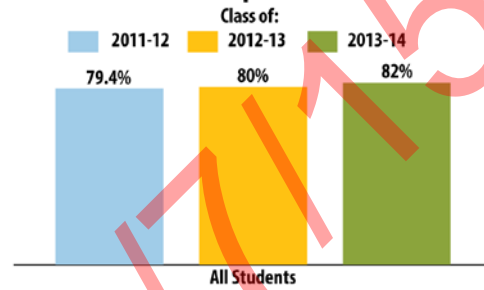
9th Grade Credits Earned



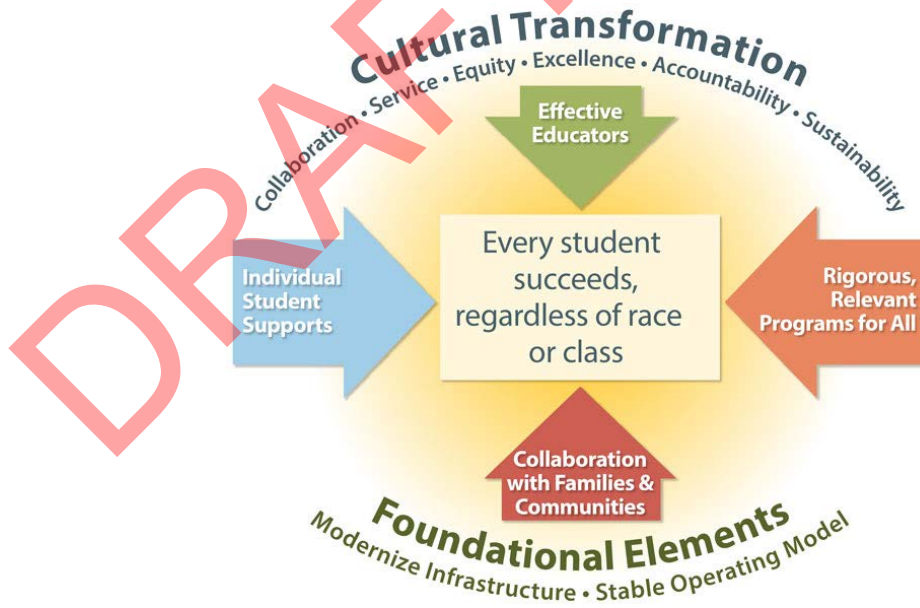
4-Year Cohort Graduation Rates



5 Year Completion Rate



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

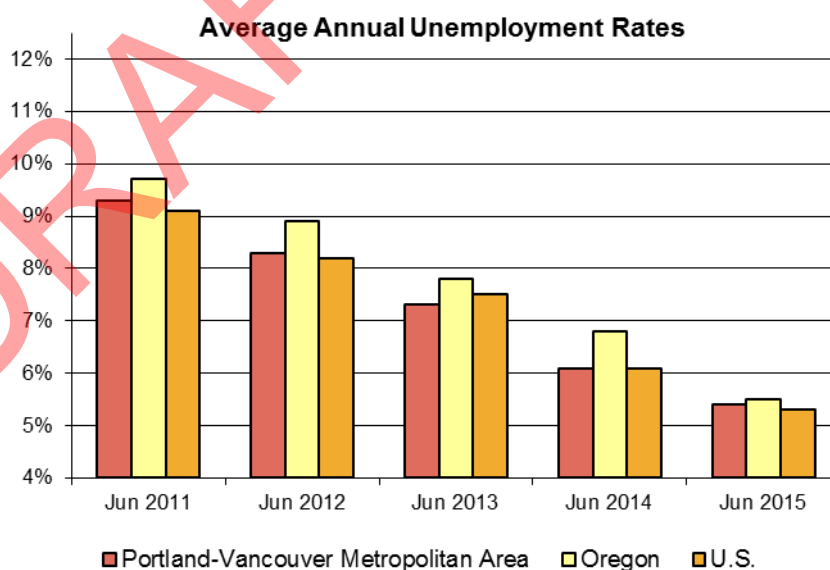
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Ever since the passage of Measure 5 more than twenty years ago school districts across Oregon rely upon the state for the majority of their financing. Even though districts collect revenue locally through the property tax, school funding is essentially 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. So 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.

State economy. Oregon's unemployment rate has declined from a June 2009 level of 11.6% to a June 2015 rate of 5.5%. Oregon's unemployment rates have been higher than the U.S. average in the past few years, and this trend continues.

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.

Within the Portland MSA, only one county – Multnomah – is back to pre-Great Recession levels of building activity. The others are about half-way back. While housing markets are clearly strong, the growth in assessed value of more than 4% is a clear indicator, it's not the case that the current levels of permits and starts constitute a boom. Like Portland and Bend, the other metropolitan areas have seen lower levels of new construction in recent years, even if it is picking up more recently.



Oregon Employment by Industry (not seasonally adjusted)	June		Change from prior year
	2014	2015	
Trade, Transportation & Utilities	324.3	335.4	3.4%
Government	302.2	310.7	2.8%
Education & Health Services	247.0	252.6	2.3%
Professional & Business Services	216.6	228.5	5.5%
Leisure & Hospitality	189.2	199.5	5.4%
Manufacturing	180.1	186.5	3.6%
Financial Activities	90.6	92.2	1.8%
Construction	79.6	83.0	4.3%
Information	33.2	33.2	0.0%
Mining & Logging	8.3	7.7	-7.2%
Other Services	59.9	60.4	0.8%
Total non-farm workforce (in thousands)	1,731.0	1,789.7	
Workforce change from prior year	2.9%	3.4%	

Workforce growth over the past year was 3.4%, with growth in all sectors except mining & logging, which is highly cyclical and returned to June 2013 levels after an increase in 2013-14. The leading industries in job growth were professional & business services and hospitality. 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.

As to the outlook for the state economy, the September 2015 Oregon Economic and Revenue Forecast forecasts a 11.8% growth in State General Fund revenues for the 2015-17 biennium. However, uncertainty still remains around federal fiscal and monetary policies, and the threat of events overseas impacting US and Oregon economic growth, particularly on manufacturing exports.

Local 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. Most recently, PPS voters approved a five-year levy 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 tax 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. More recently both assessed and market values have increased relatively strongly. In 2014-15 assessed value increased by 4.5% and market values increased significantly (especially on the west side of the Willamette River) which had the benefit of reducing the taxes lost to the impact of property tax limitation factors from 31.5% to 25.8% of total extended taxes.

Long-term financial planning. 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. This is expected to add about \$5 million each year starting in 2015-16.

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). This will serve to mitigate for PPS some of the impact of higher PERS rates that are expected in 2017 and beyond.

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 68 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; another 12 schools were beneficiaries in summer of 2014 and in the most recent summer work took place in a further 27 schools. In addition, in the summer of 2015 PPS broke ground on the major renovation projects for Franklin High School, Roosevelt High School and Faubion K-8 school.

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.

The Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 require state and local governments that expend \$500,000 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 and the requirements of the implementing circular, U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*. 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.

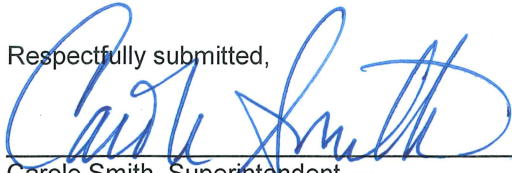
Awards and Acknowledgements

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, 2014. This was the 35th 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.

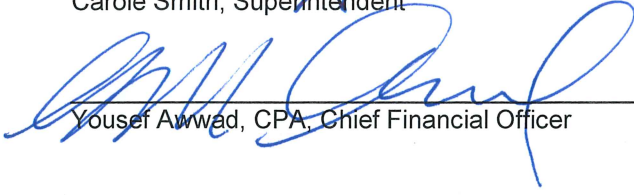
The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the 35th consecutive year that the District earned this significant 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 2015 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,



Carole Smith, Superintendent



Yousef Awwad, CPA, Chief Financial Officer

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SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Principal Officials
At June 30, 2015

SCHOOL BOARD

<u>Member</u>	<u>Zone</u>	<u>Term Expires</u>	<u>Phone</u>	<u>Email</u>
Ruth Adkins	1	June 30, 2015	503-916-3741	radkins@pps.net
Matt Morton	2	June 30, 2015	503-916-3741	mmorton@pps.net
Bobbie Regan	3	June 30, 2015	503-916-3741	bregan@pps.net
Steve Buel	4	June 30, 2017	503-916-3741	sbuel@pps.net
Pam Knowles	5	June 30, 2017	503-916-3741	pknowles@pps.net
Tom Koehler	6	June 30, 2017	503-916-3741	tkoehler@pps.net
Greg Belisle	7	June 30, 2015	503-916-3741	gbelisle@pps.net
Taking Office July 1, 2015				
Julie Esparza Brown	1	June 30, 2019	503-916-3741	jebrown@pps.net
Paul Anthony	2	June 30, 2019	503-916-3741	panthony@pps.net
Amy Kohnstamm	3	June 30, 2019	503-916-3741	akohnstamm@pps.net
Mike Rosen	7	June 30, 2019	503-916-3741	mrosen@pps.net

ADMINISTRATIVE STAFF

Carole Smith	Superintendent
Harriet Adair	Assistant Superintendent, Student Family and School Support
Melissa Goff	Assistant Superintendent, Teaching and Learning (Resigned 6/30/15)
Antonio Lopez	Assistant Superintendent, School Performance
Yousef Awwad, CPA	Chief Financial Officer
Jon Isaacs	Chief of Communications and Public Affairs
Josh Klein	Chief Information Officer
Tony Magliano	Chief Operating Officer
Sean Murray	Chief Human Resources Officer
Jollee Patterson, J.D.	General Counsel
Lorenzo Poe	Chief Equity and Diversity Officer
C.J. Sylvester, MSSN	Chief of School Modernization
Amanda Whalen	Chief of Staff

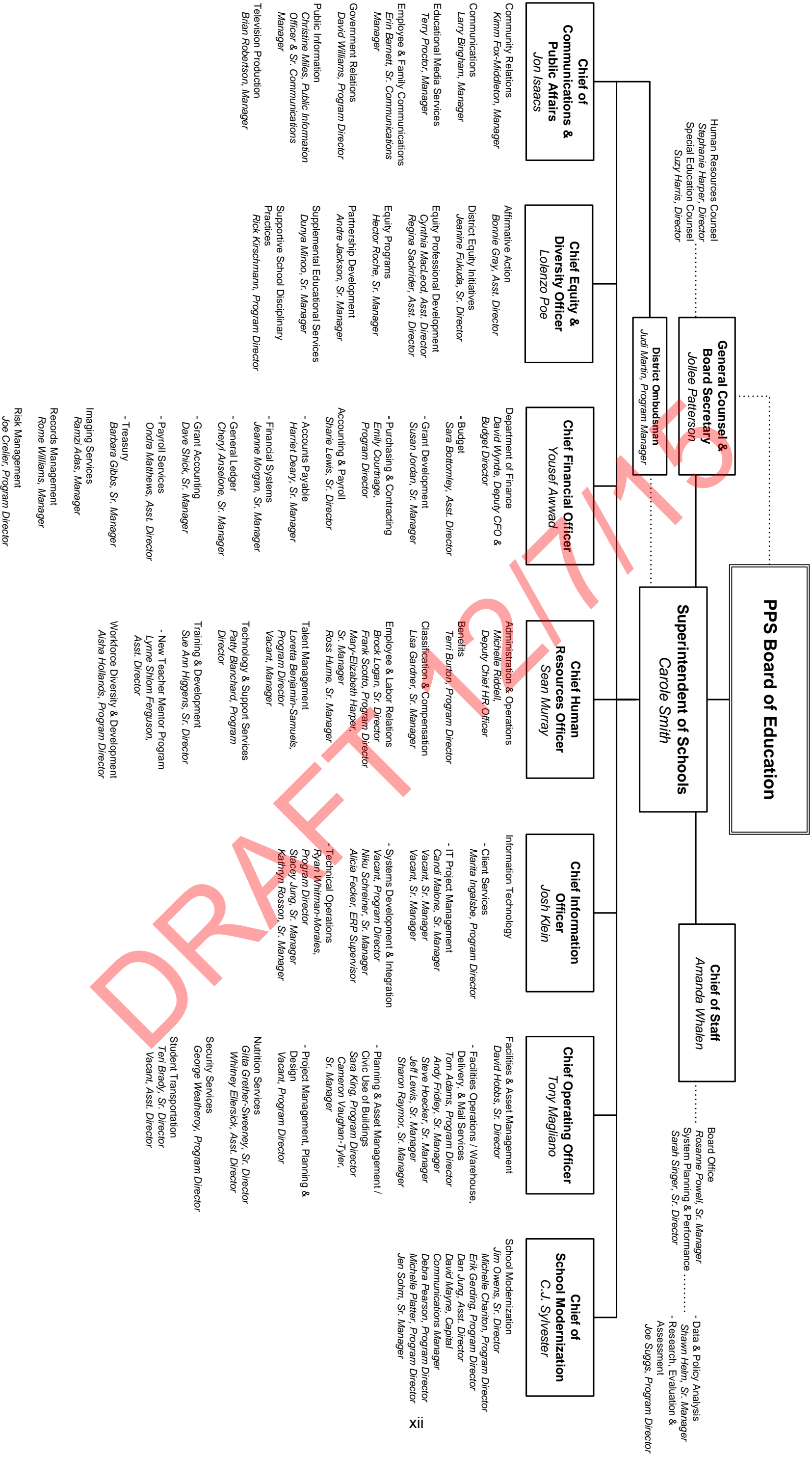
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Portland Public Schools

2014/15 Organizational Structure





Portland Public Schools

2014/15 Organizational Structure

PPS Board of Education

Human Resources Counselor
Stephanie Harper, Director
 Special Education Counselor
Suzy Harris, Director

General Counsel & Board Secretary

Jollee Patterson

Asst. Superintendent of Student, Family & School Support Svcs.

Harriet Adair

AVID / Gear-Up / Intl. Baccalaureate
Bonnie Hobson, Program Director
Lisa Collins, Program Admin.
Kelley Duron, Sr. Manager
Angela Nusorn, Sr. Manager

Columbia Regional Programs
Lisa McConachie, Sr. Director
Brad Hendershott, Program Admin.
Gayle Robbins, Program Admin.

Early Learning
Deborah Berry, Principal - Head Start
Eileen Isham, Principal - Head Start
Nancy Hauth, Program Manager

Enrollment & Transfer Center
Judy Brennan, Program Director

Funded Programs
Joe LaFountaine, Sr. Director
Kathy Gaitan, Interim Program Director
Nicole Groth, Sr. Manager
Karen Kitchen, Program Director
Leslie O'Dell, Program Director
Angela Sandino, Program Director

School-Family Partnerships
Richard Gilliam, Program Director
Vadim Riskin, Sr. Manager

School Operational Support PK-12
Jason Roepel, Sr. Manager

Student Services
Tammy Jackson, Program Director
 Translation & Interpretation Svcs.
Vacant, Sr. Manager

Superintendent of Schools

Carole Smith

Asst. Superintendent of School Performance

Antonio Lopez

Benson / Roosevelt Schools
Charlene Williams, Sr. Director
 Cleveland / Wilson Schools
Larry Dashiell, Sr. Director
 Franklin Schools
Paula McCullough, Interim Sr. Director

Grant / Jefferson Schools
Karl Logan, Sr. Director
 Lincoln / Madison Schools
Lisa McCall, Sr. Director

College & Career Readiness
Shay James, Sr. Director
Jocelyn Bigay, Program Director
Yeng Dhaboli, Program Director
Greg Wollock, Program Director

- Athletics
Marshall Haskins, Program Director
 - Career Pathways & Career Technical Education
Jeanne Yerkovich, Sr. Manager
 PK-12 Programs
Sascha Ferrins, Sr. Director

Asst. Superintendent of Teaching & Learning

Melissa Goff

Office of Teaching & Learning
Van Truong, Executive Director
Andy Wheeler, Sr. Manager

- Dual Language Immersion
Debbie Armendariz, Sr. Director
Michael Bacon, Asst. Director

- ESL
Veronica Magallanes, Sr. Director
Lisa Blount, Asst. Director
Francisco Garcia, Sr. Manager
Khaulani Haupū, Asst. Director
Tonya Mjalede, Interim Asst. Director
Katherine Sasaki, Program Admin.

- Instruction, Curriculum & Assessment
Ewan Brawley, Sr. Director
 - Curriculum & Instruction
Angela Hubbs, Asst. Director
Susan Payne, Asst. Director
Julie Rierison, Asst. Director

- Library Services
 - Textbook Services
 Instructional Resource Center
Lynette Engstrom, Procurement Manager
Adrienne Howard, Program Manager
Meghan Coleman, Program Manager

School-wide Integrated Framework for Transformation (SWIFT)
Meghan Coleman, Program Manager
 Special Education
Mary Pearson, Sr. Director
Ed Krankowski, Asst. Director
Jeff Brown, Program Admin.
Bob Cartwell, Program Admin.
Lorrie Harris, Program Admin.
David Lizaola, Program Admin.
Lauretta Manning, Program Admin.
Linda Moon, Program Admin.
Chrystal Watros, Program Admin.

Talented and Gifted (TAG)
Andrew Johnson, Program Director

Board Office
Rosanne Powell, Sr. Manager
 System Planning & Performance
Sarah Singer, Sr. Director

- Data & Policy Analysis
Shawn Helm, Sr. Manager
 - Research, Evaluation & Assessment
Joe Suggs, Program Director

Association of School Business Officials International



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*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
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Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Enev

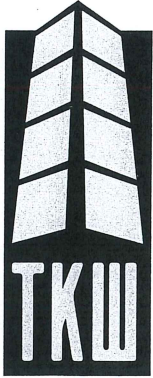
Executive Director/CEO

DRAFT 2/7/15





DRAFT 12/7/15



Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

ACHIEVE MORE

1800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

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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, 2015, 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, 2015, 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

EMPHASIS OF MATTERS

As discussed in the Notes to the financial statements, the District adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, which resulted in the restatement of previously reported amounts for the year ended June 30, 2014. Our opinions are not modified with respect to this matter.

As discussed in the Notes to the financial statements, changes in benefit terms of the Oregon Public Employees Retirement System resulting from the April 30, 2015 Oregon Supreme Court decision are not reflected in the December 31, 2012 actuarial valuation used to measure pension amounts as of and for the fiscal year ended June 30, 2015.

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 basic 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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

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, 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 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 7, 2015, 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 7, 2015, 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 7, 2015

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, 2015. 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-ix of this report.

All dollar amounts, unless otherwise indicated, are expressed in thousands.

FINANCIAL HIGHLIGHTS

- The 2015 budget and expenditures represent a significant reinvestment in our schools, with strategic investments to address 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 more than 180 general fund positions to schools:
 - Add teaching (PAT) positions to decrease staffing ratios at all grade levels.
 - Add counselor positions to decrease the staffing ratio from 400:1 to 300:1.
 - Add school classified positions such as bookkeepers, librarians, and tech support.
 - Add two instructional days for students.
 - Add K-3 literacy supports.
 - Add capacity to recruit and support new teachers.
 - Add targeted supports for historically underserved students.
 - Increase funding for athletics and PE equipment.
 - Provide for the purchase of over 200 new musical instruments.
 - Address urgent facility safety and capacity needs.
 - Provide for replacement/refresh of mobile computer labs and library computers.
 - Refresh classroom technology bundles.
 - Expand AVID and CTE programs.
 - Provide for dyslexia training and other professional development.
- During the year, the District implemented two new accounting standards: *GASB Statements 68 and 71*. This implementation resulted in a reduction of beginning net position by \$411 million. These new standards replaced prior pension guidance under GASB 27, which required that pension related information was disclosed only in the footnotes to the financial statements. The new GASB 68 and 71 standards expand footnote disclosures and require that the Statement of Net Position include amounts for the District's share of the PERS system's unfunded liability (or asset), which is simply the difference between PERS' system-wide assets and actuarially determined liabilities, and the District's share of system-wide deferred inflows and outflows. In addition, GASB 68 requires that any prepaid pension asset be "written off" and adjusted against the prior year's net position. As a result, the District wrote off a \$403 million prepaid pension asset related to money sent in prior years to the District's side-account at PERS. The side account was originally funded by the District's issuance of Limited Tax Pension Bond debt in 2002 and 2003. The District's side-account is taken into consideration by PERS when setting the district's bi-annual PERS rates, and in the most recent 2015-17 rate-setting cycle, the benefit of the side account reduced the District's pension contribution rate to zero. Additional information on the District's pension obligations and assets is located in Footnote 11.

- 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. In April 2015, the District issued \$275 million (excluding bond premium) in General Obligation bonds as the second in a planned series of three debt issuances totaling \$482 million. Construction was completed in summer 2014 for roof repairs and seismic upgrades at 16 schools, science classroom upgrades at 13 schools, and improved disability access at 10 schools. During the year ended June 30, 2015 master planning continued for Grant High School, renovation/replacement projects proceeded for Franklin, Roosevelt, and Faubion, and summer 2015 project work was initiated for:
 - Roof replacement and seismic upgrades at 13 schools.
 - Science classroom upgrades at 17 schools.
 - Improved disability access at 13 schools.

At June 30, 2015 there was a balance of \$356.6 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 2015 work was completed on time and on budget, in time for the start of the 2015-16 academic year.

Further discussion can be found on pages 11 and 12 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 16-17 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 18.

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 are reconciled to facilitate the 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 18-24 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 25-27 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 28-63 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 65-74.

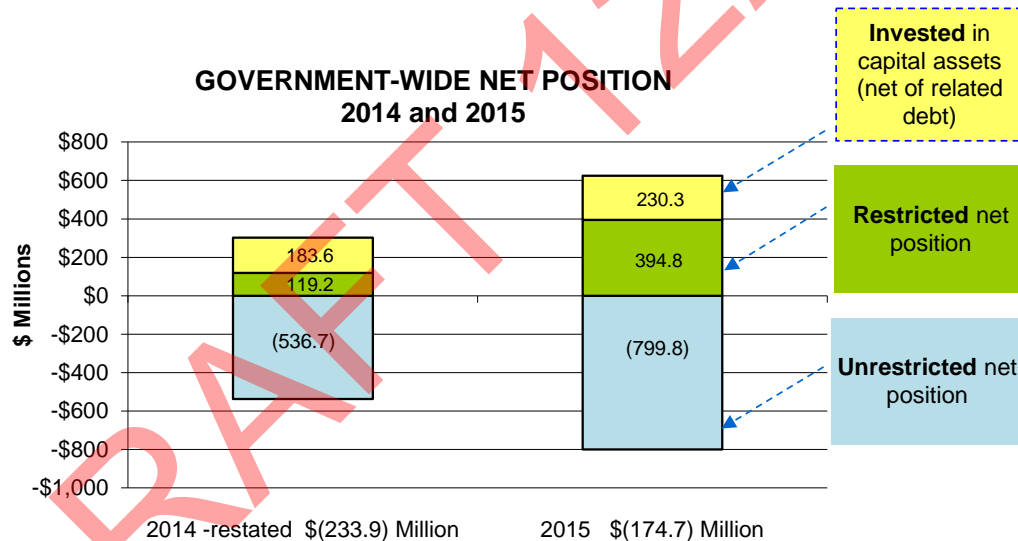
Supplementary Information (SI) presented on pages 77-109 includes combining statements for the nonmajor governmental funds, budgetary comparison schedules for nonmajor and other funds, and other financial schedules.

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			
	2014-restated	2015	Change	% change
Assets				
Current or other assets	\$ 306,373	\$ 585,559	\$ 279,186	91.1%
Net capital assets	233,265	273,957	40,692	17.4%
Total Assets	539,638	859,516	319,878	59.3%
Deferred Outflows of Resources	4,785	6,801	2,016	42.1%
Liabilities				
Long-term liabilities outstanding	616,977	859,450	242,473	39.3%
Other liabilities	161,385	170,461	9,076	5.6%
Total Liabilities	778,362	1,029,911	251,549	32.3%
Deferred Inflows of Resources	-	11,102	11,102	-
Net Position				
Net investment in capital assets	183,584	230,251	46,667	25.4%
Restricted	119,224	394,845	275,621	231.2%
Unrestricted	(536,747)	(799,792)	(263,045)	-49.0%
Total Net Position	\$ (233,939)	\$ (174,696)	\$ 59,243	25.3%

Note- 2014 information has been restated to account for GASB 68 & GASB 71 statement changes and a prior period adjustment (refer to Footnote 1-V).



Net Position - 2015 compared to 2014.

Net Position is a primary indicator of financial position. The District's liabilities and deferred outflows exceeded assets and deferred inflows by \$174.7 million at June 30, 2015. Prior to restatement, assets and deferred inflows exceeded liabilities and deferred outflows by \$266.0 million at June 30, 2014. After restatement, liabilities and deferred outflows exceeded assets and deferred inflows by \$233.9 million at June 30, 2014. The primary reason for the substantial change after restatement is the mandatory adoption of two new governmental accounting standards (GASB 68 and 71) that prescribe new accounting and reporting requirements for pensions, as discussed on page 4 of this analysis. Additionally, a prior period adjustment was made to record accreted interest on the District's deferred interest Series 2002A and 2003A Limited Tax Pension debt, which reduced beginning Net Position by \$88.9 million, and is mentioned in Footnote 1-V.

Net Investment in Capital Assets (\$230.3 million) has increased by \$46.7 million this year, mainly due to expenditures for debt financed capital projects (\$53.9 million) plus the repayment of debt related to capital projects (\$6.0 million), offset by depreciation (\$13.2 million).

Restricted Net Position (\$394.8 million) represents the unspent portions of capital projects funds, debt service funds and net assets restricted by grants, donations and leases. *Restricted Net Position* increased by \$275.6 million this year, primarily due to the issuance of \$275 million of General Obligation capital bond debt mentioned on page 4.

Unrestricted Net Position (negative \$799.8 million) is the balancing amount to bring Total Net Position to negative \$174.7 million. *Unrestricted Net Position* decreased \$263.0 million primarily due to the increase 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, and earned but unused vacation leave).

Statement of Activities

	Government-wide				
	2014-restated	2015	% of total 2015	Change	% change
Revenues					
Program Revenues					
Charges for services	\$ 13,266	\$ 13,587	2.1%	\$ 321	2.4%
Operating grants & contributions	78,351	89,751	13.7%	11,400	14.5%
Total Program Revenues	<u>91,617</u>	<u>103,338</u>	<u>15.8%</u>	<u>11,721</u>	<u>12.8%</u>
General Revenues					
Property & other taxes	257,880	269,440	41.3%	11,560	4.5%
Local option taxes	55,709	62,923	9.6%	7,214	12.9%
County & intermediate sources	15,736	15,202	2.3%	(534)	-3.4%
Construction excise tax	4,889	6,076	0.9%	1,187	24.3%
State School Fund	184,690	179,505	27.5%	(5,185)	-2.8%
State Common School Fund	4,427	4,721	0.7%	294	6.6%
Investment earnings	774	1,285	0.2%	511	66.0%
Other	11,253	10,563	1.6%	(690)	-6.1%
Total General Revenues	<u>535,358</u>	<u>549,715</u>	<u>84.2%</u>	<u>14,357</u>	<u>2.7%</u>
Total Revenues	<u>626,975</u>	<u>653,053</u>	<u>100.0%</u>	<u>26,078</u>	<u>4.2%</u>
Expenses					
Instruction	308,652	326,935	55.1%	18,283	5.9%
Support services	200,750	212,213	35.7%	11,463	5.7%
Enterprise & community services	19,164	20,445	3.4%	1,281	6.7%
Facilities services	1,470	2,617	0.3%	1,147	78.0%
Interest & fees on long-term debt	33,546	31,600	5.3%	(1,946)	-5.8%
Total Expenses	<u>563,582</u>	<u>593,810</u>	<u>100.0%</u>	<u>30,228</u>	<u>5.4%</u>
Change in net position	63,393	59,243	-33.9%	(4,150)	-6.5%
Net position - beginning of year as restated	(297,332)	(233,939)	133.9%	63,393	21.3%
Net position - end of year	<u>\$ (233,939)</u>	<u>\$ (174,696)</u>	<u>100.0%</u>	<u>\$ 59,243</u>	<u>25.3%</u>

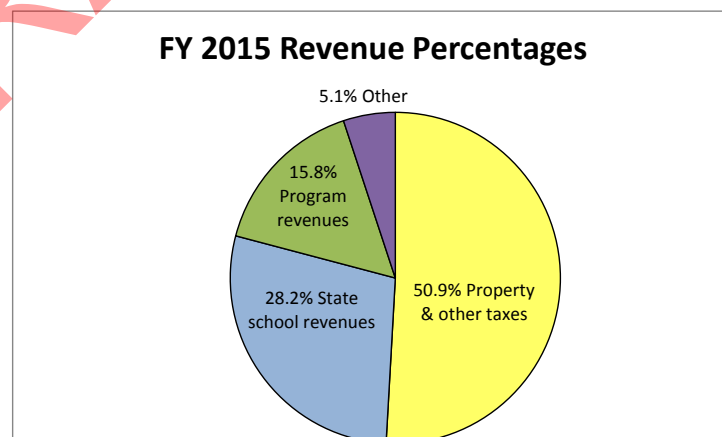
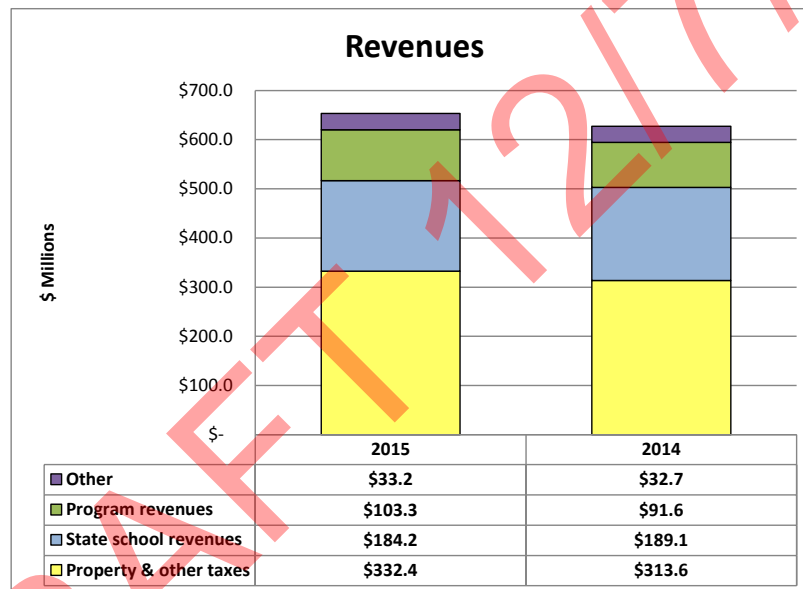
Note- 2014 information has been restated to account for GASB 68 & GASB 71 statement changes and a prior period adjustment (refer to Footnote 1-V).

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 2015 compared to 2014.

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 and kindergarten programs beyond the mandatory half-day class. Therefore, general revenues provide most of the funding required for governmental programs, primarily property taxes and State School Funds.

Revenues – 2015 compared to 2014. Total 2015 revenues of \$653.1 million represented a \$26.1 million (or 4.2%) increase from prior year revenues of \$627.0 million. State school fund revenues decreased \$5.2 million from the prior year due a State (ODE) adjustment of 2013-14 revenues which occurred in 2015. This reduction was related to a similar increase in local revenue, which is subtracted as part of ODE's calculation of the state school fund grant. Grants and contributions increased \$11.4 million, primarily due to funding increases for Columbia Regional, Providence Pediatric Nursing, STEM, Special Education, GEAR UP, Head Start, and Title I funding. Property and other taxes increased \$20.0 million primarily due to increases in assessed value of property in the local area and increased local construction activities.



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 – 2015 compared to 2014. Current year total expenses of \$593.8 million increased 5.4% (\$30.2 million) from the prior year. Instruction costs increased \$18.3 million in the current year. General Fund instruction costs increased \$21.3 million over the prior year, and Grant Fund instruction costs increased \$6.1 million, as discussed in the Financial Analysis of the District's Major Funds, presented below. On the Government-wide financial statements, instruction costs were reduced \$6.0 million by the GASB 68 mandated change in pension accounting methods, and were reduced \$1.2 million by a decrease in the Other Post-Employment Benefits (OPEB) liability. Support services costs increased \$11.4 million in the current year. The primary drivers of the increase were General Fund increases of \$19.0 million and Grant Fund increases of \$3.9 million, as discussed in the Financial Analysis of the District's Major Funds, presented below. In addition, IT support services expenses increased \$2.6 million related to classroom technology, and GO Bond support services expenses increased \$1.3 million for bond issuance and insurance costs. On the Government-wide financial statements, support costs were reduced \$14.9 million by the GASB 68 mandated change in pension accounting methods. Instruction and support services together accounted for 90.8% of the District's expenses in 2015, compared to 90.7%, 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 decreased by \$17.2 million to \$34.4 million for fiscal year 2015. This was \$4.8 million less of a decrease than the \$22.0 million decrease anticipated (excluding contingency) in the 2015 annual budget. State School Fund payments were \$5.2 million lower than the prior year due to increases in general property taxes and other local revenues. Instructional expenditures increased \$21.3 million in total. Wages and benefits accounted for \$17.6 million of this increase, primarily due to staffing additions mentioned on page 4, step increases, and cost of living adjustments. Textbooks, supplies and equipment expenditures increased \$1.9 million related to the reinvestments discussed on page 4. Support services costs increased \$19.0 million, due primarily to spending increases for non-teaching school support staff (\$3.9 million); counseling staff (\$1.5 million); instructional staff training (\$2.8 million); instructional specialists (\$1.6 million); technology (\$3.9 million); custodial and maintenance (\$1.3 million); and vocational education (\$1.6 million).

Grant Fund. Of the \$63.4 million in grant fund revenues, \$60.6 million was attributable to federal and state grants. Title I funds, other federal and state Title programs and school improvement programs of \$18.4 million was targeted to provide additional services to students disadvantaged by poverty, to support migrant and homeless education, and to support improving educational achievement in schools. Approximately \$26.5 million was received for Special Education, Early Vocabulary Intervention and Long-Term Care and Treatment grants and contracts. Head Start funding totaled approximately \$8.1 million. Other public and private-entity awards and other federal and state sources accounted for \$10.4 million. Total Grant Fund revenues and expenditures were \$10.5 million higher than the prior year, with increased instruction costs of \$6.1 million and increased support costs of \$3.9 million comprising most of the change. These increases were most significantly due to the following funding increases: funding for low incidence and other disabilities (\$3.6 million), Special Education and Long-Term Care and Treatment (\$4.7 million), Head Start (\$0.9 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 \$300 thousand. The PERS Rate Stabilization Reserve Fund currently has an ending fund balance of \$16.1 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 \$356.6 million, which is an increase of \$266.1 million over the prior year. This increase is the net result of GO Bond debt issuance (\$308.2 million) plus investment earnings (\$0.3 million), less capital expenditures (\$42.4 million).

Budgetary Highlights for the General Fund

The 2015 General Fund budget was adjusted four times during the year. The Board approved budget changes can be briefly summarized as follows:

- In November 2014, the Board increased the amount transferred from the General Fund to the Facilities Capital Fund by \$1,775,000, and appropriated those funds for facilities acquisition and construction to address safety and school capacity issues.
- In January 2015, the Board increased General Fund budgetary beginning fund balance by \$16.8 million to \$51.7 million, to reflect actual ending fund balances as reported in the June 30, 2014 CAFR. In addition, General Fund resources were increased \$8.4 million for higher property tax collections, and State School Fund revenues were decreased \$4.7 million as a result of higher permanent rate tax collections. In addition, program allocations for funds were adjusted to more accurately reflect intended expenditures. Budgeted expenditures reduced include: lower than anticipated teacher salaries for new hires (\$2.6 million) and savings on healthcare and other benefits costs (\$5.7 million). Expenditures were increased for: additional school and ongoing expenditures (\$7.0 million), additional one-time expenditures (\$4.2 million), and increased contingency (\$18.0 million).
- In May 2015, the Board reduced resources \$3.9 million to account for reduced state school fund revenues and increased local revenues. The Board also appropriated \$7.5 million in additional expenditures for technology upgrades, safety improvements, library books, musical instruments, PE equipment, K-3 literacy supports, CTE expansion, diversity training, AVID training, dyslexia training, and increases to school consolidated budgets.
- In June 2015, the Board appropriated \$1.965 million to fund an arbitration award to teachers and reduced appropriations by \$5.5 million for year-end carry-over related to previously approved plans and programs that will be expended after June 30, 2015.

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, 2015, the District had invested \$274.0 million in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide			
	2014	2015	change	% change
Land	\$ 9,174	\$ 9,174	\$ -	0.0%
Buildings and site improvements	385,032	424,356	39,324	10.2%
Vehicles and equipment	47,975	51,713	3,738	7.8%
Construction in progress	31,339	42,156	10,817	34.5%
	473,520	527,399	53,879	11.4%
less accumulated depreciation	(240,255)	(253,442)	(13,187)	5.5%
Capital assets, net of depreciation	\$ 233,265	\$ 273,957	\$ 40,692	17.4%

District-wide, capital assets increased by \$40.7 million, net of \$13.2 million depreciation and amortization. Capital Bond work accounted for most of the increase (\$41.0 million). Further explanation of capital assets is shown in Note 7 of these financial statements.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$757.1 million (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$396.0 million) and debt backed by the full faith and credit of the District (\$361.1 million). During the year the District reduced debt by making scheduled debt service payments of \$55 million. In April 2015, the District issued \$275 million in General Obligation bonds as the second in a planned series of three debt issuances totaling \$482 million. The result of all activities was an overall net increase of \$220.0 million in outstanding debt, and an increase in bond premium of \$29.8 million. Further explanation of debt is shown in Note 10 of the Financial Statements (pages 43-46).

Outstanding Debt	Government-wide				
	2014	Increases	Decreases	2015	% change
Limited tax pension and refunding bonds	\$ 407,500	\$ -	\$ (11,542)	\$ 395,958	-2.8%
Other debt	129,647	275,000	(43,491)	361,156	178.6%
Total Long Term Debt	537,147	275,000	(55,033)	757,114	
Unamortized Bond Premium/(Discount)	10,000	33,212	(3,436)	39,776	297.8%
Total Long Term Debt, net of Premium (Discount)	\$ 547,147	\$ 308,212	\$ (58,469)	\$ 796,890	45.6%

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 \$6.1 billion. More information is available in Statistical Section Schedule 11 on page 126 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 an unfunded actuarial liability ("UAL"). OPERS requires that school districts pay (or "amortize") this UAL 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 Unfunded Actuarial Liability (UAL). The reduced rate charged for the UAL that has resulted from the District's decision to borrow, has saved an estimated \$13 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 UAL. So long as OPERS' investment returns exceed the costs of servicing the bonds, the benefits of this program will exceed the costs. The District's UAL 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 3.4% in the past year, and wage growth has been better than the typical state. State General Fund revenues for fiscal year 2015 fell short of the May 2015 forecast by \$56 million, but this decline was largely offset by activation of the kicker provision. Revenue growth is expected to be stable, but there still is uncertainty regarding how market volatility will affect personal income tax collections, which are tied to realizations of capital gains. And, there are still local, national, and international risks that could negatively impact revenue growth. As the baby boom population ages, works less, and spends less, there will be downward pressure on revenue growth from increases in individual and corporate income tax collections. 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 2013-2015 biennial budget, but funding still remains below the state's own Quality Education Model funding mark. 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 over 50,000 jobs added in the past year, wages increasing, and unemployment rates dropping. Today, Oregon's job growth is more than one percentage point faster than in the typical state. Portland metropolitan area levels (5.4% in June 2015) were in between the Oregon figure of 5.5% and the U.S. average of 5.3%. Expectations are that job recovery in the region will continue at a slow and steady pace for the next 2 years before demographic pressures begin to exert some downward pressure on job growth.
- Based on the August 2014 enrollment forecast from Portland State University Population Research Center, District K-12 student enrollment is projected to increase from between 240 and 600 students annually over the next 15 years, reaching 51,000 to 56,000 by 2028-2029.
- 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 will not be felt until the 2017-19 rate setting cycle, when rates are expected to rise by around 4% of payroll as a result of this decision. In July 2015, the PERS Board lowered the assumed investment earnings rate from 7.75% to 7.5%, which will also create upward pressure on future employer rates.
- Thanks to the Local Option Levy and the improved economy, the District has been able to continue to reinvest in our schools and the District's three strategic priorities with the 2015-16 budget. The District appropriated additional expenditures to ensure every school has library coverage and two full time secretaries. Funding will increase for educational assistants, counselors, teachers, full-day kindergarten, expansion of AVID to more schools, staffing to support college and career readiness and athletics, transportation to support dual language immersion programs, and expended restorative justice practices.

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: www.pps.k12.or.us/departments/accounting/, site shortcut: **Financial Statements**.

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BASIC FINANCIAL STATEMENTS

DRAFT 12/7/15

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Statement of Net Position

June 30, 2015

(amounts expressed in thousands)

	Governmental Activities
ASSETS	
Cash and cash equivalents-unrestricted	\$ 110,335
Cash and cash equivalents held by fiscal agents	4,767
Investments	407,654
Accounts and other receivables	34,787
Property taxes and other taxes receivable	19,563
Inventories	686
Prepaid items	2,013
Noncurrent assets:	
Net pension asset	5,754
Capital assets, not depreciated:	
Land	9,174
Construction in progress	42,156
Capital assets, net of accumulated depreciation:	
Buildings and capital improvements	211,915
Vehicles and equipment	10,712
Total assets	<u>859,516</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension changes in employer proportion and differences between employer contribution and proportionate share of contributions	1,906
Pension contributions subsequent to measurement date	4,895
Total deferred outflows of resources	<u>6,801</u>
LIABILITIES	
Accounts payable	27,740
Accrued wages and benefits payable	72,503
Unearned revenues	809
Claims payable	4,711
Non-current liabilities:	
Due within one year	
Accrued compensated absences	1,444
Bonds	49,257
Accrued bond interest payable	13,997
Due in more than one year	
Accrued compensated absences	1,914
Bonds	747,633
Accrued bond interest payable	77,003
Net other post employment benefit obligation	32,900
Total liabilities	<u>1,029,911</u>
DEFERRED INFLOWS OF RESOURCES	
Pension differences between actual and expected earnings	<u>11,102</u>
NET POSITION	
Net investment in capital assets	230,251
Restricted for:	
Capital projects	373,772
Grants	8,604
Student body activities	4,022
Nutrition services	5,418
Debt service	3,029
Unrestricted (deficit)	(799,792)
Total net position	<u>\$ (174,696)</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, 2015
(amounts expressed in thousands)

Functions/Programs	EXPENSES		PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Position			
			Charges for Services	Operating Grants and Contributions	Governmental Activities			
GOVERNMENTAL ACTIVITIES								
Instruction	\$	326,935	\$	6,457	\$	65,409	\$	(255,069)
Support services		212,213		2,916		21,638		(187,659)
Enterprise and Community Services		20,445		4,214		2,704		(13,527)
Facilities Services		2,617		-		-		(2,617)
Interest and fees on long-term debt		31,600		-		-		(31,600)
Total governmental activities	\$	<u>593,810</u>	\$	<u>13,587</u>	\$	<u>89,751</u>		<u>(490,472)</u>
GENERAL REVENUES								
Property taxes levied for general purposes								222,872
Property taxes levied for debt service								46,568
Construction excise tax								6,076
Local option taxes								62,923
State School Fund								179,505
State Common School Fund								4,721
County and intermediate sources								15,202
Investment earnings								1,285
Other								10,563
Total general revenues								<u>549,715</u>
Change in net position								59,243
Net position - beginning of year as previously stated								266,007
Restatements (see note 1)								(499,946)
Net position - beginning of year as restated								<u>(233,939)</u>
Net position - end of year	\$							<u>(174,696)</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, 2015

(amounts expressed in thousands)

	General Fund	Grant Fund
ASSETS		
Cash and cash equivalents-unrestricted	\$ 653	\$ -
Cash and cash equivalents held by fiscal agents	4,530	-
Investments	92,960	-
Prepaid items	47	-
Accounts receivable	4,380	25,498
Property taxes and other taxes receivable	17,788	-
Due from other funds	8,709	-
Inventories	200	-
Total assets	<u>\$ 129,267</u>	<u>\$ 25,498</u>
LIABILITIES		
Accounts payable	\$ 10,865	\$ 3,484
Accrued wages and benefits	66,459	4,496
Due to other funds	743	16,709
Unearned revenues	-	809
Total liabilities	<u>78,067</u>	<u>25,498</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	16,758	-
Total deferred inflows of resources	<u>16,758</u>	<u>-</u>
FUND BALANCES		
Nonspendable	247	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	34,195	-
Total fund balances	<u>34,442</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 129,267</u>	<u>\$ 25,498</u>

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

PERS Rate Stabilization Reserve Fund	GO Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,041	\$ 66,308	\$ 37,168	\$ 105,170
-	-	237	4,767
15,000	297,694	-	405,654
-	1,945	21	2,013
16	738	4,126	34,758
-	-	1,775	19,563
-	-	8,800	17,509
-	-	486	686
<u>\$ 16,057</u>	<u>\$ 366,685</u>	<u>\$ 52,613</u>	<u>\$ 590,120</u>
\$ -	\$ 9,966	\$ 3,367	\$ 27,682
-	106	1,423	72,484
-	-	57	17,509
-	-	-	809
<u>-</u>	<u>10,072</u>	<u>4,847</u>	<u>118,484</u>
-	-	1,666	18,424
-	-	1,666	18,424
-	1,945	507	2,699
-	354,668	38,511	393,179
16,057	-	1,533	17,590
-	-	5,549	5,549
-	-	-	34,195
<u>16,057</u>	<u>356,613</u>	<u>46,100</u>	<u>453,212</u>
<u>\$ 16,057</u>	<u>\$ 366,685</u>	<u>\$ 52,613</u>	<u>\$ 590,120</u>

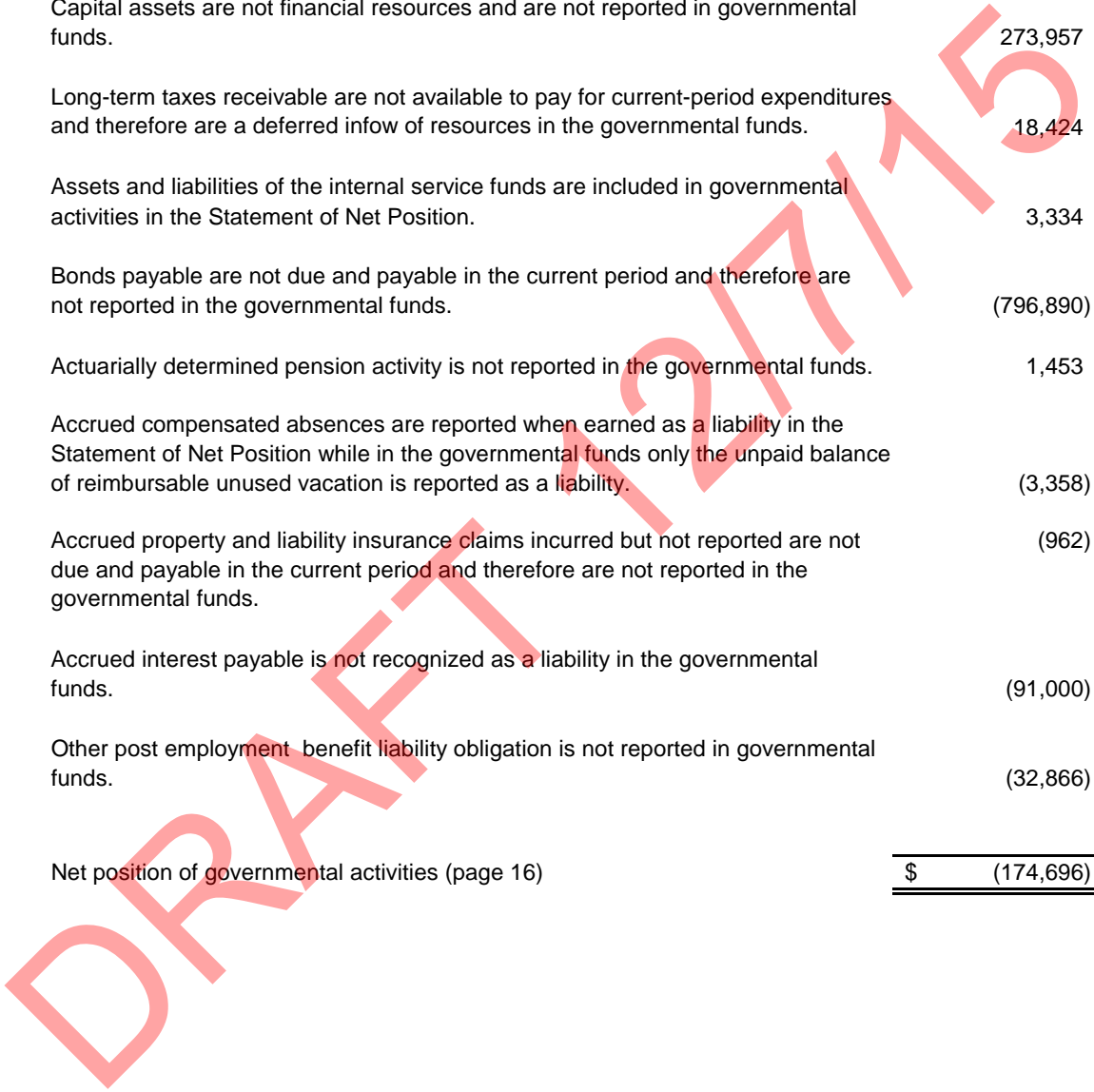
The notes to the basic financial statements are an integral part of this financial statement.

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2015
(amounts expressed in thousands)

Fund balances - total governmental funds (page 19)	\$ 453,212
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.	273,957
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.	18,424
Assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	3,334
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(796,890)
Actuarially determined pension activity is not reported in the governmental funds.	1,453
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.	(3,358)
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.	(962)
Accrued interest payable is not recognized as a liability in the governmental funds.	(91,000)
Other post employment benefit liability obligation is not reported in governmental funds.	(32,866)
Net position of governmental activities (page 16)	<u>\$ (174,696)</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, 2015
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Grant Fund</u>
REVENUES		
Property and other taxes	\$ 221,904	\$ -
State School Fund	179,505	-
State Common School Fund	4,721	-
Federal and state support	60	60,616
Local option taxes	63,274	-
County and intermediate sources	12,691	902
Charges for services	3,225	-
Extracurricular activities	-	-
Investment earnings	716	-
Other	7,415	1,853
Total revenues	<u>493,511</u>	<u>63,371</u>
EXPENDITURES		
Current:		
Instruction	293,300	39,029
Support services	201,248	21,638
Enterprise and community services	1,830	2,704
Facilities acquisition and construction	-	-
Debt Service:		
Principal	-	-
Interest	-	-
Total expenditures	<u>496,378</u>	<u>63,371</u>
Excess (deficit) of revenues over expenditures	<u>(2,867)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(14,409)	-
Proceeds from the sale of capital assets	44	-
Issuance of debt	-	-
Premium on issuance of debt	-	-
Total other financing sources (uses)	<u>(14,365)</u>	<u>-</u>
Net change in fund balances	(17,232)	-
Fund balances - beginning of year	<u>51,674</u>	<u>-</u>
Fund balances - end of year	<u>\$ 34,442</u>	<u>\$ -</u>

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

PERS Rate Stabilization Reserve Fund	GO Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 238	\$ -	\$ 52,077	\$ 274,219
-	-	-	179,505
-	-	-	4,721
-	-	15,117	75,793
-	-	-	63,274
-	-	1,608	15,201
-	-	51,008	54,233
-	-	8,276	8,276
62	317	160	1,255
-	3	6,143	15,414
<u>300</u>	<u>320</u>	<u>134,389</u>	<u>691,891</u>
-	-	17,338	349,667
-	1,415	4,953	229,254
-	-	17,368	21,902
-	40,971	13,859	54,830
-	-	55,033	55,033
-	-	33,811	33,811
-	<u>42,386</u>	<u>142,362</u>	<u>744,497</u>
<u>300</u>	<u>(42,066)</u>	<u>(7,973)</u>	<u>(52,606)</u>
-	-	14,409	14,409
-	-	-	(14,409)
-	-	-	44
-	275,000	-	275,000
-	33,212	-	33,212
-	<u>308,212</u>	<u>14,409</u>	<u>308,256</u>
300	266,146	6,436	255,650
15,757	90,467	39,664	197,562
<u>\$ 16,057</u>	<u>\$ 356,613</u>	<u>\$ 46,100</u>	<u>\$ 453,212</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, 2015
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 23)	\$ 255,650
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 \$54,356 exceeded depreciation and disposals of \$13,664.	40,692
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.	1,488
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.	929
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.	(247)
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.	(249,743)
PERS actuarial liability activity is reported in the Statement of Activities but not in the governmental funds.	9,616
Other post employment benefits expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds.	2,677
Change in compensated absences	(593)
Change in bond interest payable	(1,226)
Change in net position of governmental activities (page 17)	\$ 59,243

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, 2015
(amounts expressed in thousands)

ASSETS

Current Assets

Cash and cash equivalents	\$	5,164
Investments		2,000
Accounts and other receivables		29
Net pension asset		3
Total assets		7,196

DEFERRED OUTFLOWS OF RESOURCES

Changes in employer proportion and differences between employer contribution and proportionate share of contributions		1
Contributions subsequent to measurement date		3
Total deferred outflows of resources		4
Total assets and deferred outflows		7,200

LIABILITIES

Current Liabilities

Accounts payable		58
Accrued wages and benefits		19
Claims payable		3,749
Total current liabilities		3,826

Long-term Liability

Other post employment benefit obligation		34
Total liabilities		3,860

DEFERRED INFLOWS OF RESOURCES

Pension differences between actual and expected earnings		6
Total liabilities and deferred inflows of resources		3,866

NET POSITION

Unrestricted		\$ 3,334
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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, 2015
(amounts expressed in thousands)

OPERATING REVENUES

Charges for services	\$ 3,393
Insurance recoveries	29
Total operating revenues	3,422

OPERATING EXPENSES

Salaries and benefits	218
Materials and services	267
Claims expense	2,250
Total operating expenses	2,735

Operating income	687
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NON-OPERATING REVENUES

Federal and state support	213
Investment earnings	29
Total non-operating revenues	242

Change in net position	929
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Net position - beginning of year	2,410
Restatement (see note 1)	(5)
Net position - beginning of year as restated	2,405
Net position - end of year	\$ 3,334

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the year ended June 30, 2015
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from interfund services provided and used	\$	3,393
Cash received from insurance recoveries		20
Cash payments for salaries and benefits		(228)
Cash payments for goods and services		(259)
Cash payments for claims		(2,385)
Net cash provided by (used for) operating activities		541

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash subsidy from state return to work reimbursements		212
Net cash provided by (used for) noncapital financing activities		212

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments		(2,000)
Investment earnings		29
Net cash provided by (used for) investing activities		(1,971)

Net increase (decrease) in cash and cash equivalents (1,218)

Cash and cash equivalents at beginning of year		6,382
Cash and cash equivalents at end of year	\$	5,164

RECONCILIATION OF OPERATING INCOME TO CASH FROM OPERATING ACTIVITIES

Operating income	\$	687
Adjustments to reconcile operating income to net cash from operating activities:		
Increase in accounts and other receivables		(9)
Increase in accounts and other payables		7
Decrease in claims payable		(135)
Decrease in accrued wages and benefits		(3)
Increase in net pension asset, deferred inflows and outflows		(5)
Decrease in net other post employment benefits obligation		(1)
Total adjustments		(146)
Net cash provided by (used for) operating activities	\$	541

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, 2015
(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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015
(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

However, debt service and expenditures related to compensated absences are recorded only when payment is due.

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, 2015
(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 four supplemental budgets during budget year 2015.

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, 2015

(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
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, 2015
(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, except certain grants, 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, 2015
(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. In accordance with GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, 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 when due and payable in accordance with the benefit terms. 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, 2015
(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, 2015
(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. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), established accounting and disclosure requirements for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the District are detailed below.

Net Pension Liability - The net pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2015

(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. 68 – continued

Deferred Inflows of Resources and Deferred Outflows of Resources - GASB No. 68 includes recognition of deferred inflows and outflows of resources associated with differences between expected and actual results. The difference between expected and actual experience with regard to changes in the District's proportionate share of net pension liability since the prior measurement date, economic or demographic factors in the measurement of the total pension liability and changes in assumptions about future economic or demographic factors or other inputs are to be recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees covered by the plan.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* an amendment of GASB Statement No. 68 requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

V. Restatements

The District has restated its net position for adoption of the provisions of GASB No. 68 and No. 71. In addition, net position was restated for the recognition of accreted interest not previously recorded for its Series 2002A and 2003A Limited Tax Pension Bonds. The effects of these restatements are as follows:

	As Originally Reported: June 30, 2014	Restatement	As Restated: June 30, 2014
Prepaid pension and other prepaid costs	<u>\$ 404,992</u>	\$ (402,843)	<u>\$ 2,149</u>
Deferred outflows:			
Employer contributions	-	4,785	<u>\$ 4,785</u>
Net pension liability	-	(12,953)	<u>\$ (12,953)</u>
Accrued interest payable	<u>\$ (840)</u>	<u>(88,935)</u>	<u>\$ (89,775)</u>
Net position	<u>\$ 266,007</u>	<u>\$ (499,946)</u>	<u>\$ (233,939)</u>

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2015

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

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, 2015 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	\$ 47,906,755 (unrounded dollars)

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.

Cash, cash equivalents and investments on June 30, 2015 are comprised of the following:

Oregon Local Government Investment Pool	\$ 36,884
Cash in demand deposits	73,445
Petty cash	6
Total cash and cash equivalents	<u>110,335</u>
Cash and cash equivalents held by fiscal agents	4,767
U.S Government agency securities	238,141
Corporate Paper	143,899
Municipal Bonds	25,614
Total investments	<u>407,654</u>
Total cash, cash equivalents and investments	<u>\$ 522,756</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, 2015

(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, 2015 are categorized by Moody's and Standard and Poor's ratings as follows:

Moody's Rating	U.S. Government & Agency Obligations	Corporate Notes	Municipal Bonds	Total
Aaa	\$ 170,132	\$ -	\$ -	\$ 170,132
Aa1	-	2,609	13,613	16,222
Aa2	13,968	11,183	1,103	26,254
Aa3	-	5,275	313	5,588
A1	-	36,347	306	36,653
A2	-	43,819	-	43,819
A3	-	32,672	-	32,672
NR	54,041	11,994	10,279	76,314
	<u>\$ 238,141</u>	<u>\$ 143,899</u>	<u>\$ 25,614</u>	<u>\$ 407,654</u>

Weighted Average Maturity (Yrs)	1.14	0.78	1.43
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S & P Rating	U.S. Government & Agency Obligations	Corporate Notes	Municipal Bonds	Total
AAA	\$ 13,967	\$ -	\$ 1,103	\$ 15,070
AA+	143,126	23,082	-	166,208
AA	-	14,707	-	14,707
AA-	-	2,356	17,935	20,291
A+	-	54,373	-	54,373
A	-	36,688	-	36,688
A-	-	699	-	699
NR	81,048	11,994	306	93,348
1+ (short term)	-	-	6,270	6,270
	<u>\$ 238,141</u>	<u>\$ 143,899</u>	<u>\$ 25,614</u>	<u>\$ 407,654</u>

Weighted Average Maturity (Yrs)	1.14	0.78	1.43
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School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015
(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 and Aa2 by Moody's Investors Service.

Corporate notes are rated between Aa1 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, 2015 the District held the following:

	Value	Percentage of total investments
GE Corp - Corporate Obligations	\$ 23,082	5.7%
JP Morgan - Corporate Obligations	27,422	6.7%
MUFG Union Bank - Corporate Obligations	20,704	5.1%
Wells Fargo - Corporate Obligations	27,665	6.8%

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, 2015, bank balances of \$1,283 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2015, the carrying amount of the District's balance was \$73,445 and the bank balance was \$77,503.

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2015

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

Investments – continued

Custodial credit risk-investments – continued

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 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, 2015 are summarized as follows:

	General Fund	Grant Fund	PERS Fund	GO Bonds Fund	Govern- mental and other funds	Total
Accounts and other receivables:						
Interest	\$ 192	\$ -	\$ 16	\$ 738	\$ -	\$ 946
Accounts receivable	4,158	-	-	-	4,155	8,313
Federal, state and local grants	-	25,498	-	-	-	25,498
Advances to employees	30	-	-	-	-	30
Total accounts and other receivables	<u>4,380</u>	<u>25,498</u>	<u>16</u>	<u>738</u>	<u>4,155</u>	<u>34,787</u>
Property and other taxes receivable	17,788	-	-	-	1,775	19,563
Total receivables	<u>\$ 22,168</u>	<u>\$ 25,498</u>	<u>\$ 16</u>	<u>\$ 738</u>	<u>\$ 5,930</u>	<u>\$ 54,350</u>

NOTE 6 – PREPAID ASSETS

A summary of changes in prepaid assets at June 30, 2015 is as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance
Prepaid Assets:				
Postage	\$ 59	\$ 205	\$ (221)	\$ 43
Insurance	2,090	334	(463)	1,961
Other	-	9	-	9
Total Prepaid Assets:	<u>\$ 2,149</u>	<u>\$ 548</u>	<u>\$ (684)</u>	<u>\$ 2,013</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 will be amortized for 5 years starting in fiscal year 2014, and the builders risk policies will be 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, 2015

(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, 2015 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated or amortized					
Land	\$ 9,174	\$ -	\$ -	\$ -	\$ 9,174
Construction in progress	31,339	54,694	(2,303)	(41,574)	42,156
Total capital assets not being depreciated or amortized	40,513	54,694	(2,303)	(41,574)	51,330
Capital assets being depreciated or amortized					
Buildings and site improvements	385,032	132	-	39,192	424,356
Vehicles and equipment	47,975	1,833	(477)	2,382	51,713
Total capital assets being depreciated or amortized	433,007	1,965	(477)	41,574	476,069
Total general capital assets	473,520	56,659	(2,780)	-	527,399
Less accumulated depreciation and amortization					
Buildings and site improvements	(201,351)	(11,090)	-	-	(212,441)
Vehicles and equipment	(38,904)	(2,574)	477	-	(41,001)
Total accumulated depreciation and amortization	(240,255)	(13,664)	477	-	(253,442)
Total capital assets, net of accumulated depreciation	<u>\$233,265</u>	<u>\$ 42,995</u>	<u>\$(2,303)</u>	<u>\$ -</u>	<u>\$273,957</u>

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

Instruction	\$10,286
Supporting services	3,215
Food services	163
	<u>\$13,664</u>

As of June 30, 2015 the District has three schools that are closed and idle: East Sylvan, Foster and Smith. As of June 30, 2015 the carrying value of these schools is \$1,146 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, 2015

(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, 2015, the General Fund owed the Student Body Activity Fund \$743 and the Grants Fund was advanced \$8,709 by the General Fund and \$8,800 from other non –major governmental funds to cover unbilled expenditures.

Interfund receivables and payables on June 30, 2015 are comprised of the following:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 8,709	\$ 743
Non-major governmental funds	8,800	57
Grant Fund	-	16,709
	<u>\$ 17,509</u>	<u>\$ 17,509</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 \$10,572 to non-major capital projects funds.

The composition of interfund transfers as of June 30, 2015, is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 14,409
Nonmajor Governmental Funds	14,409	-
	<u>\$ 14,409</u>	<u>\$ 14,409</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, 2014</u>	<u>Increases</u>	<u>Payments</u>	<u>Outstanding June 30, 2015</u>	<u>Due Within One Year</u>
\$ 2,765	\$ 1,878	\$ (1,285)	\$ 3,358	\$ 1,444

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015
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NOTE 10 – BONDED AND OTHER DEBT

Changes in District long-term debt during fiscal year 2015 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	\$ 168,411	\$ -	\$ (4,092)	\$ 164,319	\$ 4,203
Series 2003	281,170	224,689	-	(7,450)	217,239	7,680
Series 2012	14,400	14,400	-	-	14,400	-
Total pension debt (Note 11)	<u>505,674</u>	<u>407,500</u>	<u>-</u>	<u>(11,542)</u>	<u>395,958</u>	<u>11,883</u>
Other Debt:						
Note payable-2009 credit facility	15,000	12,261	-	(2,291)	9,970	2,369
Recovery Zone Economic Development Bonds	11,000	8,496	-	(885)	7,611	913
General Obligation Bonds						
Series 2013A	76,265	40,315	-	(40,315)	-	-
Series 2013B	68,575	68,575	-	-	68,575	1,555
Series 2015A	30,300	-	30,300	-	30,300	30,300
Series 2015B	244,700	-	244,700	-	244,700	-
Total other debt	<u>445,840</u>	<u>129,647</u>	<u>275,000</u>	<u>(43,491)</u>	<u>361,156</u>	<u>35,137</u>
Total long-term debt	<u>\$ 951,514</u>	<u>537,147</u>	<u>275,000</u>	<u>(55,033)</u>	<u>757,114</u>	<u>47,020</u>
Unamortized bond premium (discount)		<u>10,000</u>	<u>33,212</u>	<u>(3,436)</u>	<u>39,776</u>	<u>2,237</u>
Total long-term debt, net of premiums (discounts)		<u>\$ 547,147</u>	<u>\$ 308,212</u>	<u>\$ (58,469)</u>	<u>\$ 796,890</u>	<u>\$ 49,257</u>

Changes in District accrued interest during fiscal year 2015 were as follows:

	Beginning Balance	Additions	Payments and Reductions	Ending Balance
Accrued Interest:				
Current Portion	\$ 10,747	\$ 37,061	\$ (33,811)	\$ 13,997
Long Term Portion	79,028	-	(2,025)	77,003
Total Accrued Interest	<u>\$ 89,775</u>	<u>\$ 37,061</u>	<u>\$ (35,836)</u>	<u>\$ 91,000</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 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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

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 5.51% 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 new debt instrument (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 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 semiannually at yields ranging from 5.54% 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 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT – continued
B. Other Debt - continued

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 \$76,265 in General Obligation Bonds, Series 2013A. The interest rate is fixed at 5% and interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2013. The final maturity date of the bonds is June 15, 2015 with principal payments of \$35,950 and \$40,315 due on June 15, 2014 and June 15, 2015, respectively. The bonds were issued at a premium of \$5,947 which is being amortized over the life of the bonds. At June 30, 2015 this debt was fully repaid.

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 final maturity date of the bonds is June 15, 2016. The bonds were issued at a premium of \$34 which is being amortized over the life of the bonds.

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 semi-annually. 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, 2015
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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
Principal					
2016	\$ 11,883	\$ 913	\$ 2,369	\$ 31,855	\$ 47,020
2017	11,826	940	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
2021-2025	173,877	2,761	-	78,835	255,473
2026-2030	162,185	-	-	73,650	235,835
2031-2033	-	-	-	58,935	58,935
Total principal	395,958	7,611	9,970	343,575	757,114
Interest					
2016	30,431	373	339	15,467	46,610
2017	32,309	327	258	13,889	46,783
2018	34,797	278	176	12,181	47,432
2019	36,905	229	89	11,226	48,449
2020	39,699	178	-	10,139	50,016
2021-2025	128,264	214	-	34,236	162,714
2026-2030	16,673	-	-	19,593	36,266
2031-2033	-	-	-	4,003	4,003
Total interest	319,078	1,599	862	120,734	442,273
Total debt service	\$715,036	\$ 9,210	\$10,832	\$464,309	\$1,199,387

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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015
(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, 2015
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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, 2011 actuarial valuation, as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. 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, 2015 were \$4,895.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2015

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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, 2015 were:

- (1) Tier 1/Tier 2 – 2.71 percent
- (2) OPSRP general service – 0.81 percent

Actuarial Valuations:

The employer contribution rates effective July 1, 2013, through June 30, 2015, 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, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier 1/Tier 2 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, 2015
(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 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount Rate:

The discount rate used to measure the total pension liability (asset) 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 (asset).

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, 2015

(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:

Asset Class/Strategy	Low Range	High Range	OIC Target
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
Total			100.0

Source: June 30, 2014 OPERS CAFR; p.72

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.

Asset Class	Target	Compound Annual Return (Geometric)
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, 2014 OPERS CAFR; pp. 54-55

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2015

(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)	\$12,184	\$(5,754)	\$(20,925)

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

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

At June 30, 2015, the District reported an asset of \$5,754 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 and rolled forward to June 30, 2014. The District's proportion of the net pension asset 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, 2015, the District's proportion was 0.25383313 percent.

For the year ended June 30, 2015, the District recognized negative pension expense of \$(4,726) for the defined benefit portion of the pension plan as a result of implementing GASB #68. At June 30, 2015, 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
Net difference between projected and actual earnings on investments	\$ -	\$(11,102)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,906	-
Total (prior to post-measurement date contributions)	1,906	(11,102)
Contributions made subsequent to measurement date	4,895	-
Net Deferred Outflow/(Inflow) of Resources	\$ 6,801	\$(11,102)

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015
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NOTE 11 – PENSION PLANS – continued
Oregon Public Employees Retirement System (OPERS) – continued
Actuarial Valuations - continued

\$4,895 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. 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 2016	\$(2,361)
Fiscal Year 2017	(2,361)
Fiscal Year 2018	(2,361)
Fiscal Year 2019	(2,361)
Fiscal Year 2020	248
Total	\$(9,196)

Changes in Plan Provisions Subsequent to Measurement Date:

On April 30, 2015, the Oregon Supreme Court ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

It is estimated that this change will have the following impacts:

	OPERS		District		Change in Net Pension (asset)/liability
	Prior to Moro	After Moro (estimated)	Prior to Moro	After Moro (estimated)	
Total Pension Liability	\$ 63,130,000	\$ 68,050,000	\$ 160,200	\$ 172,700	
Fiduciary Net Position	65,400,000	65,400,000	166,000	166,000	
Net Pension Liability(asset)	\$ (2,270,000)	\$ 2,650,000	\$ (5,800)	\$ 6,700	\$ 12,500

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015
(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, 2015. Included in accrued liabilities at June 30, 2015 are \$1.6 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, 2015
(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 2015 the District recognized, on a budgetary basis, expenses/expenditures of approximately \$4.7 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, 2015

(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, 2015, 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)	\$ 5,063	\$ 2	\$ 5,065
Interest on net OPEB obligation	1,067	-	1,067
Adjustment to annual required contribution	<u>(1,814)</u>	<u>(1)</u>	<u>(1,815)</u>
Annual OPEB cost	4,316	1	4,317
Contributions made	<u>(6,993)</u>	<u>(3)</u>	<u>(6,996)</u>
Decrease in net OPEB obligation	<u>(2,677)</u>	<u>(2)</u>	<u>(2,679)</u>
Net OPEB obligation - beginning of year	<u>35,543</u>	<u>36</u>	<u>35,579</u>
Net OPEB obligation - end of year	<u>\$ 32,866</u>	<u>\$ 34</u>	<u>\$ 32,900</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 and the preceding five years are as follows:

Fiscal year	Annual OPEB cost	% of annual OPEB cost contributed	Net OPEB obligation
2011	\$ 12,860	61.7%	\$ 29,667
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

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, 2015

(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

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, 2015 is as shown:

Accrued actuarial liability (AAL) reported June 30, 2014	\$ 105,510
Accrued actuarial liability (AAL) reported June 30, 2015	<u>65,094</u>
Decrease in AAL	<u>\$ (40,416)</u>

Funded Status and Funding Progress

As of June 30, 2015 the actuarial accrued liability for benefits was \$65.1 million, and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$65.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$283 million for fiscal year 2015 and the ratio of the UAAL to the covered payroll was 23.0%. Using a 30-year amortization period, the Annual Required Contribution (ARC) for 2015 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 67. 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
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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, 2015, 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, 2015

(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 0.59% of annual covered OPERF payroll and 0.49% of OPSRP payroll under a contractual requirement in effect until June 30, 2015. 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, 2013, 2014 and 2015 were \$1.5 million, \$1.5 million and \$1.7 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, 2015.

The total claims payable at June 30, 2015 of \$4.7 million was made up of approximately \$3.7 million in worker's compensation claims (recorded in the Internal Service Fund) and \$1.0 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, 2013, through June 30, 2015, were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>New Claims</u>	<u>Payments on Claims</u>	<u>Ending Balance</u>
2013	\$ 4,366	\$ 2,810	\$ (2,636)	\$ 4,540
2014	4,540	2,925	(2,868)	4,597
2015	4,597	2,762	(2,648)	4,711

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015
(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:

2016	\$	658
2017		358
2018		325
2019		325
2020		325
Total minimum payments	\$	1,991

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	Estimated Commitments
SKANSKA	\$ 82,078
Lease Crutcher Lewis	68,226
First Student	10,389
City of Portland	7,789
Heery International Inc.	5,130
Payne Construction	3,214
Bassetti Architects	2,976
Portland Community College	2,649
Open Meadows	2,557
CDW Government	2,475
2KG Contractors Inc.	2,131
Corp Inc	2,069
Dull Olson Weekes Architects	2,013
Portland Village School	2,000
Self Enhancement Inc.	2,000
Trillium Charter School	2,000
	\$ 199,696

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
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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, 2015 Multnomah County's reserve balance held in the General Fund was \$556.

Pearl School

In September 2009, the District committed to a commercial lease from Nurture 247 LP, for the Pearl School. The lease commenced in 2011 and is renewable in 2016 at the end of the five-year lease period. Initial payments of \$23 thousand per month in year 1, will increase annually to \$25 thousand per month in the fifth year.

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.

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, 2015

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

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2015 are as follows:

	General Fund	Other Major Funds	Other Govern- mental Funds	Total Govern- mental Funds
Nonspendable:				
Prepaid items - General Fund	\$ 47	\$ -	\$ -	\$ 47
Prepaid items - GO Bonds Fund	-	1,945	-	1,945
Prepaid items - Facilities Capital Fund	-	-	21	21
Inventories - Warehouse	200	-	-	200
Inventories - Cafeteria Fund	-	-	486	486
	<u>247</u>	<u>1,945</u>	<u>507</u>	<u>2,699</u>
Restricted:				
Special Revenue Funds:				
Student Body Activity Fund	-	-	4,022	4,022
Cafeteria Fund	-	-	5,418	5,418
Dedicated Resource Fund	-	-	8,604	8,604
Capital Projects Funds:				
Construction Excise Tax Fund	-	-	13,029	13,029
IT System Project Fund	-	-	4,860	4,860
Energy Efficient Schools Fund	-	-	656	656
Facilities Capital Fund	-	-	556	556
Partnerships Fund	-	-	3	3
Debt Service Funds:				
GO Bond Debt Service Fund	-	-	1,363	1,363
GO Bonds Fund	-	354,668	-	354,668
	<u>-</u>	<u>354,668</u>	<u>38,511</u>	<u>393,179</u>
Committed:				
PERS Rate Stabilization Fund	-	16,057	-	16,057
Debt Service Fund- PERS UAL	-	-	1,533	1,533
	<u>-</u>	<u>16,057</u>	<u>1,533</u>	<u>17,590</u>
Assigned:				
Recovery Zone Energy and Water Conservation Fund	-	-	56	56
Facilities Capital Fund	-	-	2,521	2,521
Capital Asset Renewal Fund	-	-	2,972	2,972
	<u>-</u>	<u>-</u>	<u>5,549</u>	<u>5,549</u>
Unassigned	34,195	-	-	34,195
Total fund balances	<u>\$ 34,442</u>	<u>\$ 372,670</u>	<u>\$ 46,100</u>	<u>\$ 453,212</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2015

(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 1,664 (representing 3.5% of the District's total enrollment); and that charter schools' Net Position was \$2.8 million (representing 1.1% of the District's Net Position). 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. Receipts and expenditures for the year ended June 30, 2015 are as follows:

	Arts Tax Revenues (unrounded)	Arts Tax Expenditures (unrounded)	FTE Funded	Number of Schools Funded
Non-Charter Schools	\$ 4,362,219	\$ 4,345,290	48.15	58
Charter Schools	117,439	96,030	2.34	7
District Total	<u>\$ 4,479,658</u>	<u>\$ 4,441,320</u>	<u>50.49</u>	<u>65</u>



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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.

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress and Employer Contributions
June 30, 2015
(amounts expressed in thousands)

Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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
6/30/2012	\$ 13,343	\$ 8,835	66.2%
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%

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 ¹
(amounts expressed in thousands)

District's Proportionate Share of Net Pension Liability

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

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

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

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

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

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, 2015

Notes to Required Supplementary Information

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

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

Changes of Assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

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

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at:

<http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

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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, 2015

(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 216,469	\$ 222,419	\$ 221,904	\$ (515)
State School Fund	198,972	187,898	179,505	(8,393)
Local option taxes	58,507	62,457	63,274	817
County and intermediate sources	12,724	12,714	12,691	(23)
Federal and state support	-	-	60	60
State Common School Fund	4,000	4,550	4,721	171
Charges for services	3,128	3,128	3,225	97
Investment earnings	500	500	716	216
Other	5,611	6,111	7,415	1,304
Total revenues	499,911	499,777	493,511	(6,266)
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	211,172	207,982	205,052	2,930
Materials and services	10,105	9,383	8,887	496
Total regular programs	221,277	217,365	213,939	3,426
Special programs:				
Salaries and benefits	58,362	56,362	54,988	1,374
Materials and services	24,301	23,704	23,896	(192)
Total special programs	82,663	80,066	78,884	1,182
Summer school programs:				
Salaries and benefits	442	487	436	51
Materials and services	10	47	41	6
Total summer school programs	452	534	477	57
Total instruction	304,392	297,965	293,300	4,665
Support services:				
Students:				
Salaries and benefits	37,990	38,906	37,614	1,292
Materials and services	4,725	5,384	4,888	496
Total students	42,715	44,290	42,502	1,788
Instructional staff:				
Salaries and benefits	17,730	20,411	19,133	1,278
Materials and services	2,008	2,266	1,504	762
Total instructional staff	19,738	22,677	20,637	2,040
General administration:				
Salaries and benefits	4,218	4,723	4,585	138
Materials and services	1,276	1,988	2,585	(597)
Total general administration	5,494	6,711	7,170	(459)

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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support services (continued):				
School administration:				
Salaries and benefits	\$ 33,190	\$ 34,379	\$ 34,100	\$ 279
Materials and services	837	1,007	678	329
Total school administration	<u>34,027</u>	<u>35,386</u>	<u>34,778</u>	<u>608</u>
Business:				
Salaries and benefits	41,728	41,417	38,632	2,785
Materials and services	36,052	35,159	35,862	(703)
Total business	<u>77,780</u>	<u>76,576</u>	<u>74,494</u>	<u>2,082</u>
Central:				
Salaries and benefits	14,220	14,931	13,123	1,808
Materials and services	6,706	7,056	8,544	(1,488)
Total central	<u>20,926</u>	<u>21,987</u>	<u>21,667</u>	<u>320</u>
Total support services	<u>200,680</u>	<u>207,627</u>	<u>201,248</u>	<u>6,379</u>
Enterprise and community services:				
Salaries and benefits	696	808	736	72
Materials and services	1,119	1,119	1,094	25
Total enterprise and community services	<u>1,815</u>	<u>1,927</u>	<u>1,830</u>	<u>97</u>
Operating contingency	<u>21,151</u>	<u>29,623</u>	<u>-</u>	<u>29,623</u>
Total expenditures	<u>528,038</u>	<u>537,142</u>	<u>496,378</u>	<u>40,764</u>
Excess (deficit) of revenues over expenditures	<u>(28,127)</u>	<u>(37,365)</u>	<u>(2,867)</u>	<u>34,498</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(6,834)</u>	<u>(14,409)</u>	<u>(14,409)</u>	<u>-</u>
Proceeds from the sale of capital assets	100	100	44	(56)
Total other financing sources and (uses)	<u>(6,734)</u>	<u>(14,309)</u>	<u>(14,365)</u>	<u>(56)</u>
Net change in fund balance	(34,861)	(51,674)	(17,232)	34,442
Fund balance - beginning of year	34,861	51,674	51,674	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,442</u>	<u>\$ 34,442</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, 2015
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 65,796	\$ 65,796	\$ 60,616	\$ (5,180)
County and intermediate sources	838	838	902	64
Other	1,668	1,668	1,853	185
Total revenues	68,302	68,302	63,371	(4,931)
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	14,325	13,803	13,400	403
Materials and services	5,223	2,824	3,443	(619)
Total regular programs	19,548	16,627	16,843	(216)
Special programs:				
Salaries and benefits	16,301	16,525	14,330	2,195
Materials and services	6,511	8,930	7,572	1,358
Total special programs	22,812	25,455	21,902	3,553
Summer school programs:				
Salaries and benefits	288	586	206	380
Materials and services	276	257	78	179
Total summer school programs	564	843	284	559
Total instruction	42,924	42,925	39,029	3,896
Support services:				
Students:				
Salaries and benefits	10,829	8,592	8,379	213
Materials and services	2,407	1,087	3,448	(2,361)
Total students	13,236	9,679	11,827	(2,148)
Instructional staff:				
Salaries and benefits	5,560	7,594	5,655	1,939
Materials and services	2,119	3,329	2,497	832
Total instructional staff	7,679	10,923	8,152	2,771
General administration:				
Salaries and benefits	-	10	1	9
Materials and services	-	64	33	31
Total school administration	-	74	34	40
School administration:				
Salaries and benefits	1,137	562	986	(424)
Materials and services	318	215	229	(14)
Total school administration	1,455	777	1,215	(438)
Business:				
Materials and services	90	120	148	(28)
Total business	90	120	148	(28)

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, 2015
(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>		
Support services (continued):				
Central:				
Salaries and benefits	\$ 93	\$ 161	\$ 114	\$ 47
Materials and services	603	722	148	574
Total central	696	883	262	621
Total support services	23,156	22,456	21,638	818
Enterprise and community services:				
Food services:				
Salaries and benefits	-	22	11	11
Materials and services	595	751	884	(133)
Total food services	595	773	895	(122)
Community services:				
Salaries and benefits	1,234	1,912	1,549	363
Materials and services	393	236	260	(24)
Total community services	1,627	2,148	1,809	339
Total enterprise and community services	2,222	2,921	2,704	217
Total expenditures	68,302	68,302	63,371	4,931
Excess (deficit) of revenues over expenditures	-	-	-	-
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 Rate Stabilization Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 211	\$ 211	\$ 238	\$ 27
Investment earnings	60	60	62	2
Total revenues	<u>271</u>	<u>271</u>	<u>300</u>	<u>29</u>
Net change in fund balance	271	271	300	29
Fund balance - beginning of year	15,731	15,757	15,757	-
Fund balance - end of year	<u>\$ 16,002</u>	<u>\$ 16,028</u>	<u>\$ 16,057</u>	<u>\$ 29</u>

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

SUPPLEMENTARY INFORMATION

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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.

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet by Fund Types
June 30, 2015
(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
ASSETS				
Cash and cash equivalents-unrestricted	\$ 10,229	\$ 2,550	\$ 24,389	\$ 37,168
Cash and cash equivalents held by fiscal agents	-	237	-	237
Accounts and other receivables	2,142	-	1,984	4,126
Property taxes and other taxes receivable	-	1,775	-	1,775
Due from other funds	8,743	-	57	8,800
Prepaid Items	-	-	21	21
Inventories	486	-	-	486
Total assets	\$ 21,600	\$ 4,562	\$ 26,451	\$ 52,613
LIABILITIES				
Accounts payable	\$ 1,647	\$ -	\$ 1,720	\$ 3,367
Accrued wages and benefits	1,423	-	-	1,423
Due to other funds	-	-	57	57
Total liabilities	3,070	-	1,777	4,847
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	-	1,666	-	1,666
FUND BALANCES				
Nonspendable	486	-	21	507
Restricted	18,044	1,363	19,104	38,511
Committed	-	1,533	-	1,533
Assigned	-	-	5,549	5,549
Total fund balances	18,530	2,896	24,674	46,100
Total liabilities, deferred inflows and fund balances	\$ 21,600	\$ 4,562	\$ 26,451	\$ 52,613

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2015
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	Dedicated Resource Fund	Total
ASSETS				
Cash and cash equivalents	\$ 4,007	\$ 5,260	\$ 962	\$ 10,229
Accounts and other receivables	135	805	1,202	2,142
Due from other funds	743	-	8,000	8,743
Inventories	-	486	-	486
Total assets	<u>\$ 4,885</u>	<u>\$ 6,551</u>	<u>\$ 10,164</u>	<u>\$ 21,600</u>
LIABILITIES				
Accounts payable	\$ 863	\$ 523	\$ 261	\$ 1,647
Accrued wages and benefits	-	124	1,299	1,423
Total liabilities	<u>863</u>	<u>647</u>	<u>1,560</u>	<u>3,070</u>
FUND BALANCES				
Nonspendable	-	486	-	486
Restricted	4,022	5,418	8,604	18,044
Total fund balances	<u>4,022</u>	<u>5,904</u>	<u>8,604</u>	<u>18,530</u>
Total liabilities and fund balances	<u>\$ 4,885</u>	<u>\$ 6,551</u>	<u>\$ 10,164</u>	<u>\$ 21,600</u>

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2015
(amounts expressed in thousands)

	<u>PERS UAL Debt Service Fund</u>	<u>GO Bond Debt Service Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,533	\$ 1,017	\$ 2,550
Cash and cash equivalents held by fiscal agent:	-	237	237
Property taxes and other taxes receivable	-	1,775	1,775
Total assets	<u>\$ 1,533</u>	<u>\$ 3,029</u>	<u>\$ 4,562</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	\$ -	\$ 1,666	\$ 1,666
FUND BALANCES			
Restricted	-	1,363	1,363
Committed	1,533	-	1,533
Total fund balances	<u>1,533</u>	<u>1,363</u>	<u>2,896</u>
Total deferred inflows and fund balances	<u>\$ 1,533</u>	<u>\$ 3,029</u>	<u>\$ 4,562</u>

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Nonmajor Capital Projects Funds

Combining Balance Sheet

June 30, 2015

(amounts expressed in thousands)

	Construction Excise Tax Fund	IT System Project Fund	Recovery Zone Energy & Water Cons. Fund	Energy Efficient Schools Fund
ASSETS				
Cash and cash equivalents	\$ 11,585	\$ 5,389	\$ 86	\$ 896
Accounts and other receivables	1,703	-	-	112
Due from other funds	-	-	-	-
Prepaid Items	-	-	-	-
Total assets	<u>\$ 13,288</u>	<u>\$ 5,389</u>	<u>\$ 86</u>	<u>\$ 1,008</u>
LIABILITIES				
Accounts payable	\$ 259	\$ 529	\$ 30	\$ 352
Due to other funds	-	-	-	-
Total liabilities	<u>259</u>	<u>529</u>	<u>30</u>	<u>352</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	13,029	4,860	-	656
Assigned	-	-	56	-
Total fund balances	<u>13,029</u>	<u>4,860</u>	<u>56</u>	<u>656</u>
Total liabilities and fund balances	<u>\$ 13,288</u>	<u>\$ 5,389</u>	<u>\$ 86</u>	<u>\$ 1,008</u>

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SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds (continued)
Combining Balance Sheet
June 30, 2015
(amounts expressed in thousands)

	Facilities Capital Fund	Capital Asset Renewal Fund	Partnerships Fund	Total
ASSETS				
Cash and cash equivalents	\$ 3,484	\$ 2,949	\$ -	\$ 24,389
Accounts and other receivables	15	23	131	1,984
Due from other funds	57	-	-	57
Prepaid Items	21	-	-	21
Total assets	<u>\$ 3,577</u>	<u>\$ 2,972</u>	<u>\$ 131</u>	<u>\$ 26,451</u>
LIABILITIES				
Accounts payable	\$ 479	\$ -	\$ 71	\$ 1,720
Due to other funds	-	-	57	57
Total liabilities	<u>479</u>	<u>-</u>	<u>128</u>	<u>1,777</u>
FUND BALANCES				
Nonspendable	21	-	-	21
Restricted	556	-	3	19,104
Assigned	2,521	2,972	-	5,549
Total fund balances	<u>3,098</u>	<u>2,972</u>	<u>3</u>	<u>24,674</u>
Total liabilities and fund balances	<u>\$ 3,577</u>	<u>\$ 2,972</u>	<u>\$ 131</u>	<u>\$ 26,451</u>

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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, 2015

(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
REVENUES				
Property and other taxes	\$ -	\$ 46,001	\$ 6,076	\$ 52,077
Federal and state support	14,942	175	-	15,117
County and intermediate sources	1,608	-	-	1,608
Charges for services	9,854	40,646	508	51,008
Extracurricular activities	8,276	-	-	8,276
Investment earnings	-	135	25	160
Other	4,104	-	2,039	6,143
Total revenues	38,784	86,957	8,648	134,389
EXPENDITURES				
Current:				
Instruction:				
Regular programs	16,226	-	-	16,226
Special programs	1,110	-	-	1,110
Summer school programs	2	-	-	2
Total instruction	17,338	-	-	17,338
Support services:				
Students	262	-	-	262
Instructional staff	326	-	-	326
General administration	77	-	-	77
School administration	398	-	-	398
Business	213	-	5	218
Central	8	-	3,664	3,672
Total support services	1,284	-	3,669	4,953
Enterprise and community services:				
Food services	17,344	-	-	17,344
Community services	24	-	-	24
Total enterprise and community services	17,368	-	-	17,368
Facilities acquisition and construction:	-	-	13,859	13,859
Debt Service:				
Principal	-	55,033	-	55,033
Interest and fiscal charges	-	33,811	-	33,811
Total debt service	-	88,844	-	88,844
Total expenditures	35,990	88,844	17,528	142,362
Excess (deficit) of revenues over expenditures	2,794	(1,887)	(8,880)	(7,973)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,837	10,572	14,409
Total other financing sources (uses)	-	3,837	10,572	14,409
 Net change in fund balances	 2,794	 1,950	 1,692	 6,436
 Fund balances - beginning of year	 15,736	 946	 22,982	 39,664
Fund balances - end of year	\$ 18,530	\$ 2,896	\$ 24,674	\$ 46,100

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, 2015
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	Dedicated Resource Fund	Total
REVENUES				
Federal and state support	\$ -	\$ 14,756	\$ 186	\$ 14,942
County and intermediate sources	-	-	1,608	1,608
Charges for services	-	3,546	6,308	9,854
Extracurricular activities	8,276	-	-	8,276
Other	-	21	4,083	4,104
Total revenues	<u>8,276</u>	<u>18,323</u>	<u>12,185</u>	<u>38,784</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	8,136	-	8,090	16,226
Special programs	-	-	1,110	1,110
Summer school programs	-	-	2	2
Total instruction	<u>8,136</u>	<u>-</u>	<u>9,202</u>	<u>17,338</u>
Support services:				
Students	-	-	262	262
Instructional staff	-	-	326	326
General administration	-	-	77	77
School administration	-	-	398	398
Business	-	-	213	213
Central	-	-	8	8
Total support services	<u>-</u>	<u>-</u>	<u>1,284</u>	<u>1,284</u>
Enterprise and community services:				
Food services	-	17,329	15	17,344
Community services	-	-	24	24
Total enterprise & community service	<u>-</u>	<u>17,329</u>	<u>39</u>	<u>17,368</u>
Facilities acquisition & construction:				
Total expenditures	<u>8,136</u>	<u>17,329</u>	<u>10,525</u>	<u>35,990</u>
Excess (deficit) of revenues over expenditures	<u>140</u>	<u>994</u>	<u>1,660</u>	<u>2,794</u>
Net change in fund balances	140	994	1,660	2,794
Fund balances - beginning of year	3,882	4,910	6,944	15,736
Fund balances - end of year	<u>\$ 4,022</u>	<u>\$ 5,904</u>	<u>\$ 8,604</u>	<u>\$ 18,530</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, 2015
(amounts expressed in thousands)

	IT Projects Debt Service Fund	PERS UAL Debt Service Fund	Recovery Zone Debt Service Fund	GO Bond Debt Service Fund	Total
REVENUES					
Property and other taxes	\$ -	\$ -	\$ -	\$ 46,001	\$ 46,001
Charges for services	-	40,646	-	-	40,646
Investment earnings	-	101	-	34	135
Federal and state support	-	-	175	-	175
Total revenues	<u>-</u>	<u>40,747</u>	<u>175</u>	<u>46,035</u>	<u>86,957</u>
EXPENDITURES					
Current:					
Debt Service:					
Principal	2,291	11,541	886	40,315	55,033
Interest and fiscal charges	417	28,258	418	4,718	33,811
Total expenditures	<u>2,708</u>	<u>39,799</u>	<u>1,304</u>	<u>45,033</u>	<u>88,844</u>
Excess (deficit) of revenues over expenditures	<u>(2,708)</u>	<u>948</u>	<u>(1,129)</u>	<u>1,002</u>	<u>(1,887)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,708	-	1,129	-	3,837
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	-	948	-	1,002	1,950
Fund balances - beginning of year	-	585	-	361	946
Fund balances - end of year	<u>\$ -</u>	<u>\$ 1,533</u>	<u>\$ -</u>	<u>\$ 1,363</u>	<u>\$ 2,896</u>

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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, 2015
(amounts expressed in thousands)

	Construction Excise Tax Fund	IT System Project Fund	Recovery Zone Energy & Water Cons. Fund	Energy Efficient Schools Fund
REVENUES				
Property and other taxes	\$ 6,076	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment earnings	2	13	2	-
Other	-	54	-	1,155
Total revenues	<u>6,078</u>	<u>67</u>	<u>2</u>	<u>1,155</u>
EXPENDITURES				
Current:				
Support services:				
Business	-	-	-	-
Central	-	3,664	-	-
Total support services	<u>-</u>	<u>3,664</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction:	<u>6,052</u>	<u>-</u>	<u>152</u>	<u>1,414</u>
Total expenditures	<u>6,052</u>	<u>3,664</u>	<u>152</u>	<u>1,414</u>
Excess (deficit) of revenues over expenditures	<u>26</u>	<u>(3,597)</u>	<u>(150)</u>	<u>(259)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,470	-	-
Total other financing sources (uses)	<u>-</u>	<u>4,470</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26	873	(150)	(259)
Fund balances - beginning of year	13,003	3,987	206	915
Fund balances - end of year	<u>\$ 13,029</u>	<u>\$ 4,860</u>	<u>\$ 56</u>	<u>\$ 656</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, 2015
(amounts expressed in thousands)

	Facilities Capital Fund	Capital Asset Renewal Fund	Partnerships Fund	Total
REVENUES				
Property and other taxes	\$ -	\$ -	\$ -	\$ 6,076
Charges for services	-	508	-	508
Investment earnings	8	-	-	25
Other	373	-	457	2,039
Total revenues	<u>381</u>	<u>508</u>	<u>457</u>	<u>8,648</u>
EXPENDITURES				
Current:				
Support services:				
Business	5	-	-	5
Central	-	-	-	3,664
Total support services	<u>5</u>	<u>-</u>	<u>-</u>	<u>3,669</u>
Facilities acquisition and construction:	<u>5,539</u>	<u>248</u>	<u>454</u>	<u>13,859</u>
Total expenditures	<u>5,544</u>	<u>248</u>	<u>454</u>	<u>17,528</u>
Excess (deficit) of revenues over expenditures	<u>(5,163)</u>	<u>260</u>	<u>3</u>	<u>(8,880)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,102	-	-	10,572
Total other financing sources (uses)	<u>6,102</u>	<u>-</u>	<u>-</u>	<u>10,572</u>
Net change in fund balances	939	260	3	1,692
Fund balances - beginning of year	2,159	2,712	-	22,982
Fund balances - end of year	<u>\$ 3,098</u>	<u>\$ 2,972</u>	<u>\$ 3</u>	<u>\$ 24,674</u>

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BUDGETARY COMPARISON SCHEDULES
Nonmajor Governmental Funds

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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, 2015
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Extracurricular activities	\$ 8,819	\$ 8,819	\$ 8,276	\$ (543)
Total revenues	<u>8,819</u>	<u>8,819</u>	<u>8,276</u>	<u>(543)</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs				
Materials and services	8,819	9,440	8,136	1,304
Total instruction	8,819	9,440	8,136	1,304
Total expenditures	<u>8,819</u>	<u>9,440</u>	<u>8,136</u>	<u>1,304</u>
Excess (deficit) of revenues over expenditures	-	(621)	140	761
Net change in fund balance	-	(621)	140	761
Fund balance - beginning of year	3,261	3,882	3,882	-
Fund balance - end of year	<u>\$ 3,261</u>	<u>\$ 3,261</u>	<u>\$ 4,022</u>	<u>\$ 761</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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 13,146	\$ 13,176	\$ 14,756	\$ 1,580
Charges for services	3,681	3,681	3,546	(135)
Other	13	13	21	8
Total revenues	16,840	16,870	18,323	1,453
EXPENDITURES				
Current:				
Enterprise and community services:				
Food services:				
Salaries and benefits	8,438	8,391	7,634	757
Materials and services	9,825	12,097	9,695	2,402
Total enterprise and community services	18,263	20,488	17,329	3,159
Total expenditures	18,263	20,488	17,329	3,159
Excess (deficit) of revenues over expenditures	(1,423)	(3,618)	994	4,612
Net change in fund balance	(1,423)	(3,618)	994	4,612
Fund balance - beginning of year	2,715	4,910	4,910	-
Fund balance - end of year	\$ 1,292	\$ 1,292	\$ 5,904	\$ 4,612

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, 2015
(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>		
REVENUES				
Charges for services	\$ 6,247	\$ 6,247	\$ 6,308	\$ 61
County and intermediate sources	1,523	1,523	1,608	85
Federal and state support	92	92	186	94
Other	3,836	2,046	4,083	2,037
Total revenues	11,698	9,908	12,185	2,277
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	8,563	9,386	7,767	1,619
Materials and services	1,200	1,739	323	1,416
Total regular programs	9,763	11,125	8,090	3,035
Special programs:				
Salaries and benefits	3,596	2,929	921	2,008
Materials and services	1,069	566	189	377
Total special programs	4,665	3,495	1,110	2,385
Summer school programs:				
Salaries and benefits	374	217	-	217
Materials and services	56	21	2	19
Total summer school programs	430	238	2	236
Total instruction	14,858	14,858	9,202	5,656
Support services:				
Students:				
Salaries and benefits	19	40	83	(43)
Materials and services	409	8	179	(171)
Total students	428	48	262	(214)
Instructional staff:				
Salaries and benefits	61	148	285	(137)
Materials and services	197	296	41	255
Total instructional staff	258	444	326	118
General administration:				
Materials and services	391	398	77	321
Total general administration	391	398	77	321
School administration:				
Salaries and benefits	431	312	359	(47)
Materials and services	11	44	39	5
Total school administration	442	356	398	(42)

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, 2015
(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>		
Support services (continued):				
Business:				
Salaries and benefits	\$ 133	\$ 145	\$ 138	\$ 7
Materials and services	70	362	75	287
Total business	203	507	213	294
Central:				
Salaries and benefits	-	-	2	(2)
Materials and services	34	3	6	(3)
Total central	34	3	8	(5)
Total support services	1,756	1,756	1,284	472
Enterprise and community services:				
Food Services:				
Materials and services	30	43	15	28
Total food services	30	43	15	28
Community services:				
Salaries and benefits	21	21	16	5
Materials and services	13	-	8	(8)
Total community services	34	21	24	(3)
Total enterprise and community services	64	64	39	25
Facilities acquisition & construction:				
Materials and services	174	174	-	174
Total facilities acquisition and construction	174	174	-	174
Total expenditures	16,852	16,852	10,525	6,327
Excess (deficit) of revenues over expenditures	(5,154)	(6,944)	1,660	8,604
Net change in fund balance	(5,154)	(6,944)	1,660	8,604
Fund balance - beginning of year	5,154	6,944	6,944	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,604</u>	<u>\$ 8,604</u>

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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Debt service:				
Principal	\$ 2,291	\$ 2,291	\$ 2,291	\$ -
Interest and fiscal charges	417	417	417	-
Total debt service	2,708	2,708	2,708	-
Total expenditures	2,708	2,708	2,708	-
OTHER FINANCING SOURCES (USES)				
Transfers in	2,708	2,708	2,708	-
Total other financing sources (uses)	2,708	2,708	2,708	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

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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, 2015

(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Charges for services	\$ 39,699	\$ 39,114	\$ 40,646	\$ 1,532
Investment earnings	100	100	101	1
Total revenues	<u>39,799</u>	<u>39,214</u>	<u>40,747</u>	<u>1,533</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	11,541	11,541	11,541	-
Interest and fiscal charges	28,258	28,258	28,258	-
Total debt service	39,799	39,799	39,799	-
Total expenditures	<u>39,799</u>	<u>39,799</u>	<u>39,799</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>(585)</u>	<u>948</u>	<u>1,533</u>
Net change in fund balance	-	(585)	948	1,533
Fund balance - beginning of year	-	585	585	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,533</u>	<u>\$ 1,533</u>

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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 188	\$ 175	\$ 175	\$ -
Total revenues	<u>188</u>	<u>175</u>	<u>175</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	886	886	886	-
Interest and fiscal charges	418	418	418	-
Total debt service	<u>1,304</u>	<u>1,304</u>	<u>1,304</u>	<u>-</u>
Total expenditures	<u>1,304</u>	<u>1,304</u>	<u>1,304</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	<u>(1,116)</u>	<u>(1,129)</u>	<u>(1,129)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,116	1,129	1,129	-
Total other financing sources (uses)	<u>1,116</u>	<u>1,129</u>	<u>1,129</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
GO Bond Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 44,552	\$ 44,814	\$ 46,001	\$ 1,187
Investment earnings	15	15	34	19
Total revenues	44,567	44,829	46,035	1,206
EXPENDITURES				
Current:				
Debt service:				
Principal	40,315	40,315	40,315	-
Interest and fiscal charges	4,718	4,718	4,718	-
Total debt service	45,033	45,033	45,033	-
Total expenditures	45,033	45,033	45,033	-
Excess (deficit) of revenues over expenditures	(466)	(204)	1,002	1,206
Net change in fund balance	(466)	(204)	1,002	1,206
Fund balance - beginning of year	466	361	361	-
Fund balance - end of year	\$ -	\$ 157	\$ 1,363	\$ 1,206

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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Construction excise tax	\$ 3,001	\$ 5,401	\$ 6,076	\$ 675
Investment earnings	10	10	2	(8)
Total revenues	<u>3,011</u>	<u>5,411</u>	<u>6,078</u>	<u>667</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Salaries and benefits	-	-	-	-
Materials and services	13,743	18,414	6,052	12,362
Total facilities acquisition & construction	<u>13,743</u>	<u>18,414</u>	<u>6,052</u>	<u>12,362</u>
Total expenditures	<u>13,743</u>	<u>18,414</u>	<u>6,052</u>	<u>12,362</u>
Excess (deficit) of revenues over expenditures	<u>(10,732)</u>	<u>(13,003)</u>	<u>26</u>	<u>13,029</u>
Net change in fund balance	(10,732)	(13,003)	26	13,029
Fund balance - beginning of year	10,732	13,003	13,003	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,029</u>	<u>\$ 13,029</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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 1	\$ 1	\$ 13	\$ 12
Other	-	50	54	4
Total revenues	<u>1</u>	<u>51</u>	<u>67</u>	<u>16</u>
EXPENDITURES				
Current:				
Support services:				
Instructional staff:				
Salaries and benefits	128	126	-	126
Total instructional staff	<u>128</u>	<u>126</u>	<u>-</u>	<u>126</u>
Central:				
Salaries and benefits	105	16	11	5
Materials and services	3,597	7,983	3,653	4,330
Total central	<u>3,702</u>	<u>7,999</u>	<u>3,664</u>	<u>4,335</u>
Total support services	<u>3,830</u>	<u>8,125</u>	<u>3,664</u>	<u>4,461</u>
Operating contingency	<u>188</u>	<u>383</u>	<u>-</u>	<u>383</u>
Total expenditures	<u>4,018</u>	<u>8,508</u>	<u>3,664</u>	<u>4,844</u>
Excess (deficit) of revenues over expenditures	<u>(4,017)</u>	<u>(8,457)</u>	<u>(3,597)</u>	<u>4,860</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,470	4,470	-
Net change in fund balance	(4,017)	(3,987)	873	4,860
Fund balance - beginning of year	4,017	3,987	3,987	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,860</u>	<u>\$ 4,860</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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	200	206	152	54
Total facilities acquisition & construction	200	206	152	54
Total expenditures	<u>200</u>	<u>206</u>	<u>152</u>	<u>54</u>
Excess (deficit) of revenues over expenditures	<u>(200)</u>	<u>(206)</u>	<u>(150)</u>	<u>56</u>
Net change in fund balance	(200)	(206)	(150)	56
Fund balance - beginning of year	200	206	206	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 56</u>

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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 3	\$ 3	\$ -	\$ (3)
Other	854	1,065	1,155	90
Total revenues	<u>857</u>	<u>1,068</u>	<u>1,155</u>	<u>87</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	1,599	1,983	1,414	569
Total facilities acquisition & construction	<u>1,599</u>	<u>1,983</u>	<u>1,414</u>	<u>569</u>
Total expenditures	<u>1,599</u>	<u>1,983</u>	<u>1,414</u>	<u>569</u>
Excess (deficit) of revenues over expenditures	<u>(742)</u>	<u>(915)</u>	<u>(259)</u>	<u>656</u>
Net change in fund balance	(742)	(915)	(259)	656
Fund balance - beginning of year	742	915	915	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656</u>	<u>\$ 656</u>

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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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 3	\$ 3	\$ 8	\$ 5
Other	-	230	373	143
Total revenues	3	233	381	148
EXPENDITURES				
Current:				
Support Services:				
Business:				
Materials and services	4	5	5	-
Total support services	4	5	5	-
Facilities acquisition & construction:				
Salaries and benefits	105	-	21	(21)
Materials and services	4,533	8,503	5,518	2,985
Total facilities acquisition & construction	4,638	8,503	5,539	2,964
Total expenditures	4,642	8,508	5,544	2,964
Excess (deficit) of revenues over expenditures	(4,639)	(8,275)	(5,163)	3,112
OTHER FINANCING SOURCES (USES)				
Transfers in	3,011	6,116	6,102	(14)
Total other financing sources (uses)	3,011	6,116	6,102	(14)
Net change in fund balance	(1,628)	(2,159)	939	3,098
Fund balance - beginning of year	1,628	2,159	2,159	-
Fund balance - end of year	\$ -	\$ -	\$ 3,098	\$ 3,098

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, 2015
(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>		
REVENUES				
Charges for services	\$ 175	\$ 175	\$ 508	\$ 333
Investment earnings	1	1	-	(1)
Total revenues	<u>176</u>	<u>176</u>	<u>508</u>	<u>332</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	2,478	2,888	248	2,640
Total facilities acquisition & construction	<u>2,478</u>	<u>2,888</u>	<u>248</u>	<u>2,640</u>
Total expenditures	<u>2,478</u>	<u>2,888</u>	<u>248</u>	<u>2,640</u>
Excess (deficit) of revenues over expenditures	<u>(2,302)</u>	<u>(2,712)</u>	<u>260</u>	<u>2,972</u>
Net change in fund balance	(2,302)	(2,712)	260	2,972
Fund balance - beginning of year	2,302	2,712	2,712	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,972</u>	<u>\$ 2,972</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, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Funding from external partners	\$ -	\$ 500	\$ 457	\$ (43)
Total revenues	<u>-</u>	<u>500</u>	<u>457</u>	<u>(43)</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	-	500	454	46
Total facilities acquisition & construction	<u>-</u>	<u>500</u>	<u>454</u>	<u>46</u>
Total expenditures	<u>-</u>	<u>500</u>	<u>454</u>	<u>46</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Net change in fund balance	-	-	3	3
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>

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

BUDGETARY COMPARISON SCHEDULES
Other funds

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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, 2015
(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>		
REVENUES				
Investment earnings	\$ 400	\$ 725	\$ 317	\$ (408)
Other	-	-	3	3
Total revenues	400	725	320	(405)
EXPENDITURES				
Current:				
Support services:				
Business:				
Materials and services	436	1,861	1,415	446
Total support services	436	1,861	1,415	446
Facilities acquisition & construction:				
Salaries and benefits	2,176	2,345	2,326	19
Materials and services	57,011	57,271	38,645	18,626
Total facilities acquisition and construction	59,187	59,616	40,971	18,645
Operating contingency	31,571	337,927	-	337,927
Total expenditures	91,194	399,404	42,386	357,018
Excess (deficit) of revenues over expenditures	(90,794)	(398,679)	(42,066)	356,613
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	275,000	275,000	-
Premium on issuance of debt	-	33,212	33,212	-
Total other financing sources (uses)	-	308,212	308,212	-
Net change in fund balance	(90,794)	(90,467)	266,146	356,613
Fund balance - beginning of year	90,794	90,467	90,467	-
Fund balance - end of year	\$ -	\$ -	\$ 356,613	\$ 356,613

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, 2015
(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>		
OPERATING REVENUES				
Charges for services	\$ 3,514	\$ 3,514	\$ 3,393	\$ (121)
Insurance recoveries	-	-	29	29
Total operating revenues	<u>3,514</u>	<u>3,514</u>	<u>3,422</u>	<u>(92)</u>
OPERATING EXPENSES				
Support services:				
Salaries and benefits	213	210	227	(17)
Materials and services	274	274	267	7
Claims expense	2,954	3,389	2,250	1,139
Total support services	3,441	3,873	2,744	1,129
Operating contingency	2,300	2,300	-	2,300
Total operating expenses	<u>5,741</u>	<u>6,173</u>	<u>2,744</u>	<u>3,429</u>
Operating income (loss)	<u>(2,227)</u>	<u>(2,659)</u>	678	3,337
NON OPERATING REVENUES				
Investment income	3	3	29	26
Federal and state support	196	196	213	17
Total non-operating revenues	<u>199</u>	<u>199</u>	<u>242</u>	<u>43</u>
Change in net position	(2,028)	(2,460)	920	3,380
Beginning net position - budgetary basis	2,028	2,460	2,460	-
Ending net position - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	3,380	<u>\$ 3,380</u>
Reconciliation:				
Other post employment benefits obligation			(34)	
Accrued compensated absences			(13)	
Net pension asset, deferred inflows, and deferred outflows			1	
Net position - GAAP basis			<u>\$ 3,334</u>	

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

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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>
<i>Financial Trends (Schedules 1-4)</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	112
<i>Revenue Capacity (Schedules 5-8)</i> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	120
<i>Debt Capacity (Schedules 9-11)</i> 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.	124
<i>Demographic and Economic Information (Schedules 12-13)</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	127
<i>Operating Information (Schedules 14-16)</i> 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.	129

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assets				
Current and other assets	\$ 169,097	\$ 167,964	\$ 175,282	\$ 175,091
Prepaid pension & other assets	478,576	471,759	463,507	455,247
Net capital assets	<u>203,717</u>	<u>195,885</u>	<u>187,312</u>	<u>185,571</u>
Total assets	<u>851,390</u>	<u>835,608</u>	<u>826,101</u>	<u>815,909</u>
Deferred Outflows of Resources				
Pension				
Liabilities				
Other current liabilities	78,829	95,818	88,936	96,163
Other long-term liabilities	32,876	24,271	22,377	10,320
Limited tax pension bonds payable	483,232	476,416	468,163	459,756
Other post employment benefits	-	-	8,852	17,762
Total liabilities	<u>594,937</u>	<u>596,505</u>	<u>588,328</u>	<u>584,001</u>
Deferred Inflows of Resources				
Insurance recovery				
Pension				
Net Assets				
Invested in capital assets, net of related debt	183,157	180,034	177,198	181,442
Restricted	-	-	-	-
Unrestricted	<u>73,296</u>	<u>59,069</u>	<u>60,575</u>	<u>50,466</u>
Total Net Assets	<u>\$ 256,453</u>	<u>\$ 239,103</u>	<u>\$ 237,773</u>	<u>\$ 231,908</u>
Net Position				
Net investment in capital assets				
Restricted				
Unrestricted				
Total 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>(as restated)</u>	<u>2015</u>
\$ 174,564	\$ 177,558	\$ 180,957	\$ 298,246	\$ 304,224	\$ 579,805
445,555	436,790	425,421	414,407	2,149	5,754
194,725	200,731	199,058	213,944	233,265	273,957
<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>4,785</u>	<u>6,801</u>
75,555	77,535	83,977	87,185	90,983	105,763
34,182	62,851	57,972	182,759	244,301	495,290
450,125	440,491	430,058	419,034	407,499	395,958
24,741	29,667	33,595	36,263	35,579	32,900
<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>
			819	-	-
			-	-	11,102
			<u>819</u>	<u>-</u>	<u>11,102</u>
186,783	164,033	157,209			
8,426	25,597	21,577			
35,032	14,905	21,048			
<u>\$ 230,241</u>	<u>\$ 204,535</u>	<u>\$ 199,834</u>			
			146,148	183,584	230,251
			131,060	119,224	394,845
			(76,671)	(536,747)	(799,792)
			<u>\$ 200,537</u>	<u>\$ (233,939)</u>	<u>\$ (174,696)</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Instruction	\$ 272,831	\$ 281,308	\$ 311,474	\$ 306,993
Support services	178,014	198,721	192,598	196,857
Enterprise and community services	15,386	15,187	15,750	16,653
Facilities services	-	7,633	3,140	6,899
Interest and fees on long-term debt	1,816	1,535	1,815	1,600
Total expenses	<u>468,047</u>	<u>504,384</u>	<u>524,777</u>	<u>529,002</u>
Program Revenues				
Charges for services:				
Instruction	4,447	4,100	4,151	4,783
Support services	1,712	2,157	2,879	3,075
Enterprise and community services	3,153	4,190	4,353	4,442
Operating grants and contributions:				
Instruction	44,131	51,915	68,180	72,121
Support services	23,566	29,163	27,793	28,722
Enterprise and community services	11,176	12,500	1,889	2,620
Total program revenues	<u>88,185</u>	<u>104,025</u>	<u>109,245</u>	<u>115,763</u>
Net Expenses	<u>(379,862)</u>	<u>(400,359)</u>	<u>(415,532)</u>	<u>(413,239)</u>
General Revenues:				
Property taxes, levies for operations	144,543	165,536	174,926	181,928
Property taxes, levies for debt service	921	37	-	-
Local option taxes	466	200	35,887	37,364
Construction excise tax	-	-	69	1,962
State School Fund	157,061	166,813	168,438	151,376
State Common School Fund	4,135	4,316	4,864	3,717
County and intermediate sources	59,613	30,009	15,511	10,271
Federal Stimulus	-	-	-	8,816
Investment earnings	5,554	7,795	7,208	3,477
Other	9,750	8,303	7,299	8,463
Total general revenues	<u>382,043</u>	<u>383,009</u>	<u>414,202</u>	<u>407,374</u>
Extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ 2,181</u>	<u>\$ (17,350)</u>	<u>\$ (1,330)</u>	<u>\$ (5,865)</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>(as restated)</u>	<u>2015</u>
\$ 323,190	\$ 315,465	\$ 287,424	\$ 267,192	\$ 308,652	\$ 326,935
183,267	204,613	206,856	194,270	200,750	212,213
17,135	19,758	19,108	18,923	19,164	20,445
14,177	11,649	10,697	31,635	1,470	2,617
1,642	2,135	25,748	26,813	33,546	31,600
<u>539,411</u>	<u>553,620</u>	<u>549,833</u>	<u>538,833</u>	<u>563,582</u>	<u>593,810</u>
4,898	4,799	5,046	5,958	5,989	6,457
2,883	2,348	2,109	2,852	2,857	2,916
4,655	4,666	4,422	4,123	4,420	4,214
71,538	75,981	71,319	62,006	58,418	65,409
27,585	25,844	25,447	23,437	17,693	21,638
2,548	3,915	2,863	2,623	2,240	2,704
<u>114,107</u>	<u>117,553</u>	<u>111,206</u>	<u>100,999</u>	<u>91,617</u>	<u>103,338</u>
<u>(425,304)</u>	<u>(436,067)</u>	<u>(438,627)</u>	<u>(437,834)</u>	<u>(471,965)</u>	<u>(490,472)</u>
189,234	194,170	200,906	205,177	213,115	222,872
-	-	-	-	44,765	46,568
38,292	38,226	53,622	51,357	55,709	62,923
1,192	1,361	2,108	3,619	4,889	6,076
155,566	139,229	149,031	151,369	184,690	179,505
4,544	4,461	4,138	4,608	4,427	4,721
10,223	9,543	9,588	14,560	15,736	15,202
12,182	14,349	595	6	-	-
781	582	403	644	774	1,285
9,905	8,440	13,535	10,518	11,253	10,563
<u>421,919</u>	<u>410,361</u>	<u>433,926</u>	<u>441,858</u>	<u>535,358</u>	<u>549,715</u>
1,718	-	-	-	-	-
<u>\$ (1,667)</u>	<u>\$ (25,706)</u>	<u>\$ (4,701)</u>			
			<u>\$ 4,024</u>	<u>\$ 63,393</u>	<u>\$ 59,243</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)

Governmental Activities

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Nonspendable	\$ 949	\$ 823	\$ 1,949	\$ 1,881
Restricted	-	-	-	-
Committed	-	-	2,000	2,000
Unassigned	42,286	43,032	50,556	46,079
Total general fund	<u>43,235</u>	<u>43,855</u>	<u>54,505</u>	<u>49,960</u>
All Other				
Governmental Funds				
Nonspendable	798	591	512	635
Restricted	8,590	8,913	7,267	11,039
Committed	18,800	16,800	16,800	16,800
Assigned	-	-	-	-
Unassigned	-	-	-	(2,467)
Total all other governmental funds	<u>28,188</u>	<u>26,304</u>	<u>24,579</u>	<u>26,007</u>
Total Governmental Fund Balances	<u><u>\$ 71,423</u></u>	<u><u>\$ 70,159</u></u>	<u><u>\$ 79,084</u></u>	<u><u>\$ 75,967</u></u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,587	\$ 795	\$ 452	\$ 139	\$ 200	\$ 247
-	-	-	-	560	-
2,000	1,289	1,583	-	-	-
<u>50,185</u>	<u>29,457</u>	<u>28,890</u>	<u>37,318</u>	<u>50,914</u>	<u>34,195</u>
<u>53,772</u>	<u>31,541</u>	<u>30,925</u>	<u>37,457</u>	<u>51,674</u>	<u>34,442</u>
446	522	390	473	2,370	2,452
21,648	25,137	27,471	144,677	127,176	393,179
16,800	26,899	20,461	15,486	16,342	17,590
-	-	-	-	-	5,549
<u>(14,536)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
24,358	52,558	48,322	160,636	145,888	418,770
<u>\$ 78,130</u>	<u>\$ 84,099</u>	<u>\$ 79,247</u>	<u>\$ 198,093</u>	<u>\$ 197,562</u>	<u>\$ 453,212</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues				
Property and other taxes	\$ 147,352	\$ 166,522	\$ 174,568	\$ 181,847
State School Fund	157,062	164,182	168,438	151,376
Local option taxes	467	200	35,373	37,042
County and intermediate sources	59,613	30,009	15,511	10,271
Federal stimulus	-	-	-	10,206
State Common School Fund	4,135	4,316	4,864	3,717
Federal and state support	68,060	80,134	82,435	89,014
Charges for services	9,312	10,446	11,383	12,300
Extracurricular activities	7,123	7,178	7,963	7,524
Investment earnings	5,365	7,531	6,907	3,310
Other	12,352	13,674	14,068	13,450
Total revenues	<u>470,841</u>	<u>484,192</u>	<u>521,510</u>	<u>520,057</u>
Expenditures				
Current:				
Instruction	264,431	276,929	301,171	301,457
Support services	172,953	182,918	203,620	192,384
Enterprise and community services	15,448	15,077	15,467	16,386
Facilities acquisition and construction	6,491	7,633	3,141	6,899
Debt Service:				
Principal	7,721	8,039	6,966	7,291
Interest	1,736	1,412	1,546	1,499
Total expenditures	<u>468,780</u>	<u>492,008</u>	<u>531,911</u>	<u>525,916</u>
Excess (deficit) of revenues over expenditures	<u>2,061</u>	<u>(7,816)</u>	<u>(10,401)</u>	<u>(5,859)</u>
Other Financing Sources (Uses)				
Transfers in	10,700	10,704	8,748	9,913
Transfers out	(10,700)	(10,704)	(8,748)	(7,913)
Issuance of debt	-	2,125	15,220	-
Issuance of refunding bonds	-	-	-	-
Proceeds from the sale of capital assets	434	1,796	1,616	743
Total other financing sources (uses)	<u>434</u>	<u>3,921</u>	<u>16,836</u>	<u>2,743</u>
Net change in fund balances	<u>\$ 2,495</u>	<u>\$ (3,895)</u>	<u>\$ 6,435</u>	<u>\$ (3,116)</u>
Debt service as a percentage of noncapital expenditures	2.0%	2.0%	1.6%	1.7%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 190,105	\$ 196,044	\$ 200,716	\$ 208,434	\$ 260,872	\$ 274,219
155,566	139,229	149,031	151,369	184,690	179,505
38,470	38,603	53,099	51,720	56,013	63,274
10,224	9,544	9,588	14,560	15,736	15,201
26,972	28,991	4,591	1,920	155	-
4,544	4,461	4,138	4,608	4,427	4,721
74,055	79,034	84,704	71,942	65,231	75,793
12,436	11,814	45,953	48,674	51,874	54,233
7,423	7,563	7,355	7,867	8,308	8,276
1,037	649	579	632	757	1,255
13,131	11,991	15,127	16,315	13,138	15,414
<u>533,963</u>	<u>527,923</u>	<u>574,881</u>	<u>578,041</u>	<u>661,201</u>	<u>691,891</u>
310,846	314,597	305,238	303,360	323,921	349,667
199,983	205,869	207,691	193,375	202,233	229,254
17,106	20,001	19,782	19,710	20,059	21,902
14,166	11,546	10,613	31,575	31,105	54,830
5,901	8,082	56,963	62,443	51,500	55,033
1,740	2,043	25,608	26,318	34,921	33,811
<u>549,742</u>	<u>562,138</u>	<u>625,895</u>	<u>636,781</u>	<u>663,739</u>	<u>744,497</u>
<u>(15,779)</u>	<u>(34,215)</u>	<u>(51,014)</u>	<u>(58,740)</u>	<u>(2,538)</u>	<u>(52,606)</u>
7,550	9,939	14,090	55,786	9,013	14,409
(7,550)	(6,939)	(9,680)	(55,786)	(9,013)	(14,409)
15,000	36,750	27,250	176,931	-	308,212
-	-	14,400	-	-	-
2,942	434	102	655	2,007	44
<u>17,942</u>	<u>40,184</u>	<u>46,162</u>	<u>177,586</u>	<u>2,007</u>	<u>308,256</u>
<u>\$ 2,163</u>	<u>\$ 5,969</u>	<u>\$ (4,852)</u>	<u>\$ 118,846</u>	<u>\$ (531)</u>	<u>\$ 255,650</u>
1.4%	1.8%	13.4%	14.7%	13.7%	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-Housing Profit	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Amount tax rate will raise		
2006	\$ 30,797,829	\$ 1,832,766	\$ 14,267	\$ 1,251,626	\$ 33,896,488	\$ 16,827	\$ 2,512,764	\$ 31,400,551	\$ 4,7743	\$ 149,916	\$ 475	\$ 149,441
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	248,857	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	46,558,626	21,566	4,833,326	41,746,866	8.3571	348,883	27,190	321,693
2015	45,073,153	1,757,198	18,655	1,673,302	48,522,307	22,213	4,907,733	43,636,787	8.3535	364,520	23,132	341,388

Notes:

1. 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.
2. 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 2006-2015: 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 ¹	Local Option	General Obligation Debt Service Bonds	Total Direct Tax Rate		
2006	\$ 4.7743	\$ -	\$ -	\$ 4.7743		
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		

Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
2006	\$ 5.3065	\$ 0.0701	\$ 0.2841	\$ 7.9181	\$ 0.4950	\$ 0.4576
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

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.

¹ The District paid off its "GAP Bonds" in May, 2004. Under the provisions of Ballot Measure 50, the District's permanent tax rate is increased from \$4.7743 to \$5.2781 to include what had previously been levied for payment of the "Gap Bonds". Legislation passed in 2003 treats the increase the same as local option levies. The increase expired on June 30, 2005 so the District's permanent rate went back to \$4.7743 for the 2005-06 fiscal year.

Legislation passed in 2006 allowed for the annual reauthorization of the GAP bonds for three years beginning in 2006-2007, allowing the District's permanent rate to increase up to \$5.2781. The Oregon legislature made this increase permanent as of July 1, 2009.

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	2014 ¹			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ten Largest Taxpayers						
Pacifcorp (PP&L)	\$ 293,248	1	0.70 %	\$ 214,392	3	0.70%
Portland General Electric	283,419	2	0.68	216,732	2	0.71
Comcast Corporation	249,713	3	0.60	-	-	-
Weston Investment Co LLC	227,366	4	0.54	-	-	-
Evrax Inc NA	219,673	5	0.53	-	-	-
Port of Portland	191,361	6	0.46	-	-	-
AT&T, INC	166,194	7	0.40	-	-	-
Capref Lloyd Center LLC	156,532	8	0.37	-	-	-
Centurylink	149,542	9	0.36	-	-	-
555 SW OAK LLC	142,665	10	0.34	-	-	-
Qwest Corporation	-	-	-	280,192	1	0.92
Siltronic Corp	-	-	-	178,238	4	0.58
Oregon Steel Mills Inc	-	-	-	154,011	5	0.51
LC Portland LLC	-	-	-	139,252	6	0.46
Freightliner LLC	-	-	-	125,333	7	0.41
One Eleven Tower LLC	-	-	-	109,706	8	0.36
Northwest Natural Gas Co	-	-	-	105,799	9	0.35
Oregon Arena Corporation	-	-	-	104,821	10	0.34
Subtotal of Ten Largest Taxpayers	2,079,713		4.98	1,628,476		5.34
All Other Taxpayers	39,667,153		95.02	28,861,598		94.66
Total All Taxpayers	\$ 41,746,866		100.00 %	\$ 30,490,074		100.00%

Notes:

¹ 2015 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 ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 149,862	\$ 141,470	94.40%	\$ 3,831	\$ 145,301	96.96%
2007	169,887	160,813	94.66	4,285	165,098	97.18
2008	216,645	202,448	93.45	4,854	207,302	95.69
2009	226,206	211,232	93.38	5,157	216,389	95.66
2010	233,861	219,970	94.06	7,165	227,135	97.12
2011	239,467	225,418	94.13	7,422	232,840	97.23
2012	261,004	244,408	93.64	6,741	251,149	96.22
2013	263,395	248,807	94.46	7,400	256,207	97.27
2014	321,693	304,458	94.64	6,865	311,323	96.78
2015	341,388	323,906	94.88	6,864	330,770	96.89

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.

¹ 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.

² 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)

Fiscal Year	General Bonded Debt										Other Governmental Activities Debt					Per Student ²	Per Capita ⁴
	General Obligation Bonds	Less Amount Available for Repayment	Net Unamortized Premium (Discount)	Net General Obligation Bonds Outstanding	Percentage of Actual Taxable Value of Property ¹	Per Student ²	Net General Obligation Debt Per Capita ⁴	Limited Tax Pension Bonds ⁵	Certificates of Participation	Full Faith & Credit Obligations	Refunding Special Obligations	Small Scale Energy Loan Programs	Recovery Zone Bond	Other Debt	Unamortized Premium (Discount)		
2006	\$ -	\$ -	\$ -	\$ -	-	\$ -	-	-	-	-	-	-	-	\$ -	(301)	\$ 513,117	
2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(289)	500,398	
2008	-	-	-	-	-	-	-	-	-	-	-	-	-	2,125	(167)	500,371	
2009	-	-	-	-	-	-	-	-	-	-	-	-	-	2,078	(174)	484,665	
2010	-	-	-	-	-	-	-	-	-	-	-	-	-	2,035	(181)	484,126	
2011	-	-	-	-	-	-	-	-	-	-	-	-	-	1,992	(188)	503,154	
2012	-	-	-	-	-	-	-	-	-	-	-	11,000	-	(195)	487,835		
2013	144,840	-	13,347	158,187	0.39%	3,329	206	-	-	-	676	10,190	-	(202)	601,793		
2014	108,890	(361)	10,209	118,738	0.28%	2,469	N/A	-	-	-	325	9,356	471	(209)	547,147		
2015	343,575	(1,363)	39,974	382,186	0.88%	7,887	N/A	-	-	-	179	8,496	-	(198)	796,890		

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
¹ See Schedule 5 for property value data. The total estimated actual value of taxable property cannot be reasonably estimated.
² Student enrollment data can be found in Schedule 16.
³ Includes net general bonded debt and other governmental activities debt, excluding amounts available for repayment.
⁴ 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 2014 and 2015 not available at time of printing.
⁵ 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, 2015
(dollars in thousands)

Overlapping Issuer	Net Property-tax Backed Debt ¹	Percent Overlapping	Overlapping Debt ²
City of Portland	\$ 126,830	85.85 %	\$ 108,882
Portland Community College	160,095	47.73	76,413
Multnomah County	171,825	74.71	128,374
Portland Metro	193,205	37.99	73,398
City of Lake Oswego	13,115	5.35	702
Tualitin Hills Park & Recreation District	90,833	1.25	1,137
Tualitin Valley Fire & Rescue District	55,020	2.04	1,120
Washington County	19,890	0.63	126
Clackamas County	98,780	0.11	112
Multnomah Cty Drainage District 1	80	100.00	80
City of Milwaukie	4,490	0.86	39
Mt. Hood Community College	24,445	0.06	15
City of Beaverton	787	1.73	14
Multnomah Cty RFPD 10	4,085	0.24	10
Subtotal, overlapping debt			<u>390,422</u>
Direct District debt (PERS) ³			395,759
Direct District debt (other) ³			401,131
Subtotal, Direct debt			<u>796,890</u>
Total direct and overlapping debt			<u><u>\$ 1,187,312</u></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.

¹ 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.

² Overlapping Debt is calculated using Net Property-tax Backed Debt times Percent Overlapping that are provided by Oregon State Treasury, Debt Management Division.

³ 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>2006</u>	<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>
Legal Debt Margin Calculation for Fiscal Year 2015										
Real Market Value							\$81,981,025			
Debt Limit (7.95%) ¹							6,517,491			
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonded Debt							383,549			
Less: Amount Available in Debt Service Funds							(1,363)			
Amount of Debt Applicable to Debt Limit							<u>382,186</u>			
Legal Debt Margin							<u>\$ 6,135,305</u>			

Debt Limit	\$ 4,513,275	\$ 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
Total net debt applicable to limit	-	-	-	-	-	-	-	158,187	118,738	382,186
Legal debt margin	<u>\$ 4,513,275</u>	<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>
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%	0.00%	2.82%	2.01%	5.86%

¹ 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:

^A 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.

^B 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:

^A Kindergarten through eighth grade, 9 x .0055

^B Ninth through twelfth, 4 x .0075

Allowable Percentage

4.95%
<u>3.00%</u>
<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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2006	687,373	\$ 26,483,785	\$ 38,529	4.6% ²
2007	699,186	28,385,388	40,598	4.6 ²
2008	712,539	29,372,019	41,222	5.6 ²
2009	726,855	29,430,654	40,490	9.5 ²
2010	737,476	29,458,183	39,945	9.4 ²
2011	748,031	31,161,157	41,658	9.1 ²
2012	759,256	32,715,802	43,089	8.2 ²
2013	766,135	33,376,029	43,564	7.5 ²
2014	- ¹	- ¹	- ¹	6.1 ²
2015	- ¹	- ¹	- ¹	5.3 ²

¹ Data for 2014 and 2015 not available at time of printing.

² As of October, 2015.

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	2015			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Intel Corporation	17,500	1	1.57 %	16,740	1	1.59 %
U.S. Federal Government	17,500	1	1.57	-	-	-
Providence Health & Services	15,239	3	1.36	14,639	2	1.39
Oregon Health & Science University	14,616	4	1.31	11,500	3	1.09
State of Oregon	14,200	5	1.27	7,180	9	0.68
Kaiser Permanente Northwest	11,881	6	1.06	8,221	5	0.78
Legacy Health System	10,436	7	0.93	8,196	6	0.78
Fred Meyer	10,237	8	0.92	8,500	4	0.81
City of Portland	8,558	9	0.77	7,996	7	0.76
Nike Inc.	8,000	10	0.72	7,648	8	0.73
Beaverton School District				5,000	10	0.48
Subtotal of Ten Largest Employers	128,167		11.48	95,620		9.09
All Other Employers	989,333		88.52	956,395		90.91
Total Portland MSA¹ Employment	<u>1,117,500</u>²		<u>100.00 %</u>	<u>1,052,015</u>		<u>100.00 %</u>

¹ Portland-Vancouver-Hillsboro MSA includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon, and Clark and Skamania counties in Washington.

² As of June 2015, not seasonally adjusted.

Sources:

Portland Business Journal, Book of Lists published December 2006 & December 2015.

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>	Full-time Equivalent Employees for the Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Teachers (1)	2,440.5	2,315.0	2,353.1	2,384.0	2,606.8
Educational Assistants	636.0	555.8	520.9	509.8	582.1
School Level Administration	140.6	142.9	144.2	142.3	155.0
District Level Administration	22.4	13.0	14.0	11.0	17.0
Other Staff (2)	<u>1,896.9</u>	<u>1,850.3</u>	<u>1,798.4</u>	<u>1,720.0</u>	<u>2,056.5</u>
Total FTE	<u><u>5,136.4</u></u>	<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>

Note:

- 1 In prior years, "Teachers" included Guidance Counselors- Non-SpEd and Library/Media Specialists. Beginning in 2009, ODE changed the classification of these employees to "Other Staff". The FTE data for years 2009-2011 have been revised to reflect this change.
- 2 In 2011, ODE modified its definition of FTE to include Extended Responsibility hours. "Other Staff" data of FY 2010-11 has been revised from 1,947.3 to 1,896.9 to reflect this change.

Source: PPS Data and Policy Analysis

Schedule 15
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Meal and Transportation Services Provided
Last Ten Fiscal Years

	2006	2007	2008	2009	2010
Nutrition Services					
Number of Meals Served ¹					
Paid Meals	1,347,109	1,333,234	1,553,008	1,439,321	1,443,806
Reduced Meals	514,748	481,156	577,275	562,630	549,157
Free Meals	4,250,527	4,155,965	3,538,655	3,485,451	3,651,647
Total meals served	<u>6,112,384</u>	<u>5,970,355</u>	<u>5,668,938</u>	<u>5,487,402</u>	<u>5,644,610</u>
Average Daily Breakfast Served	14,782	14,017	12,343	11,344	10,592
Average Daily Lunch Served	19,798	20,164	19,875	19,867	20,369
Student Participation	50.17%	53.46%	52.45%	47.98%	46.94%
Transportation					
Number of buses	234	241	240	239	252
Total miles traveled	2,635,510	2,848,220	3,006,996	2,914,877	3,317,636
Cost per mile	\$ 4.38	\$ 5.09	\$ 5.42	\$ 5.77	\$ 5.50
Area encompassed by District (sq mi)	160	160	160	160	160
Nutrition Services					
Number of Meals Served ¹					
Paid Meals	1,421,889	1,382,329	1,354,685	1,313,005	1,071,048
Reduced Meals	502,171	441,829	434,353	375,796	194,558
Free Meals	3,560,515	3,689,643	3,632,901	3,560,251	4,315,732
Total meals served	<u>5,484,575</u>	<u>5,513,801</u>	<u>5,421,939</u>	<u>5,249,052</u>	<u>5,581,338</u>
Average Daily Breakfast Served	10,101	10,400	10,768	10,380	10,846
Average Daily Lunch Served	20,295	19,942	19,059	18,668	19,710
Student Participation	46.96%	49.14%	47.00%	45.80%	44.00%
Transportation					
Number of buses	258	257	263	254	269
Total miles traveled	3,265,683	3,019,548	3,392,622	3,156,795	3,127,505
Cost per mile	\$ 5.63	\$ 6.24	\$ 5.28	\$ 5.89	\$ 5.97
Area encompassed by District (sq mi)	160	160	160	160	160

¹ Number of meals served includes breakfast, lunch, snack, and supper.

² 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.

Sources: District Nutrition Services and Transportation departments

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years

		Footnotes	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Elementary Schools and Programs												
Abernethy (1925)	(12)											
Gross Floor Area (sq ft): 50,358												
Elementary Enrollment			366	357	342	349	392	421	455	505	528	511
Ainsworth w/Annex (1912)												
Gross Floor Area (sq ft): 57,593												
Elementary Enrollment			492	509	493	520	528	551	568	569	576	582
Alameda (1921)												
Gross Floor Area (sq ft): 64,138												
Elementary Enrollment			669	678	697	717	744	774	782	769	773	760
Arleta (1929)	(6)											
Gross Floor Area (sq ft): 76,489												
Elementary Enrollment			313	370	387	420	420	428	422	462	476	454
Astor (1948)	(6)											
Gross Floor Area (sq ft): 47,360												
Elementary Enrollment			279	331	381	438	458	445	482	478	500	497
Atkinson (1953)												
Gross Floor Area (sq ft): 58,057												
Elementary Enrollment			558	549	524	535	491	484	447	440	441	428
Beach (1928)	(6)											
Gross Floor Area (sq ft): 70,404												
Elementary Enrollment			414	412	426	484	538	561	582	613	620	607
Beverly Cleary (1959)	(4)											
Gross Floor Area (sq ft): 90,664												
Elementary Enrollment			215	210	578	557	552	604	674	730	814	834
Boise-Eliot/Humboldt (1926)	(6,24)											
Gross Floor Area (sq ft): 61,369												
Elementary Enrollment			461	415	412	423	417	390	389	535	506	540
Bridger (1951)	(1,6,13,16,21)											
Gross Floor Area (sq ft): 45,142												
Elementary Enrollment			388	421	470	320	331	365	396	405	435	415
Bridlemile (1958)												
Gross Floor Area (sq ft): 59,037												
Elementary Enrollment			459	458	468	464	480	463	472	457	450	442
Buckman (1921)												
Gross Floor Area (sq ft): 82,023												
Elementary Enrollment			537	506	481	498	492	497	488	460	452	444
Capitol Hill (1917)	(12)											
Gross Floor Area (sq ft): 47,275												
Elementary Enrollment			335	341	354	321	357	351	371	403	405	460
Cesar Chavez (1928)	(4)											
Gross Floor Area (sq ft): 75,814												
Middle School Enrollment			325	401	587	499	484	477	453	473	483	451
Chapman (1923)	(13)											
Gross Floor Area (sq ft): 62,962												
Elementary Enrollment			453	478	476	532	544	522	562	592	646	674
Chief Joseph/Ockley Green (1948)	(10,12)											
Gross Floor Area (sq ft): 118,141												
Elementary Enrollment			393	359	361	370	377	408	481	459	642	627
Creative Science School (1955)	(1,6)											
Gross Floor Area (sq ft): 50,595												
Elementary Enrollment			-	-	-	260	301	305	356	388	425	444

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Creston w/ Annex (1948)	(6,12)										
Gross Floor Area (sq ft): 80,940											
Elementary Enrollment		290	309	335	365	333	345	380	345	350	350
Duniway (1926)											
Gross Floor Area (sq ft): 67,492											
Elementary Enrollment		443	446	426	411	423	442	425	423	437	505
Faubion (1951)	(6)										
Gross Floor Area (sq ft): 57,846											
Elementary Enrollment		309	332	355	396	393	401	434	454	487	511
Forest Park (1998)											
Gross Floor Area (sq ft): 42,000											
Elementary Enrollment		517	508	502	512	501	507	491	502	490	486
Glencoe (1923)	(12)										
Gross Floor Area (sq ft): 64,378											
Elementary Enrollment		510	498	506	499	474	480	453	472	502	503
Grout (1927)	(16)										
Gross Floor Area (sq ft): 65,838											
Elementary Enrollment		310	333	349	339	346	361	359	371	377	389
Harrison Park (1948)	(1,18,21)										
Gross Floor Area (sq ft): 109,059											
Elementary Enrollment		500	508	507	719	732	751	751	757	742	742
Hayhurst (1954)	(13)										
Gross Floor Area (sq ft): 56,266											
Elementary Enrollment		358	345	329	351	385	396	420	412	415	484
Humboldt (1959)	(6,8,24)										
Gross Floor Area (sq ft): 46,865											
Elementary Enrollment		270	240	235	258	275	230	219	-	-	-
Irvington (1932)	(6)										
Gross Floor Area (sq ft): 65,285											
Elementary Enrollment		445	473	505	503	505	529	483	460	478	485
James John (1929)											
Gross Floor Area (sq ft): 63,697											
Elementary Enrollment		458	459	430	404	384	394	402	439	461	445
Kelly w/ Kelly Center (1952)	(21)										
Gross Floor Area (sq ft): 97,546											
Elementary Enrollment		484	439	464	468	467	509	570	626	622	631
King (1927)	(6)										
Gross Floor Area (sq ft): 88,957											
Elementary Enrollment		491	458	453	399	336	288	292	312	331	370
Laurelhurst (1923)	(6)										
Gross Floor Area (sq ft): 46,204											
Elementary Enrollment		581	561	536	606	708	704	684	665	673	671
Lee (1953)	(6)										
Gross Floor Area (sq ft): 73,276											
Elementary Enrollment		309	354	367	434	458	457	459	497	493	431
Lent (1948)	(6,21)										
Gross Floor Area (sq ft): 76,478											
Elementary Enrollment		366	400	475	528	549	561	577	573	604	560
Lewis (1952)											
Gross Floor Area (sq ft): 48,380											
Elementary Enrollment		301	293	310	349	374	396	393	400	414	382

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Llewellyn (1928)										
Gross Floor Area (sq ft): 50,651										
Elementary Enrollment	301	309	341	396	434	485	543	583	570	518
Maplewood (1948) (12)										
Gross Floor Area (sq ft): 35,022										
Elementary Enrollment	315	307	308	331	342	350	335	327	333	329
Markham (1951) (12)										
Gross Floor Area (sq ft): 82,794										
Elementary Enrollment	398	359	349	360	376	376	384	383	393	386
Marysville (1921) (6,17,21)										
Gross Floor Area (sq ft): 53,490										
Elementary Enrollment	336	368	407	437	435	404	363	352	416	405
Peninsula (1952) (6)										
Gross Floor Area (sq ft): 70,151										
Elementary Enrollment	254	299	326	370	375	361	358	368	376	396
Rieke (1961)										
Gross Floor Area (sq ft): 30,647										
Elementary Enrollment	267	280	322	348	371	356	416	388	388	388
Rigler (1931) (3,6)										
Gross Floor Area (sq ft): 59,760										
Elementary Enrollment	442	538	562	525	596	588	524	449	463	480
Rosa Parks (2006)										
Gross Floor Area (sq ft): 45,147										
Elementary Enrollment	-	435	562	503	463	434	407	405	405	341
Roseway Heights (1923) (4,23)										
Gross Floor Area (sq ft): 75,693										
Elementary Enrollment	429	406	660	565	578	551	589	616	606	668
Sabin (1928) (2,6)										
Gross Floor Area (sq ft): 71,946										
Elementary Enrollment	422	432	451	363	348	362	392	420	485	514
Scott (1949) (3)										
Gross Floor Area (sq ft): 62,681										
Elementary Enrollment	369	440	539	530	563	533	521	504	507	481
Sitton (1948)										
Gross Floor Area (sq ft): 58,762										
Elementary Enrollment	300	285	315	309	291	307	333	356	376	399
Skyline (1963) (6)										
Gross Floor Area (sq ft): 37,245										
Elementary Enrollment	201	233	258	266	294	281	276	273	265	309
Stephenson (1965)										
Gross Floor Area (sq ft): 40,539										
Elementary Enrollment	325	310	320	327	335	324	335	329	320	308
Sunnyside Environmental (1925) (13)										
Gross Floor Area (sq ft): 54,361										
Elementary Enrollment	443	501	542	565	585	580	608	605	587	586
Vernon (1931) (3,6,16)										
Gross Floor Area (sq ft): 72,323										
Elementary Enrollment	384	404	453	394	397	376	500	440	394	386

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

		Footnotes	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Vestal (1929)	(6,16)											
Gross Floor Area (sq ft): 66,378												
Elementary Enrollment			294	343	389	428	433	451	420	395	402	399
Whitman (1954)	(21)											
Gross Floor Area (sq ft): 69,755												
Elementary Enrollment			404	384	370	369	372	347	361	351	349	316
Winterhaven (1930)	(16)											
Gross Floor Area (sq ft): 39,084												
Elementary Enrollment			339	344	335	345	345	352	346	352	356	346
Woodlawn (1926)	(12)											
Gross Floor Area (sq ft): 61,595												
Elementary Enrollment			531	450	424	462	449	478	443	439	449	443
Woodmere (1954)	(21)											
Gross Floor Area (sq ft): 59,293												
Elementary Enrollment			449	422	418	398	397	393	397	383	371	338
Woodstock (1910)												
Gross Floor Area (sq ft): 69,135												
Elementary Enrollment			338	384	407	443	433	466	491	508	505	487
Middle Schools and Programs												
Beaumont (1926)												
Gross Floor Area (sq ft): 94,431												
Middle School Enrollment			536	500	460	458	450	455	481	583	584	554
George (1950)												
Gross Floor Area (sq ft): 78,713												
Middle School Enrollment			403	383	328	375	388	364	360	385	373	359
Gray (1952)												
Gross Floor Area (sq ft): 60,624												
Middle School Enrollment			496	457	421	420	419	428	422	422	464	527
Hosford (1925)												
Gross Floor Area (sq ft): 77,050												
Middle School Enrollment			448	476	516	531	548	547	534	538	576	591
Jackson (1966)												
Gross Floor Area (sq ft): 247,779												
Middle School Enrollment			694	688	714	712	651	584	533	532	533	548
Lane (1927)												
Gross Floor Area (sq ft): 87,438												
Middle School Enrollment			553	527	489	419	397	398	441	486	505	471
Mt. Tabor (1952)												
Gross Floor Area (sq ft): 83,076												
Middle School Enrollment			676	633	588	555	559	579	593	606	628	662
Sellwood (1925)												
Gross Floor Area (sq ft): 86,823												
Middle School Enrollment			564	515	459	474	480	474	486	455	483	545
West Sylvan (1954)												
Gross Floor Area (sq ft): 104,009												
Middle School Enrollment			878	896	886	863	863	849	848	888	945	958

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

		Footnotes									
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
High Schools and Programs											
Benson (1916)	(7)										
Gross Floor Area (sq ft): 410,910											
High School Enrollment		1,452	1,294	1,218	1,134	1,100	986	889	889	830	879
Focus/Alt Prog Enroll (Night Sch.)		(8) 15	10	-	-	-	-	-	-	-	-
Cleveland (1928)	(21)										
Gross Floor Area (sq ft): 253,895											
High School Enrollment		1,449	1,472	1,528	1,516	1,553	1,570	1,520	1,532	1,523	1,516
Franklin (1915)	(5,21)										
Gross Floor Area (sq ft): 237,027											
High School Enrollment		1,404	1,283	1,233	1,007	1,032	1,036	1,480	1,469	1,460	1,552
Grant (1923)											
Gross Floor Area (sq ft): 275,173											
High School Enrollment		1,815	1,691	1,642	1,553	1,610	1,620	1,565	1,536	1,486	1,503
Focus/Alt Prog Enroll (Night Sch)		(9,8) 91	-	-	-	-	-	-	-	-	-
Jefferson (1909)	(5,20)										
Gross Floor Area (sq ft): 360,911											
High School Enrollment		647	566	707	631	617	621	584	441	511	493
Lincoln (1951)											
Gross Floor Area (sq ft): 236,893											
High School Enrollment		1,485	1,498	1,404	1,335	1,395	1,410	1,476	1,513	1,565	1,583
Madison (1955)	(3,9)										
Gross Floor Area (sq ft): 370,112											
High School Enrollment		983	936	859	900	860	910	1,161	1,107	1,066	1,077
Marshall (1960)	(8,9,11,21)										
Gross Floor Area (sq ft): 271,427											
High School Enrollment		955	860	775	774	747	707	-	-	-	-
Roosevelt w/ Auto Shop (1921)											
Gross Floor Area (sq ft): 274,478											
High School Enrollment		778	794	730	703	681	683	748	828	914	947
Wilson (1954)											
Gross Floor Area (sq ft): 326,062											
High School Enrollment		1,632	1,556	1,533	1,480	1,439	1,435	1,387	1,236	1,230	1,257

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Facilities with Focus/Alternative Programs										
daVinci (Monroe) (1928)										
Gross Floor Area (sq ft): 99,219										
Focus/Alt Prog Enroll. (da Vinci)	380	444	458	445	456	464	462	470	468	465
Focus/Alt Prog Enroll. (Natv. Mont) (8)	22	9	22	20	-	-	-	-	-	-
Meek (1953) (16)										
Gross Floor Area (sq ft): 32,477										
Focus/Alt Prog Enrollment (8)	117	-	-	-	-	-	-	-	-	-
Metropolitan Learning Center (Couch) (1914)										
Gross Floor Area (sq ft): 68,135										
Focus/Alt Prog Enrollment	447	439	444	424	443	440	447	455	440	436
Richmond (1908) (12)										
Gross Floor Area (sq ft): 77,070										
Elementary Enrollment	309	360	436	505	569	612	662	662	687	677
Enrollment in other Focus/Alt. Programs										
Focus/Alt Prog Enroll. (Alliance HS) (9)	-	366	292	288	267	221	233	222	183	172
Focus/Alt Prog Enroll. (Head Start)	625	606	674	696	732	804	790	824	808	739
Focus/Alt Prog Enroll. (ACCESS) (2,23)	-	-	-	159	200	196	198	219	236	305
Focus/Portland International Scholars Academy (22)	-	-	-	-	-	-	-	-	10	31
Focus/Alt Prog Enroll. (Turnaround) (22)	-	-	-	-	-	2	21	19	22	17
Inactive School and Other Facilities										
Applegate (1954) (12,26)										
Gross Floor Area (sq ft): 26,101										
Ball (1948) [sold in 2007] (27)										
Gross Floor Area (sq ft): 0										
Elementary Enrollment	271	-	-	-	-	-	-	-	-	-
BESC (1978)										
Gross Floor Area (sq ft): 381,723										
Binnsmead (1949) (1)										
Middle School Enrollment	680	484	346	-	-	-	-	-	-	-
Gross Floor Area (sq ft): 0										
Clarendon (1970) (4,19)										
Gross Floor Area (sq ft): 42,958										
Elementary Enrollment	429	286	-	-	-	-	-	-	-	16
Columbia Holding (1946) (14,28)										
Gross Floor Area (sq ft): 37,746										
Columbia Bus Barn Bldg (na) (29)										
Gross Floor Area (sq ft): 9,600										
Columbia Bus Parking (portable) (na) (29)										
Gross Floor Area (sq ft): 960										
Edwards (1961) (12,28)										
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	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Fernwood (1911)	(4,19)										
Middle School Enrollment		466	347	-	-	-	-	-	-	-	-
Gross Floor Area (sq ft): 0											
Foster (1962)	(14,30)										
Gross Floor Area (sq ft): 12,462											
Glenhaven Vocational Village (1913)											
Gross Floor Area (sq ft): 63,714											
Focus/Alt Prog Enroll (Meek HS)	(9)	-	-	-	-	-	-	-	-	-	-
Green Thumb (1974)											
Gross Floor Area (sq ft): 32,767											
Gregory Heights (1923)	(4,19)										
Gross Floor Area (sq ft): 95,438											
Middle School Enrollment		691	471	-	-	-	-	-	-	-	-
Holladay Center w/ Annex (1961)											
Gross Floor Area (sq ft): 61,457											
Kellogg (1913)	(5,31)										
Gross Floor Area (sq ft): 94,592											
Middle School Enrollment		482	269	-	-	-	-	-	-	-	-
Kenton (1913)	(12,28)										
Gross Floor Area (sq ft): 52,363											
Elementary Enrollment		-	-	-	-	-	-	-	-	-	-
King Neighborhood Facility (1974)	(28)										
Gross Floor Area (sq ft): 9,200											
Ockley Green (1925)	(10)										
Gross Floor Area (sq ft): 0											
Elementary School Enrollment		318	442	389	337	299	310	269	243	-	-
Rice (1956)											
Gross Floor Area (sq ft): 16,990											
Sacajawea (1953)	(26)										
Gross Floor Area (sq ft): 18,751											
Smith (1958)	(12,30)										
Gross Floor Area (sq ft): 38,472											
East Sylvan (1933) (Bldg used by W. Sylvan)											
Gross Floor Area (sq ft): 24,986	(32)										
Terwilliger (1917)											
Gross Floor Area (sq ft): 24,646											
Tubman w/ Annex (1952)	(5)										
Gross Floor Area (sq ft): 96,860											
Middle School Enrollment		273	131	-	-	-	-	-	-	-	-
Wilcox (1959)	(16)										
Gross Floor Area (sq ft): 19,102											
Youngson (1955)	(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

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Enrollment Summary:										
Regular Programs										
Elementary Schools	21,713	22,385	23,817	24,625	25,145	25,397	25,992	26,577	27,051	27,015
Middle Schools	8,545	7,622	6,252	5,751	5,695	5,619	5,613	5,365	5,559	5,680
High Schools	12,600	11,950	11,629	11,033	11,034	10,978	10,810	10,551	10,585	10,807
Focus/Alternative Programs	1,746	1,716	1,432	1,587	1,642	1,663	1,689	1,739	1,699	1,716
Plus enrollment not normally within PPS facilities:										
Community Based Programs	1,308	1,303	1,342	1,282	1,206	1,275	1,150	1,207	1,055	1,034
Special Education Programs (7,13,14,15)	525	548	539	522	500	385	502	457	485	443
Public Charter Programs	571	824	1,077	1,246	1,374	1,486	1,532	1,627	1,664	1,764
Total Enrollment	47,008	46,348	46,088	46,046	46,596	46,803	47,288	47,523	48,098	48,459

Gross Floor Area (sq ft) Summary:

		<u>Oldest</u>	<u>Median</u>	<u>Newest</u>
Elementary Schools	3,534,380	103	73	9
Middle Schools	919,943	102	65	51
High Schools	3,016,888	106	89	56
Focus/Alternative Schools	276,901	107	94	62
Other Facilities	1,253,298	104	63	37
Total Gross Floor Area (sq ft)	9,001,410	107	68	9

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.

Office of Data and Policy - 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 is located at Sabin site but is a district-wide alternative education program drawing students district wide. Starting in 2008-09 the enrollment for ACCESS has been 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 is now 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 have 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 live within the Jefferson cluster boundaries. Young Women's Academy was closed in FY 11-12. BESS is using this space as a storage for furniture since it was vacant.

(6) Transitioning or recently transitioned to KG - 8.

(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/Ockley 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.

(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.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes (continued):

(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. The Whitaker Lakeside site no longer has a building on it, but the District still owns the land. We have removed the square footage, but have kept the site on 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.

(22) For FY 2014-15, the Focus/Alt Program enrollment of 17 at Turnaround includes the Reconnection Center (10) Teen Parent Program (5) and Ramona Early Childhood (2). In FY 13-14 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 facility is now used for Headstart Program.

(27) Sold- Entity building sold in current and prior year's, 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 SEC which is part of Columbia Holding is now leased to Bridger K-8.

(29) Columbia Bus Barn Bldg. and Columbia Bus Parking (portable) facility is now used for Transportation Services.

(30) Vacant/Inactive- Foster and Smith are now vacant and inactive.

(31) Kellogg - Vacant facility is now used by BESC for storage of furniture.

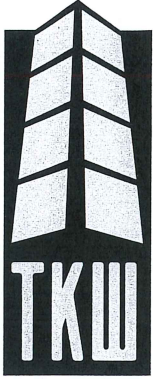
(32) East Sylvan facility is used by East and West Sylvan. East Sylvan has 6th grade and West Sylvan has 7th-8th grade. East Sylvan was closed at the end of FY14-15.

All Student numbers are represented under West Sylvan data.



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

DRAFT 12/7/15



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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, 2015, and have issued our report thereon dated December 7, 2015.

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.

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

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

Page 2

COMPLIANCE (Continued)

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 by one year for four of the sixty teachers in our sample.

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. Deficiencies in internal control were communicated separately, in our Report on Requirements of the Single Audit Act and OMB Circular A-133 dated December 7, 2015.

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 7, 2015

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. It is the policy of the Portland Public School Board that there will be no discrimination or harassment of individuals or groups on the grounds of age, color, creed, disability, marital status, national origin, race, religion, sex or sexual orientation in any educational programs, activities or employment.

Board of Education Policy 1.80.020-P

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Special thanks to Sara Bottomley, Assistant Budget Director and the Budget Department staff