

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2017



About the Cover

After two years of hard work, the new Franklin High School welcomed its staff and students back to a state-of-the-art campus on August 30, 2017. Teachers are already incorporating their new equipment and facilities into their curriculum plans and sports teams are enjoying the new gyms and track and field. The new Student Commons is serving lunches and offering students a gathering space. Students are also taking advantage of the numerous open learning spaces throughout the campus. In the fine arts wing highlights include a new 500 seat theater, black box theater, a dance room with lots of natural lighting and a spacious band room with practice rooms. The historic auditorium was transformed into the new media center with classrooms, including the constitutional law class, located just behind the former stage area.

Portland Public Schools

Comprehensive Annual Financial Report

For the year ended June 30, 2017

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

SECTION I - INTRODUCTORY SECTION

Letter of Transmittal	1
Principal Officials	10
Organizational Chart	11
ASBO Certificate of Excellence in Financial Reporting	12
GFOA Certificate of Achievement for Excellence in Financial Reporting	13

SECTION II - FINANCIAL SECTION

Independent Auditor's Report	14
Management's Discussion and Analysis	17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	28
Statement of Activities	30
Fund Financial Statements	
Balance Sheet	31
Reconciliation of the Balance Sheet to the Statement of Net Position	33
Statement of Revenues, Expenditures, and Changes in Fund Balances	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	36
Proprietary Financial Statements	
Statement of Net Position	37
Statement of Revenues, Expenses, and Changes in Net Position	38
Statement of Cash Flows	39
Notes to the Basic Financial Statements	40
Required Supplementary Information	
Other Postemployment Benefits - Schedule of Funding Progress and Employer Contributions	79
Schedule of the District's Proportionate Share of Net Pension Liability (Asset) and District Contributions	80
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	82
Grant Fund	84
PERS Rate Stabilization Reserve Fund	86
Supplementary Information	
Combining Statements - Nonmajor Governmental Funds	
Combining Balance Sheet-Nonmajor Funds	
Combining by Fund Types	90
Special Revenue Funds	91
Debt Service Funds	92
Capital Projects Funds	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Combining by Fund Type	95
Special Revenue Funds	96
Debt Service Funds	97
Capital Projects Funds	99

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents (continued)

SECTION II - FINANCIAL SECTION (continued)

Budgetary Comparison Schedules

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

Governmental Funds

Student Body Activity Fund	102
Cafeteria Fund	103
Dedicated Resource Fund	104
IT Projects Debt Service Fund	106
PERS UAL Debt Service Fund	107
Recovery Zone Debt Service Fund	108
Full Faith & Credit Taxable Debt Service Fund	109
Facilities Capital Debt Service Fund	110
GO Bond Debt Service Fund	111
Construction Excise Tax Fund	112
IT System Project Fund	113
QZAB Fund	114
Full Faith & Credit Taxable Debt Fund	115
Full Faith & Credit LOC Fund	116
Energy Efficient Schools Fund	117
Facilities Capital Fund	118
Capital Asset Renewal Fund	119
School Modernization Partnerships Fund	120

Other Funds

GO Bonds Fund	122
Self-Insurance Fund	123

SECTION III - STATISTICAL SECTION

Financial Trends Information

Condensed Statement of Net Position	125
Changes in Net Position	127
Fund Balances of Governmental Funds	129
Changes in Fund Balances of Governmental Funds	131

Revenue Capacity Information

Assessed Values of Taxable Property within School District No.1J Boundaries	133
Direct and Overlapping Property Tax Rates	135
Principal Property Tax Payers for Multnomah County, Taxing District 311 - Portland Public School District	136
Principal Property Tax Payers for Multnomah County, Taxing District 170 - Multnomah County	137
Property Tax Levies and Collections	138

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Comprehensive Annual Financial Report For the Year Ended June 30, 2017

Table of Contents (continued)

SECTION III - STATISTICAL SECTION (continued)

Debt Capacity Information

Ratios of Outstanding Debt by Type	139
Direct and Overlapping Governmental Activities Debt	141
Legal Debt Margin Information	142

Demographic and Economic Information

Demographic and Economic Statistics	143
Principal Employers for the Portland Metro Area	144

Operating Information

Full Time Equivalent District Employees by Assignment/Function	145
Meal and Transportation Services Provided	146
School Building and Student Enrollment Information	148

SECTION IV - AUDIT COMMENTS AND DISCLOSURES SECTION

Independent Auditor's Report Required by Oregon State Regulations	152
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PORTLAND PUBLIC SCHOOLS

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OFFICE OF THE CFO

Mei Lee, CPA
Chief Financial Officer

December 13, 2017

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, 2017, together with the audit opinions thereon of our auditors as required by Oregon Revised Statutes. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information reflecting the financial position and results of the operations of the District are stated fairly in all material aspects. All disclosures necessary to enable the reader to gain maximum understanding of the District's financial affairs have been included.

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

Financial Report Presentation

The financial statements of the District are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are discussed in Note 1 of these financial statements.

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' 2016 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.

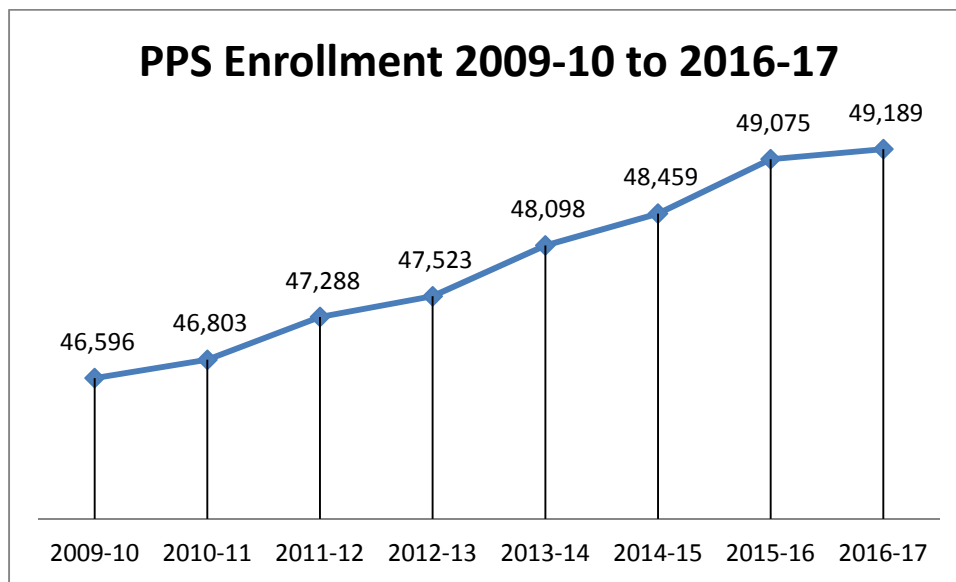
The **Audit Comments and Disclosures Section** includes disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

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 152 square miles and has a population in excess of 685,000, including portions of the cities of Portland (pop. 627,395), Lake Oswego (pop. 37,425), and Milwaukie (pop. 20,510), based on 2016 estimates by the Portland State University Population Research Center. The District maintains over 100 campuses with more than 250 buildings and a total floor area of more than 9 million square feet. Please see Schedule 17 of the Statistical Section for details of each building’s size and enrollment.

Student enrollment for the 2016-17 school year as of October 2016 was 49,189. Enrollment counts are compiled annually on or about the first of October as required by the State of Oregon. 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 not duplicated.



October 2016 Portland Public Schools Student Enrollment (by Program Type)					
Program Type	Grade Ranges ⁽¹⁾	Number of Schools/ Programs	Enrollment	Distribution	
Regular Schools and Programs					
Elementary Schools	1-8,K-5,K-8,PK-4,PK-8	56	26,620	54.12%	
Middle Schools	6-8	11	6,457	13.13%	
High Schools	9-12	9	11,348	23.07%	
Subtotal - Regular Schools		76	44,425	90.31%	
PPS Alternative Programs	1-8,9-12,K-8,K-12	7	1,764	3.59%	
Subtotal - Schools and Alternative Programs		83	46,189	93.90%	
Community-Based Programs	6-8,6-12,9-12,10-12,11-12,12,PK-8	12	968	1.97%	
Special Education Programs	K-12	16	447	0.91%	
Public Charter Programs	6-8,9-12,K-2,K-4,K-5,K-8,K-12	8	1,585	3.22%	
Grand Total		119	49,189	100.00%	

⁽¹⁾ Definitions: PK - Pre-Kindergarten, K - Kindergarten
Source: PPS School Profiles & Enrollment Data 2016-2017 <https://www.pps.net/cms/lib/OR01913224/Centricity/Domain/207/SchoolProfiles2016-17.pdf>

From 1997 to 2009, the District generally experienced constant yearly declines in enrollment. However, enrollment counts from October 2016 show the total enrollment increased by 114 students from the previous year. Based on demographic studies conducted by Portland State University, it is anticipated that enrollment will level off at about 53,652 students by the 2031/32 school year under the PSU Medium Growth Scenario. Enrollment reports can be found at <https://www.pps.net/Page/942>.

An elected seven-member board establishes and oversees the District’s policies. The Board of Education is the chief governing body and is exclusively responsible for its public decisions. A list of board members can be found at page 10 of this report. The chief administrative officer of the District is the Superintendent, who is appointed by the Board. The Board of Education is accountable for all fiscal matters that significantly affect operations. On August 11, 2017, the Board voted to authorize and approve Guadalupe Guerrero as the new Superintendent of Portland Public Schools. Mr. Guerrero began his new role as Superintendent on October 2, 2017.

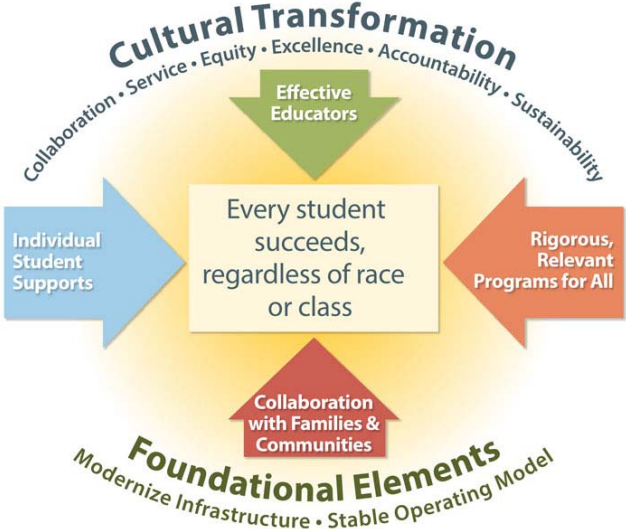
Under Oregon Revised Statutes (33.710), school districts are municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. Portland Public Schools fulfills this responsibility by building, operating, and maintaining school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

Budgetary Controls

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Municipal Audit Law as outlined in the 2015 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. The appropriation categories within each fund, making up the District’s budget are: Instruction, Support Services, Enterprise & Community Services, Facilities Acquisition & Construction, Deb Service, Transfers Out, Contingency and Ending Fund Balance. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

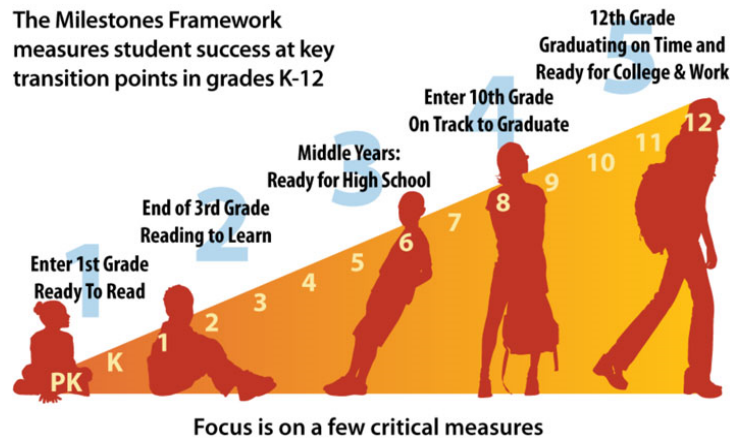
Strategic Framework

Portland Public Schools uses a Strategic Framework to guide educational and operational planning, policy and practice.



The framework is grounded in:

- The District’s Milestones Framework with a particular focus on equity of access to a rigorous program of study and raising achievement for all while accelerating gains and closing the gaps between white students and historically underserved students of color.
- The goal that “all students by name are prepared for college, career and participation as an active community member, regardless of race, income or zip code.”
- The input and continued feedback from community partners, local and state leaders and PPS teachers, principals and families.

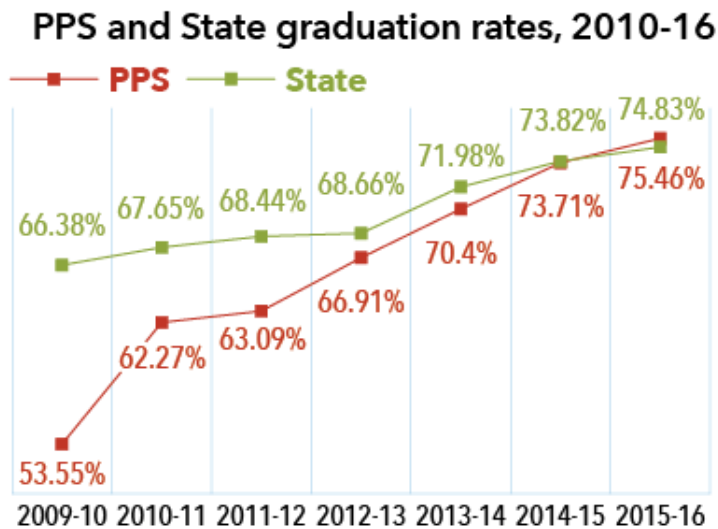


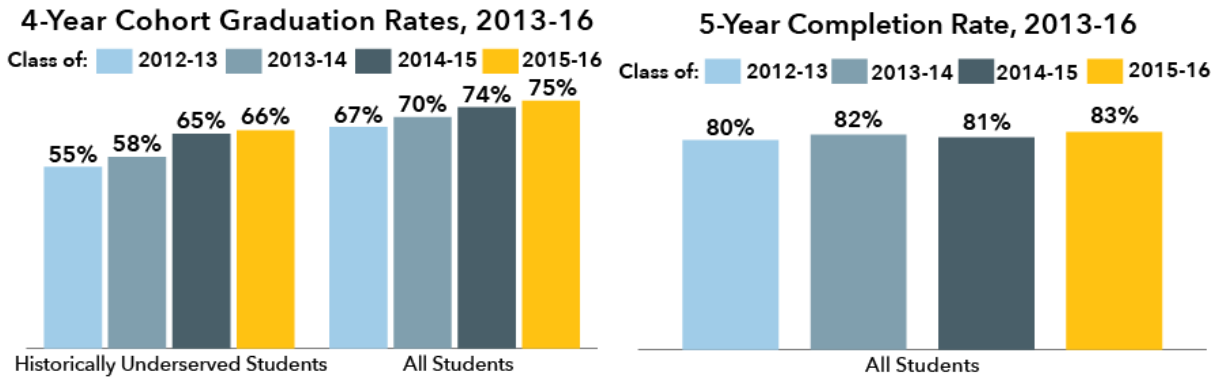
To view more information about the Strategic Framework, go here: <https://www.pps.net/Page/2321>.

Service Efforts and Accomplishments

The District has set three priorities to drive student achievement that have been adopted by the Portland School Board. The priorities are:

- Reading: All students reading to learn by the end of third grade.
- Discipline: Reduce disproportionate exclusionary discipline for our students of color (keeping students in school learning – to read, to stay on track, to graduate)
- Graduation: Increase the graduation and completion rates.





The PPS four-year graduation rate has improved from 53% for the Class of 2009 to 75% for the Class of 2016, a rate that now exceeds the average graduation rate for the State of Oregon. The rate for historically underserved students is 66%. The five-year completion rate, which includes students who need an extra year to meet graduation requirements and/or complete a GED, has also increased over recent years and was 83% in 2015/16. A large percentage of historically underserved PPS students complete high school in a fifth year, highlighting the need for targeted strategies and supports for these populations.

PPS also tracks the proportion of students who are on-track to graduate (9th grade credits earned). In 2015/16, 90% of PPS freshmen were on-track to graduate. A similar trend held for historically underserved students.

For third grade reading, PPS outperformed the Oregon state average on the new Smarter Balanced test, with 61.4% of third graders scoring a 3 or 4, compared to 52.4% statewide.

The District has also made progress toward its goal of reducing disproportionate exclusionary discipline for all students of color and reducing exclusionary discipline rates overall. Since 2010, the overall rate of suspensions and expulsion has decreased from 5.7% of students to 2.6% of students in 2015/16.

Factors Affecting Financial Condition

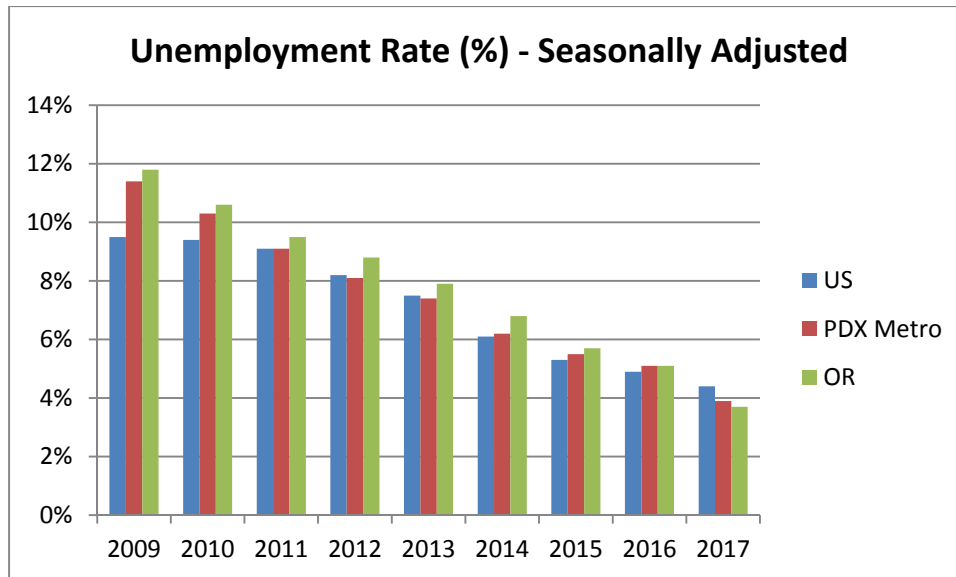
The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the specific environment within which the District operates.

PPS derives about 75% of its general fund revenues from the state school fund and the associated funding distribution formula. Two-thirds of that state school fund money comes via the appropriation made by the state legislature and the other one-third is the aggregate of the local permanent rate property taxes from school Districts across the state. The state budget and the legislative appropriation are highly dependent upon state revenues through income taxes. The outlook for the state economy is a leading indicator for the health of this revenue stream and is, therefore, of great importance for PPS.

The second largest revenue item for PPS is its local option levy which is a property tax based upon assessed values of property in the PPS taxing District, and which is also significantly influenced by real market values of homes within the PPS taxing District.

Oregon State Economy – Oregon is continuing to improve, however the state is adding jobs at a slower pace than the rates seen in 2014 and 2015. In April 2017 Oregon’s unemployment rate decreased from a recent high of 11.8% in June of 2009 to 3.7%¹. The consensus of economists appears to be an expectation of continued gains in the economy.

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



Oregon Employment by Industry (number of jobs, in thousands)					
Industry	June 2016	June 2017	Year-over-Year Change (number of jobs)	Year-over-Year Change (%)	
Government	307.0	310.6	3.6	1.17%	
Other Services	63.6	64.9	1.3	2.04%	
Leisure & Hospitality	199.4	203.3	3.9	1.96%	
Education & Health Services	265.5	276.4	10.9	4.11%	
Professional & Business Services	237.8	247.0	9.2	3.87%	
Financial Activities	96.7	97.8	1.1	1.14%	
Information	33.3	33.8	0.5	1.50%	
Trade, Transportation, and Utilities	340.9	344.9	4.0	1.17%	
Manufacturing	187.7	193.0	5.3	2.82%	
Construction	89.8	100.8	11.0	12.25%	
Mining and Logging	7.7	7.8	0.1	1.30%	
Total Nonfarm	1,829.4	1,880.3	50.9	2.78%	

Source: Oregon Economy at a Glance - <https://www.bls.gov/regions/west/oregon.htm#eag>

Approximately 50.9 thousand jobs were added over the past year, contributing to workforce growth of 2.8% from June 2016 to June 2017. The Education & Health Services, Construction, and Professional & Business sectors led the way with the creation 10.9, 11.0, and 9.2 thousand jobs, respectively. Smaller gains were observed in all other sectors.²

Local Economy – Portland and the surrounding metropolitan area has a widely diversified economy. Its centralized location and excellent transportation facilities have established the area as a major distribution point on the West Coast for wholesale trade and high tech exports. During the 2016 calendar year, Trade, Transportation & Utilities, along with Education, Health Services, and Hospitality accounted for the majority of the economy (44%). Portland has continued to lead the state out of the recession.

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

Portland Real Estate Market – The District’s five-year Local Option Levy property tax was renewed in November 2014 for a new five-year term. We are very grateful to the voters in PPS for this support. The local option levy has resulted in increased revenue for PPS. However, the benefit to PPS of this levy is reduced because of Measure 5 property tax limits, known as “compression”. Market value of residential property, the critical variable in calculation of compression, declined for several years during the recession. This had the effect of reducing the amount that PPS collects through the local option levy. This resulted in lower direct revenue for PPS from the local option. Compression is calculated on a property by property basis, which makes local option revenue notoriously hard to forecast. Market values for residential property increased modestly in 2012 and more significantly from 2013 through 2017 reversing the trend and unwinding some of the compression.

Capital Bonds – In November of 2012, the voters of Portland Public Schools authorized the issuance of up to \$482 million of general obligation bonds to improve school buildings. The bonds issued under this 2012 authorization are financing a program of capital investments in PPS schools that includes:

- Full modernization of three high schools (Roosevelt, Franklin and Grant) identified using high seismic risk and the need for major access upgrades as priority criteria;
- Full replacement of Faubion School in partnership with Concordia University;
- Seismic and other building improvements: including seismic strengthening, replacement and seismically bracing roofs, and accessibility improvements at a number of District schools;
- Educational facility improvements to improve grades 6-8 science classrooms at as many as 39 schools;
- Repayment of \$45 million of interim capital debt; and
- Master planning high school campuses not impacted by the major investment described above.

Building improvements were completed at six schools over the summer of 2013, 12 schools over the summer of 2014, 27 schools in the summer of 2015, and 13 schools during the summer of 2016. The major construction projects at Roosevelt, Franklin and Faubion are nearing completion. The installation of elevators is continuing at 2 schools.

In May 2017 the voters authorized the issuance of up to \$790 million in additional bonds. The bonds will fund renovations and additions at Benson and Madison High Schools, and full replacements of Lincoln High School and Kellogg Middle School. Approximately 30% of the budgets for these projects comprehensively address health and safety issues, including lead and asbestos abatement, roof repairs, seismic upgrades, and accessibility improvements in accordance with the Americans with Disabilities Act. The bonds will also fund planning for upgrades of Cleveland, Jefferson, and Wilson High Schools as part of the next series of school modernizations.

Additionally, at least \$150 million will fund District-wide health and safety projects, including:

- Replacing old pipes and fixtures to reduce lead, improve water quality, and reduce the need to use bottled water.
- Removing or encapsulating exposed lead paint and asbestos;
- Upgrading fire alarm and/or sprinkler systems;
- Repairing or replacing leaking or deteriorating school roofs;
- Improving accessibility for people with disabilities;
- Improving building foundations and ventilation to decrease radon exposure; and
- Strengthening school safety and security

Additional information on the capital planning and school modernization work can also be found here: <https://www.pps.net/Page/117>.

Healthy and Safe Schools Plan – In May 2016, Portland Public Schools confirmed elevated levels of lead in certain water fixtures that were tested at the request of parents. PPS took steps to provide safe drinking water to all students, faculty, and staff. Drinking fountains were shut down and bottled water was supplied for the remainder of the school year. The District worked closely with Multnomah County to provide on-site blood lead level testing to all PPS families.

In response, Portland Public Schools developed a Healthy and Safe Schools Plan (effective December 30, 2016 – August 1, 2017) to define assessment, testing, and mitigation of health-related risks within the District including:

- Radon – radon testing began during the 2015/16 school year and is expected to be completed by the spring of 2018 in accordance with statutory requirements;
- Lead in Drinking Water – discussed above;
- Lead Paint – the District has contracted with an independent third party consultant to survey lead paint levels and has contracted four certified lead paint contractors to abate or encapsulate critical District needs; and
- Integrated Pest Management – the District has adopted an integrated pest management plan as required by ORS 634.700 through 634.750.

Additional information on the Healthy and Safe Schools Plan can be found here: <https://www.pps.net/healthyschools>.

Charter Schools

Oregon statute provides state funding for charter schools flow through the District for schools that local school boards of education have granted a charter. The District has nine charter schools in operation during the 2016-17 fiscal year. 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.

Independent Audits

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

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the 37th 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, 2016. This was the 37th 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 2017 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 the Finance Department 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,

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

Mei Lee, CPA, Chief Financial Officer

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Principal Officials
At June 30, 2017

SCHOOL BOARD

<u>Member</u>	<u>Zone</u>	<u>Term Expires</u>	<u>Phone</u>	<u>Email</u>
Julie Esparza Brown	1	June 30, 2019	503-916-3741	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
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
Mike Rosen	7	June 30, 2019	503-916-3741	mrosen@pps.net

* Term expired June 30, 2017, new board members as of July 1, 2017 are also listed below, by zone.

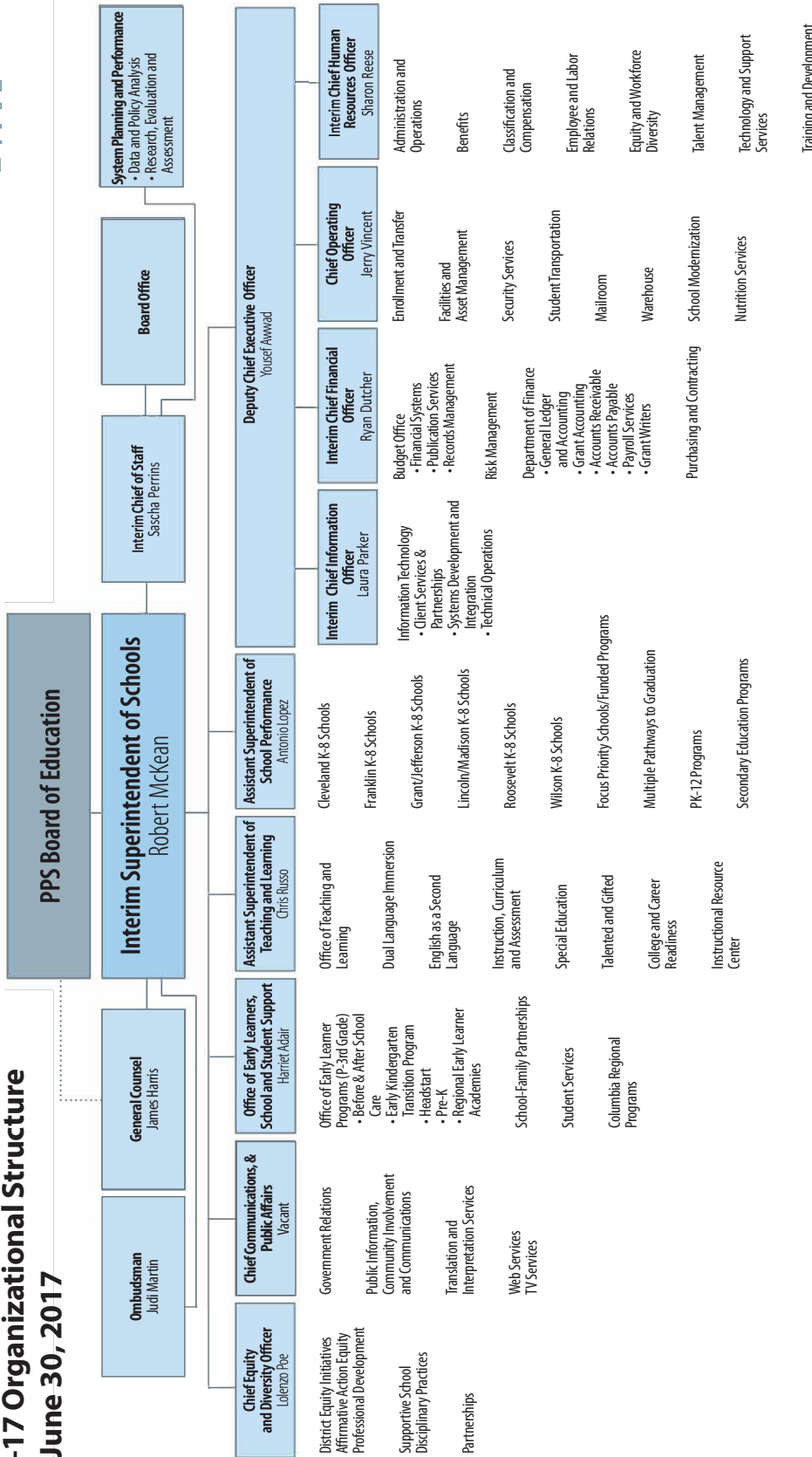
<u>Member</u>	<u>Zone</u>	<u>Term Expires</u>	<u>Phone</u>	<u>Email</u>
Rita Moore	4	June 30, 2021	503-916-3741	rmoore5@pps.net
Scott Bailey	5	June 30, 2021	503-916-3741	sbailey@pps.net
Julia Brim-Edwards	6	June 30, 2021	503-916-3741	jbrim-edwards@pps.net

ADMINISTRATIVE STAFF

Robert McKean	Interim Superintendent
Yousef Awwad, CPA	Deputy Chief Executive Officer
Harriet Adair	Assistant Superintendent, Student Family and School Support
Chris Russo	Assistant Superintendent, Teaching and Learning
Antonio Lopez	Assistant Superintendent, School Performance
Ryan Dutcher	Interim Chief Financial Officer
Vacant	Chief of Communications and Public Affairs
Laura Parker	Interim Chief Information Officer
Sharon Reese	Interim Chief Human Resources Officer
James Harris	General Counsel
Lorenzo Poe	Chief Equity and Diversity Officer



2016-17 Organizational Structure as of June 30, 2017





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

School District No. 1J, Multnomah County, Oregon

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
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
for Excellence
in Financial
Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO









ACHIEVE MORE

**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

4800 Meadows Road
Suite 200
Lake Oswego, OR 97035

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2017, 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, 2017,



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INDEPENDENT AUDITOR'S REPORT (Continued)

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

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.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund, Grant Fund, and PERS Rate Stabilization Reserve Fund listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules and combining statements, listed in the Table of Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

INDEPENDENT AUDITOR'S REPORT (Continued)

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

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 13, 2017, 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 13, 2017, 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 13, 2017



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, 2017. 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 1-9 of this report.

FINANCIAL AND BUDGETARY HIGHLIGHTS

Budget

The 2016-17 budget represented a continuation of our focus on investment in programs and services to our students targeted at addressing the District's three priorities (early literacy, reducing out-of-school discipline, and improving high school graduation and completion rates) as well as other needs:

- Educational assistants in kindergarten classes at schools with the highest concentration of historically underserved students were added in 2015-16, these were maintained.
- Make all high school athletic directors full time.
- Focus and priority schools continue to receive additional support.
- Second year of additional early learning center in Southeast Portland.
- Second year of increased allocation of counselors to K-5, K-8, and middle schools to ensure a minimum of one full time counselor.
- Second year of added transportation services to improve equitable access to dual language immersion programs.
- Second year of funding the cost of full day kindergarten through the General Fund.
- Added additional high school teaching positions.
- Maintained funding for restorative practices, equity and school climate.
- Maintained school secretaries and library/media staff.

Other Highlights

During the year, the District implemented one new accounting standard: GASB Statement No. 77 *Tax Abatement Disclosures*, it had an effective date that occurred within the 2016-17 fiscal year. Other than an additional footnote to the financial statements, there was no impact to the District's financial statements from the adoption.

In November 2012, District voters passed an eight-year, \$482 million capital bond measure. This bond is the first phase of a 20-30 year effort to modernize every school in the district. Construction was completed in summer 2016 for roof repairs and seismic upgrades at 2 schools, science classroom upgrades at 4 schools, seismic improvements to 4 schools and improved disability access at 5 schools. Elevator installations continued at 2 schools. During the year ended June 30, 2017 design continued for Grant High school and demolition commenced, renovation/replacement projects progressed towards completion for Franklin, Roosevelt, and Faubion, and elevator installations continued at Scott and Cesar Chavez schools.

At June 30, 2017 there was a balance of \$116.9 million available for completion of the summer 2016 and 2017 projects described above and for continued work towards the renovation/replacement of Grant, Franklin and Roosevelt High Schools and Faubion PK-8 school.

In May 2017, District voters passed an eight-year \$790 million capital bond measure. The measure included the modernization of Madison and Benson high schools, the replacement of Lincoln High school and Kellogg Middle school and address district wide health and safety projects. The health and safety projects include:

- Reduce or eliminate exposure to hazardous materials;
- Upgrade fire alarm and/or fire sprinkler systems;
- Improve accessibility for people with disabilities;
- Repair or replace leaking or deteriorating school roofs;
- Upgrade school safety and security; and
- Strengthen schools against earthquakes.

During the year ended June 30, 2017, design was initiated for:

- Roof replacement and seismic upgrades at 5 schools;
- Fire Alarm / Fire Sprinklers upgrades at 5 schools;
- Improved disability access at 5 schools;
- Replacement of Kellogg school; and
- Modernization of Madison High school.

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 28-30 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 31.

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

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

Portland Public Schools designates four major governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Grant Fund, PERS Rate Stabilization Reserve Fund and GO Bonds Fund, all of which are considered to be major funds. Data from the other 17 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 31-36 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 37-39 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 40-77 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 79-86.

Supplementary Information (SI) presented on pages 88-120 includes combining statements for the non-major governmental funds, budgetary comparison schedules for non-major and other funds, and other financial schedules.

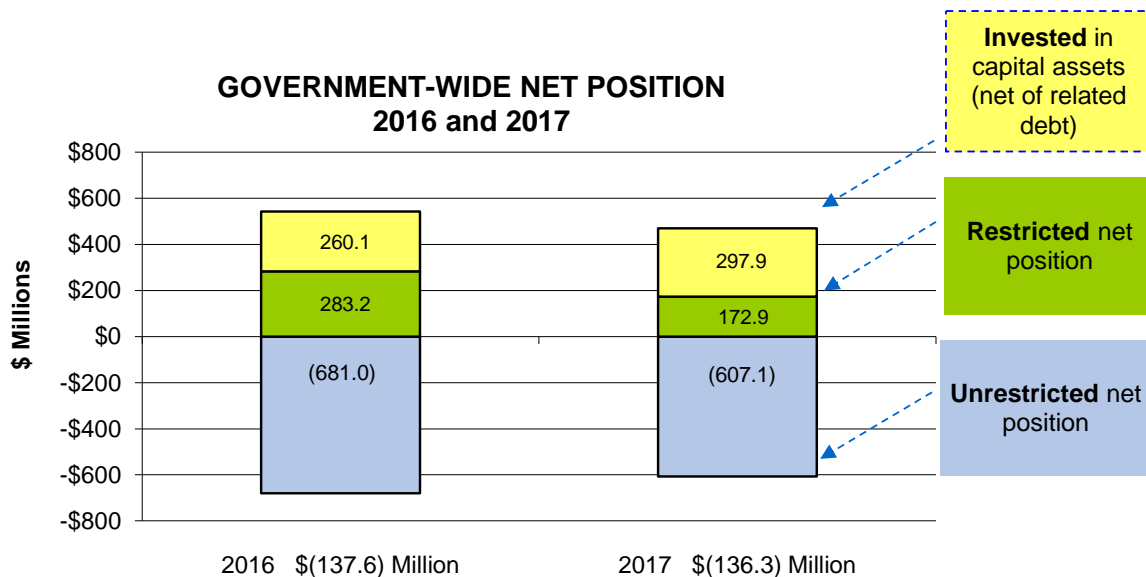
Government-Wide Financial Analysis

Analysis of Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows are made up entirely of pension related balances. The increase in total deferred outflows and deferred inflows was due to differences between actual and expected earnings, changes in assumptions used by outside actuaries, and other factors impacting these balances.

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

Net Position	Government-wide (thousands)			
	2016	2017	Change	% change
Assets				
Current or other assets	\$ 489,022	\$ 365,812	\$ (123,210)	-25.2%
Net capital assets	382,401	506,612	124,211	32.5%
Total Assets	871,423	872,424	1,001	0.1%
Deferred Outflows of Resources	3,200	151,849	148,649	4645.3%
Liabilities				
Long-term liabilities outstanding	815,784	966,257	150,473	18.4%
Other liabilities	190,410	181,480	(8,930)	-4.7%
Total Liabilities	1,006,194	1,147,737	141,543	14.1%
Deferred Inflows of Resources	6,062	12,845	6,783	111.9%
Net Position				
Net investment in capital assets	260,146	297,914	37,768	14.5%
Restricted	283,176	172,880	(110,296)	-38.9%
Unrestricted	(680,955)	(607,103)	73,852	10.8%
Total Net Position	\$ (137,633)	\$ (136,309)	\$ 1,324	1.0%



Net Position - 2017 compared to 2016.

Net Position is a primary indicator of financial position. The District's liabilities and deferred inflows exceeded assets and deferred outflows by \$136.3 million at June 30, 2017, which represents a \$1.3 million increase in net position from the prior year, as further discussed on pages 21-22.

Net Investment in Capital Assets (\$297.9 million) has increased by \$37.8 million this year, mainly due to the repayment of debt related to capital projects (\$40.4 million), offset by depreciation (\$14.6 million).

Restricted Net Position (\$172.9 million) represents the unspent portions of capital projects funds, debt service funds and net assets restricted by grants, donations and leases. *Restricted Net Position* decreased by \$110.3 million this year, primarily due to the expenditure of GO bond proceeds.

Unrestricted Net Position (negative \$607.1 million) is the balancing amount to bring Total Net Position to negative \$136.3 million. *Unrestricted Net Position* increased \$73.9 million. The primary contributor to this increase is the significant increase in pension related deferred outflows discussed earlier.

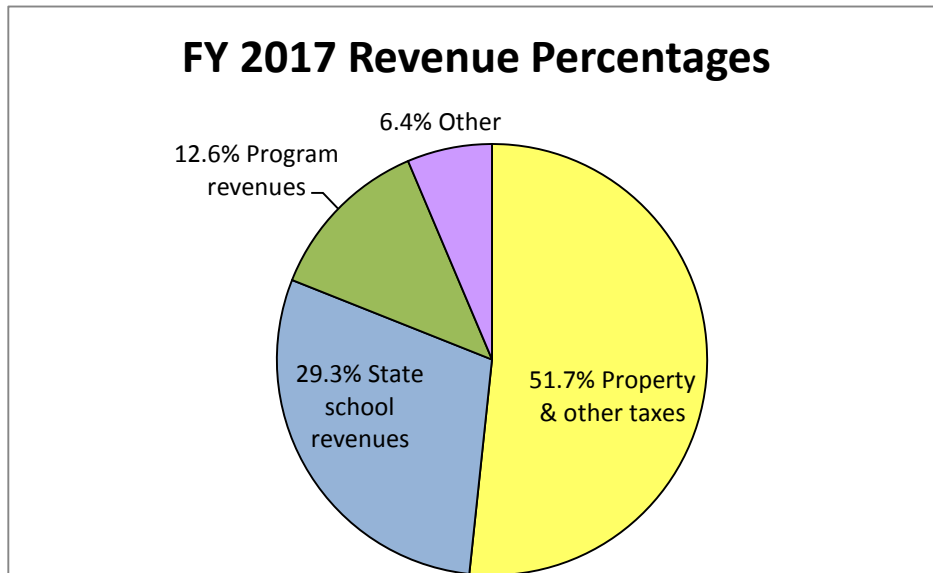
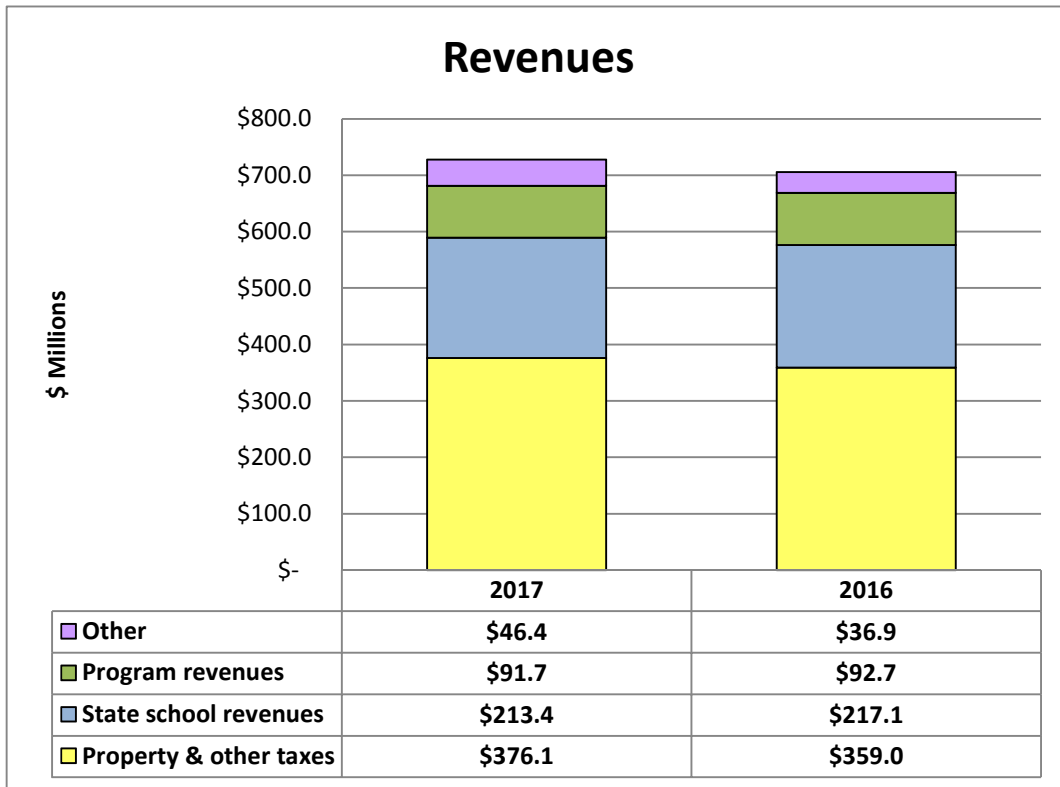
Analysis of Activities. The Statement of Activities presents expenses and related revenues by program, showing how the District's net position changed during the most recent fiscal year. The statement reports revenues earned and expenses incurred under the accrual basis of accounting, where changes in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

Statement of Activities	Government-wide (thousands)				
	2016	2017	% of total 2017	Change	% change
Revenues					
Program Revenues					
Charges for services	\$ 8,674	\$ 8,428	1.2%	\$ (246)	-2.8%
Operating grants & contributions	84,060	83,300	11.4%	(760)	-0.9%
Total Program Revenues	<u>92,734</u>	<u>91,728</u>	<u>12.6%</u>	<u>(1,006)</u>	<u>-1.1%</u>
General Revenues					
Property taxes	282,533	292,283	40.2%	9,750	3.5%
Local option taxes	76,467	83,853	11.6%	7,386	9.7%
County & intermediate sources	15,772	17,270	2.4%	1,498	9.5%
Construction excise tax	5,886	7,542	1.0%	1,656	28.1%
State School Fund	211,253	207,182	28.6%	(4,071)	-1.9%
State Common School Fund	5,810	6,191	1.0%	381	6.6%
Investment earnings	3,140	4,007	0.6%	867	27.6%
Other	12,120	17,501	2.4%	5,381	44.4%
Total General Revenues	<u>612,981</u>	<u>635,829</u>	<u>87.4%</u>	<u>22,848</u>	<u>3.7%</u>
Total Revenues	<u>705,715</u>	<u>727,557</u>	<u>100.0%</u>	<u>21,842</u>	<u>3.1%</u>
Expenses					
Instruction	364,964	380,939	52.5%	15,975	4.4%
Support services	241,016	272,816	37.6%	31,800	13.2%
Enterprise & community services	21,326	20,712	2.9%	(614)	-2.9%
Facilities services	1,230	12,672	1.7%	11,442	930.2%
Interest & fees on long-term debt	40,116	39,094	5.4%	(1,022)	-2.5%
Total Expenses	<u>668,652</u>	<u>726,233</u>	<u>100.0%</u>	<u>57,581</u>	<u>8.6%</u>
Change in net position	37,063	1,324	-1.0%	(35,739)	-96.4%
Net position - beginning of year	(174,696)	(137,633)	101.0%	37,063	21.2%
Net position - end of year	<u>\$ (137,633)</u>	<u>\$ (136,309)</u>	<u>100.0%</u>	<u>\$ 1,324</u>	<u>1.0%</u>

The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Portland Public Schools currently does not have any business-type or enterprise fund activities. Additional detail regarding revenue and expense changes are presented below to provide a better understanding of the District's operations in 2017 compared to 2016.

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

Revenues – 2017 compared to 2016. Total 2017 revenues of \$727.6 million represented a \$21.8 million (or 3.1%) increase from prior year revenues of \$705.7 million. State school fund revenues decreased \$4.1 million from the prior year primarily due to a combination of an increase in Property and Local Option taxes, and State (ODE) adjustments pertaining to prior years.



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 – 2017 compared to 2016. Current year total expenses of \$726.2 million increased 8.6% (\$57.6 million) from the prior year. Facilities services costs increased \$11.4 million in the current year due to the implementation of the Healthy and Safe Schools Plan as well as an increased focus on capital asset maintenance. See further discussion on page 24 below. Support services costs increased \$31.8 million in the current year. Expense increases are discussed further in the Financial Analysis of the District's Major Funds, presented below. Instruction and support services together accounted for 90.0% of the District's expenses in 2017, compared to 90.6% 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 \$17.7 million to \$20.1 million for fiscal year 2017. The District classified \$7.2 million of the ending fund balance as "assigned", which is discussed in Footnote 15. State School Fund payments were \$4.1 million lower than the prior year offset by a \$9.1 million increase in property and other taxes as well as a \$7.5 million increase in local options taxes. State School Fund revenue was \$11.1 million lower than budgeted as actual enrollment was less than initially projected. Instructional expenditures increased \$8.1 million in total. Salaries and benefits accounted for \$7.4 million of this increase, primarily due to step increases and cost of living adjustments. Support services costs increased \$17.8 million (7.7%), due primarily to spending increases in staff salaries across all support service areas (\$13.5 million) as well as increased costs for materials and services for business and central office (\$3.0 million).

Grant Fund. Of the \$59.8 million in grant fund revenues, \$55.6 million was attributable to federal and state grants. Funding for Title I, other title programs, school improvement programs, college and career preparation programs and other state and federal grants targeted to provide additional services to students disadvantaged by poverty, including those homeless or migrant, totaled \$17.1 million. Funding of \$27.0 million was received for IDEA, special education, early vocabulary intervention and long-term care and treatment/DART grants and contracts. Head Start funding totaled \$8.5 million. Other public and private entity awards and other federal and state sources accounted for \$6.7 million. Total Grant Fund revenues and expenditures were \$1.2 million higher than the prior year. The largest contributors to this increase were increases in funding for Columbia Regional (IDEA) \$1.2 million and Techsmart 3rd Grade Reading \$1.3 million which offset several smaller decreases in other funding.

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 \$417 thousand. The PERS Rate Stabilization Reserve Fund currently has an ending fund balance of \$16.8 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 \$116.9 million, which is a decrease of \$125.7 million from the prior year. This decrease is the net result of investment earnings (\$1.7 million) less capital expenditures (\$127.4 million).

Budgetary Highlights for the General Fund

The 2017 General Fund budget was adjusted three times during the year. The Board approved budget changes can be briefly summarized as follows:

- On December 13, 2016 by way of resolution No. 5374, the Board voted to amend the annual budget for the Fiscal Year 2016/17. Amendment No. 1 moved Qualified Zone Academy Bond resources and requirements from the Facilities Capital Fund to the Full Faith and Credit Taxable Debt Fund, and updated the budget to include resources, requirements and debt service for a \$5M Full Faith and Credit Obligation and a \$10M Full Faith and Credit Obligation in the Full Faith and Credit Taxable Debt Fund.
- On March 21, 2017 by way of resolution No. 5433, the Board voted to amend the annual budget for the Fiscal Year 2016/17. Amendment No. 2 revised beginning fund balances to reflect the FY2015/16 financial statements of the District; adjusted the program allocation for funds to more accurately reflect intended expenditures, adjusted the appropriation levels as needed, made corrections for technical errors that occurred during budget development, and adjusted revenues and resources for known or expected significant changes.
- On May 23, 2017 by way of resolution No. 5461, the Board voted to amend the annual budget for the Fiscal Year 2016/17. Amendment No. 3 adjusted expenditure appropriation levels to more accurately reflect intended expenditures.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets includes land, building and improvements, vehicles and equipment, and construction in progress. As of June 30, 2017, the District had invested \$506.6 million in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide (thousands)			
	2016	2017	change	% change
Land	\$ 9,174	\$ 9,174	\$ -	0.0%
Buildings and site improvements	434,550	465,108	30,558	7.0%
Vehicles and equipment	52,634	55,335	2,701	5.1%
Construction in progress	144,960	250,500	105,540	72.8%
	641,318	780,117	138,799	21.6%
less accumulated depreciation	(258,917)	(273,505)	(14,588)	5.6%
Capital assets, net of depreciation	<u>\$ 382,401</u>	<u>\$ 506,612</u>	<u>\$ 124,211</u>	32.5%

District-wide, capital assets increased by \$124.2 million, net of \$14.6 million depreciation and amortization. Capital Bond work accounted for most of the increase. Further explanation of capital assets is shown in Note 7 of the financial statements.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$669.1 million (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$372.3 million) and debt backed by the full faith and credit of the District (\$296.8 million). During the year the District reduced debt by making scheduled debt service payments of \$50.1 million. Further explanation of debt is shown in Note 10 of the Financial Statements (pages 55-58).

Outstanding Debt	Government-wide (thousands)				
	2016	Increases	Decreases	2017	% change
Limited tax pension and refunding bonds	\$ 384,075	\$ -	\$ (11,825)	\$ 372,250	-3.1%
Other debt	326,019	9,048	(38,240)	296,827	-9.0%
Total Long Term Debt	710,094	9,048	(50,065)	669,077	
Unamortized Bond Premium/(Discount)	37,539	-	(2,208)	35,331	-5.9%
Total Long Term Debt, net of Premium (Discount)	<u>\$ 747,633</u>	<u>\$ 9,048</u>	<u>\$ (52,273)</u>	<u>\$ 704,408</u>	-5.8%

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 \$8.2 billion. More information is available in Statistical Section Schedule 12 on page 142 of this report.

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

The District participated in the Oregon School Board Association ("OSBA") sponsored pooled pension obligation bond program, in which the proceeds from bond issues were put into a PERS "side account" and used to offset a portion of the OPERS Net Pension Liability (NPL). The reduced contribution rate charged for the NPL that has resulted from the District's decision to borrow, has saved an estimated \$20.1 million in the current year; savings that the District has used to provide more instruction and support services. Over time, this reduction in rates could dampen the effects of future increases in the District's NPL. As long as OPERS' investment returns exceed the costs of servicing the bonds, the benefits of this program will exceed the costs. The District's NPL was reduced but was not eliminated by these borrowing transactions. Statutes, legislation, regulations, and rules regarding OPERS can change at any time.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

- Despite limited resources moving forward, the 2017-18 budget reflects investment in the following priorities: equity, student learning and achievement, and student health and safety as well as other needs:
 - Prioritize health and safety by reorganizing the facilities department, investing in maintenance, and adding custodial staff.
 - Maintain equity allocation of 8%.
 - Maintain counselor FTE levels consistent with 2016-17
 - Maintain PE and library FTE levels consistent with 2016-17
 - Reduced staffing Ratios K-5, 6-8, 9-12 levels while maintaining Ratios at K-8 schools.
 - School Health Assistants added to most K-5s and K-8s

- Reduced Secretaries and High School support positions
- To support the equity priority, the budget maintains the 8 percent equity allocations, which amounts to \$16.9 million. To support the student learning priority, the budget continues investment in K-12 literacy. Resources will primarily be directed toward curriculum adoption, literacy coaches, and K-8 schools. To support the student health and safety priority, the budget makes significant reductions in central administration in non-classroom areas to help support additional investment in physical safety improvements in schools. The additional investments include: custodians and maintenance (\$4.3 million), maintaining new and remodeled schools (\$1 million), and districtwide capital improvements (\$6 million). The budget includes funding to ensure maintenance of capital assets so that we can ensure the health and safety of our staff and students over the long-term instead of continuing the cycle of disinvestment of the past.
- The Oregon state economy is continuing to improve, however the state is adding jobs at a slower pace than the rates seen in 2014 and 2015. In April 2017 Oregon's unemployment rate decreased from a recent high of 11.8% in June of 2009 to 3.7%¹. The consensus of economists appears to be an expectation of continued gains in the economy. Approximately 50.9 thousand jobs were added over the past year, contributing to workforce growth of 2.8% from June 2016 to June 2017. Despite this continued economic recovery, the state is facing a budget shortfall due to rising costs related to Medicaid, retirement costs, and other rising costs related to programs funded by the state.
- The State School Fund ("SSF") revenue is less predictable as it is the first year of the new 2017-19 biennium as the legislature has not made decisions on the appropriation for K-12 education. Early indications are that the benefit that PPS derives from the SSF will be limited for the 2017-18 fiscal year due to the state's budget shortfall. However, real estate market values are expected to continue to increase, which will continue to drive increases in local option revenue. 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.
- Based on the November 2017 enrollment forecast prepared in July 2017 from the Portland State University Population Research Center, District K-12 student enrollment is projected to increase from between 200 and 500 students annually over the next 15 years, reaching 51,271, to 55,890 by 2031-2032.
- During the 2013 Legislative Session, Senate Bills 822 and 861A were enacted, which created PERS savings by modifying the PERS cost of living calculation (COLA), eliminating tax remedy payments to out of state retirees, and directing the PERS board to recalculate and lower employer contribution rates in the short term (to be recovered in future periods). These changes enabled a reduction in employer contribution rates for the 2015-17 biennium. In April 2015, the Oregon Supreme Court's *Moro* decision overturned most of the financially significant portions of the 2013 legislative changes relating to the COLA calculation. The effects of this decision have resulted in an increase in 2017-19 PERS rates. Tier 1/Tier 2 and OPSRP District's pension contribution rates will increase from 0% in fiscal year 2017 to 6.16% and 0.9% respectively in fiscal year 2018. There was a reduction in the investment return assumption from 7.75% to 7.5%

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 Finance Department, Portland Public Schools, 501 N Dixon, Portland, OR, 97227. An electronic copy of this and other prior year financial reports are available at the District website: <http://www.pps.net/Page/2184>.

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

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2017
(amounts expressed in thousands)

	Governmental Activities
ASSETS	
Cash and cash equivalents-unrestricted	\$ 122,263
Cash and cash equivalents held by fiscal agents	5,632
Investments	172,712
Accounts and other receivables	40,403
Property taxes and other taxes receivable	22,876
Inventories	846
Prepaid items	1,080
Capital assets, not depreciated:	
Land	9,174
Construction in progress	250,500
Capital assets, net of accumulated depreciation:	
Buildings and capital improvements	236,542
Vehicles and equipment	10,396
Total assets	872,424
 DEFERRED OUTFLOWS OF RESOURCES	
Pension changes in employer proportion	58,793
Pension differences between employer contribution and proportionate share of contributions	1,077
Pension differences between expected and actual experience	6,853
Pension differences due to changes in assumptions	44,191
Pension differences between actual and expected earnings	40,935
Pension contributions subsequent to measurement date	-
Total deferred outflows of resources	151,849

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position (continued)
June 30, 2017
(amounts expressed in thousands)

LIABILITIES

Accounts payable	38,726
Accrued wages and benefits payable	76,626
Unearned revenues	2,325
Claims payable	6,872
Non-current liabilities:	
Due within one year	
Accrued compensated absences	2,328
Bonds	38,102
Accrued bond interest payable	16,501
Due in more than one year	
Accrued compensated absences	969
Bonds	666,306
Accrued bond interest payable	64,676
Net pension liability	207,203
Net other post employment benefit obligation	27,103
Total liabilities	1,147,737

DEFERRED INFLOWS OF RESOURCES

Pension differences between employer contribution and proportionate share of contributions	12,845
Total deferred inflows of resources	12,845

NET POSITION

Net investment in capital assets	297,914
Restricted for:	
Capital projects	148,100
Grants	9,297
Student body activities	4,257
Nutrition services	5,659
Debt service	5,567
Unrestricted (deficit)	(607,103)
Total net position	\$ (136,309)

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, 2017
(amounts expressed in thousands)

<u>Functions/Programs</u>	<u>EXPENSES</u>		<u>PROGRAM REVENUES</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>			
GOVERNMENTAL ACTIVITIES								
Instruction	\$	380,939	\$	533	\$	57,608	\$	(322,798)
Support services		272,816		4,424		22,758		(245,634)
Enterprise and Community Services		20,712		3,471		2,934		(14,307)
Facilities Services		12,672		-		-		(12,672)
Interest and fees on long-term debt		39,094		-		-		(39,094)
Total governmental activities		<u>\$ 726,233</u>		<u>\$ 8,428</u>		<u>\$ 83,300</u>		<u>(634,505)</u>
 GENERAL REVENUES								
Property taxes levied for general purposes								242,899
Property taxes levied for debt service								49,384
Construction excise tax								7,542
Local option taxes levied for general purposes								83,853
State School Fund - general support								207,182
State Common School Fund - general support								6,191
County and intermediate sources - general support								17,270
Investment earnings								4,007
Other								17,501
Total general revenues								<u>635,829</u>
Change in net position								1,324
Net position - beginning of year								(137,633)
Net position - end of year								<u>\$ (136,309)</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, 2017

(amounts expressed in thousands)

	General Fund	Grant Fund
	<hr/>	<hr/>
ASSETS		
Cash and cash equivalents-unrestricted	\$ 2,300	\$ -
Cash and cash equivalents held by fiscal agents	5,336	-
Investments	68,934	-
Prepaid items	132	-
Accounts receivable	2,413	32,931
Property taxes and other taxes receivable	20,468	-
Due from other funds	24,855	-
Inventories	228	-
Total assets	<hr/> \$ 124,666 <hr/>	<hr/> \$ 32,931 <hr/>
 LIABILITIES		
Accounts payable	\$ 11,474	\$ 2,071
Accrued wages and benefits	72,126	3,680
Due to other funds	744	24,855
Unearned revenues	-	2,325
Total liabilities	<hr/> 84,344 <hr/>	<hr/> 32,931 <hr/>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	<hr/> 20,218	<hr/> -
Total deferred inflows of resources	<hr/> 20,218 <hr/>	<hr/> - <hr/>
 FUND BALANCES		
Nonspendable	360	-
Restricted	-	-
Committed	-	-
Assigned	7,200	-
Unassigned	12,544	-
Total fund balances	<hr/> 20,104 <hr/>	<hr/> - <hr/>
Total liabilities, deferred inflows and fund balances	<hr/> \$ 124,666 <hr/>	<hr/> \$ 32,931 <hr/>

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
\$ 14,813	\$ 52,142	\$ 47,958	\$ 117,213
-	-	296	5,632
2,000	84,725	13,048	168,707
-	791	8	931
-	247	4,812	40,403
-	-	2,408	22,876
-	-	744	25,599
-	-	618	846
<u>\$ 16,813</u>	<u>\$ 137,905</u>	<u>\$ 69,892</u>	<u>\$ 382,207</u>
\$ -	\$ 20,992	\$ 3,916	\$ 38,453
-	42	745	76,593
-	-	-	25,599
-	-	-	2,325
<u>-</u>	<u>21,034</u>	<u>4,661</u>	<u>142,970</u>
-	-	2,266	22,484
-	-	2,266	22,484
-	791	626	1,777
-	116,080	54,534	170,614
16,813	-	641	17,454
-	-	7,164	14,364
-	-	-	12,544
<u>16,813</u>	<u>116,871</u>	<u>62,965</u>	<u>216,753</u>
<u>\$ 16,813</u>	<u>\$ 137,905</u>	<u>\$ 69,892</u>	<u>\$ 382,207</u>

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



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017
(amounts expressed in thousands)

Fund balances - total governmental funds (page 32)	\$	216,753
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.		506,612
Long-term taxes and other receivables are not available to pay for current-period expenditures and therefore are a deferred inflow of resources in the governmental funds.		22,484
Assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in activities in the Statement of Net Position.		4,621
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		(704,408)
Actuarially determined pension activity is not reported in the governmental funds.		(68,153)
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.		(3,297)
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.		(2,658)
Accrued interest payable is not recognized as a liability in the governmental funds.		(81,176)
Other post employment benefit liability obligation is not reported in governmental funds.		(27,087)
Net position of governmental activities (page 29)	<u>\$</u>	<u>(136,309)</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, 2017
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Grant Fund</u>
REVENUES		
Property and other taxes	\$ 241,486	\$ -
State School Fund	207,182	-
State Common School Fund	6,191	-
Federal and state support	322	55,564
Local option taxes	84,106	-
County and intermediate sources	13,129	2,434
Charges for services	3,529	-
Extracurricular activities	-	-
Investment earnings	1,567	-
Other	4,929	1,805
Total revenues	<u>562,441</u>	<u>59,803</u>
EXPENDITURES		
Current:		
Instruction	324,120	34,111
Support services	238,435	22,757
Enterprise and community services	1,701	2,935
Facilities acquisition and construction	-	-
Debt Service:		
Principal	-	-
Interest	-	-
Total expenditures	<u>564,256</u>	<u>59,803</u>
Excess (deficit) of revenues over expenditures	<u>(1,815)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(15,941)	-
Proceeds from the sale of capital assets	25	-
Issuance of debt	-	-
Total other financing sources (uses)	<u>(15,916)</u>	<u>-</u>
Net change in fund balances	(17,731)	-
Fund balances - beginning of year	37,835	-
Fund balances - end of year	<u>\$ 20,104</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
\$ 260	\$ -	\$ 56,368	\$ 298,114
-	-	-	207,182
-	-	-	6,191
-	-	14,781	70,667
-	-	-	84,106
-	-	1,707	17,270
-	-	49,424	52,953
-	-	7,489	7,489
157	1,694	512	3,930
-	21	15,659	22,414
<u>417</u>	<u>1,715</u>	<u>145,940</u>	<u>770,316</u>
-	-	11,610	369,841
-	470	5,299	266,961
-	-	18,202	22,838
-	126,902	22,966	149,868
-	-	50,065	50,065
-	-	46,867	46,867
<u>-</u>	<u>127,372</u>	<u>155,009</u>	<u>906,440</u>
<u>417</u>	<u>(125,657)</u>	<u>(9,069)</u>	<u>(136,124)</u>
-	-	16,141	16,141
-	-	(200)	(16,141)
-	-	12	37
-	-	9,048	9,048
<u>-</u>	<u>-</u>	<u>25,001</u>	<u>9,085</u>
417	(125,657)	15,932	(127,039)
16,396	242,528	47,033	343,792
<u>\$ 16,813</u>	<u>\$ 116,871</u>	<u>\$ 62,965</u>	<u>\$ 216,753</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, 2017
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 35)	\$ (127,039)
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 \$140,120 (inclusive of proceeds not recorded in governmental funds due to timing) exceeded depreciation and disposals of \$15,909.	124,211
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.	2,084
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.	391
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.	(1,890)
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.	43,225
PERS actuarial liability activity is reported in the Statement of Activities but not in the governmental funds.	(48,120)
Other post employment benefits expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds.	2,813
Change in compensated absences	83
Change in bond interest payable	5,566
Change in net position of governmental activities (page 30)	\$ 1,324

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, 2017
(amounts expressed in thousands)

ASSETS

Current Assets	
Cash and cash equivalents	\$ 5,049
Investments	4,005
Accounts and other receivables	1
Prepaid items	150
Total assets	<u>9,205</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension changes in employer proportion	37
Pension differences between employer contribution and proportionate share of contributions	1
Pension differences between expected and actual experience	4
Pension differences between actual and expected earnings	26
Pension differences due to changes in assumptions	28
Total deferred outflows of resources	<u>96</u>
 Total assets and deferred outflows	 <u>9,301</u>

LIABILITIES

Current Liabilities	
Accounts payable	276
Accrued wages and benefits	36
Claims payable	4,214
Total current liabilities	<u>4,526</u>
Long-term Liabilities	
Other post employment benefit obligation	16
Net pension liability	130
Total long term liabilities	<u>146</u>
Total liabilities	<u>4,672</u>

DEFERRED INFLOWS OF RESOURCES

Pension differences between employer contribution and proportionate share of contributions	8
Total deferred inflows of resources	<u>8</u>
Total liabilities and deferred inflows of resources	<u>4,680</u>

NET POSITION

Unrestricted	<u>\$ 4,621</u>
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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, 2017
(amounts expressed in thousands)

OPERATING REVENUES

Charges for services	\$ 3,454
Insurance recoveries	41
Total operating revenues	3,495

OPERATING EXPENSES

Salaries and benefits	353
Materials and services	295
Claims expense	2,685
Total operating expenses	3,333

Operating income	162
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NON-OPERATING REVENUES

Federal and state support	152
Investment earnings	77
Total non-operating revenues	229

Change in net position	391
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Net position - beginning of year	4,230
Net position - end of year	\$ 4,621

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the year ended June 30, 2017
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from interfund services provided and used	\$	3,454
Cash received from insurance recoveries		87
Cash payments for salaries and benefits		(329)
Cash payments for goods and services		(80)
Cash payments for claims		(2,384)
Net cash provided by (used for) operating activities		748

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash subsidy from state return to work reimbursements		152
Net cash provided by (used for) noncapital financing activities		152

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments		(10)
Investment earnings		77
Net cash provided by (used for) investing activities		67

Net increase (decrease) in cash and cash equivalents 967

Cash and cash equivalents at beginning of year		4,082
Cash and cash equivalents at end of year	\$	5,049

**RECONCILIATION OF OPERATING INCOME TO
CASH FROM OPERATING ACTIVITIES**

Operating income	\$	162
Adjustments to reconcile operating income to net cash from operating activities:		
Increase in prepaid items		(150)
Decrease in accounts and other receivables		46
Increase in accounts and other payables		214
Increase in claims payable		452
Increase in accrued wages and benefits		11
Increase in pension related deferred outflows		(93)
Increase in pension liability and pension related deferred inflows		123
Decrease in net other post employment benefits obligation		(17)
Total adjustments		586
Net cash provided by (used for) operating activities	\$	748

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, 2017
(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. For the most part, the effect of interfund activity has been removed from these statements except that interfund services provided and used are not eliminated in the process of consolidation.

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

A. Government-wide and fund financial statements - continued

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

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

The District reports the following major governmental funds:

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

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

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

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

Additionally, the District reports the following internal service fund:

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

The District reports the following non-major governmental fund types:

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, 2017
(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 three supplemental budgets during budget year 2017.

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, 2017
(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 acquisition 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 internally developed computer software. The intangible asset costs are classified as equipment.

Major asset classifications, useful lives and capitalization thresholds are as follows:

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(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	\$ 500	\$ 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. 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 governmental fund financial statements. Other receivables are offset by unearned revenues and, accordingly, have not been recorded as revenue. Receivables, net of any allowance for doubtful accounts, are recorded on the Statement of Net Position/Balance Sheet.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(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 “due to/from other funds” in the fund financial statements, and are eliminated in the government-wide statements.

L. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs as incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

M. Retirement Plans

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

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

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

N. Early Retirement and Other Post-Employment Benefits

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

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

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(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 deferred outflows and total liabilities and deferred inflows. District net position currently has three components:

Net investment in capital assets represents capital assets plus unspent bond proceeds 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 reports 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 reports 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 prepaid amounts, 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, 2017
(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 deficit fund balance amounts in other governmental funds.

The District's Board has passed resolution number 4461 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. 77, *Tax Abatement Disclosures*, addresses disclosure requirements related to the nature and magnitude of the reduction in tax revenues through tax abatement programs.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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 accounting principles generally accepted in the United States (GAAP). The budgetary statements provided as part of required or other supplementary information are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS

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

The District's tax rates for the year ended June 30, 2017 are as follows:

Permanent rate	\$ 5.2781 per \$1 thousand of assessed value
Local option rate	\$ 1.9900 per \$1 thousand of assessed value
GO Bond Levy amount	\$ 50,778,368 (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.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2017, the District's cash, cash equivalents, and investments were comprised of the following:

	June 30, 2017	Fair Value Measurements Using
Oregon Local Government Investment Pool	\$ 38,369	N/A
Cash in demand deposits	83,887	N/A
Petty cash	7	N/A
Total cash and cash equivalents	<u>122,263</u>	
Cash and cash equivalents held by fiscal agents	<u>5,632</u>	N/A
U.S. Government agency securities	115,426	Level 1
Corporate Paper	41,365	Level 1
Municipal Bonds	15,921	Level 1
Total investments	<u>172,712</u>	
Total cash, cash equivalents and investments	<u>\$ 300,607</u>	

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

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.

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



School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2017

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

A. Investments - continued

The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2017 are categorized by Moody's and Standard and Poor's ratings as follows:

Moody's Rating	U.S. Government & Agency			Total
	Obligations	Corporate Notes	Municipal Bonds	
Aaa	\$ 83,344	\$ 1,835	\$ -	\$ 85,179
Aa1	-	-	12,560	12,560
Aa2	-	3,002	3,206	6,208
Aa3	-	2,001	-	2,001
A1	-	19,799	155	19,954
A2	-	2,657	-	2,657
A3	-	12,071	-	12,071
NR	32,082	-	-	32,082
P-1 (short term)	-	-	-	-
	<u>\$ 115,426</u>	<u>\$ 41,365</u>	<u>\$ 15,921</u>	<u>\$ 172,712</u>
Weighted Average Maturity (Yrs)	0.50	1.39	0.23	0.45

S & P Rating	U.S. Government & Agency			Total
	Obligations	Corporate Notes	Municipal Bonds	
AAA	\$ -	\$ 1,835	\$ 2,332	\$ 4,167
AA+	83,344	-	500	83,844
AA	-	1,000	-	1,000
AA-	-	14,418	11,956	26,374
A+	-	9,092	450	9,542
A	-	306	-	306
A-	-	14,714	-	14,714
NR	32,082	-	683	32,765
A-1 (short term)	-	-	-	-
A-1+ (short term)	-	-	-	-
	<u>\$ 115,426</u>	<u>\$ 41,365</u>	<u>\$ 15,921</u>	<u>\$ 172,712</u>
Weighted Average Maturity (Yrs)	0.50	1.39	0.23	0.45

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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

A. Investments – continued

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 or not rated by Moody's Investors Service.

Corporate notes are rated between Aaa and A3 by Moody's and between AAA 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, 2017 the District held the following:

	<u>Value</u>	<u>Percentage of total investments</u>
JP Morgan - Corporate Obligations	\$ 14,714	8.5%
Energy NW	11,705	6.8%
Bank of America	9,092	5.3%

Custodial risk-deposits

The District's deposits with financial institutions are insured by the Federal Depository Insurance Corporation (FDIC); interest and non-interest bearing accounts are insured up to \$250 thousand. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At June 30, 2017, bank balances of \$1,005 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2017, the carrying amount of the District's balance was \$83,887 and the bank balance was \$87,608.

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2017

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

A. Investments – continued

Custodial credit risk-investments - continued

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types 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, 2017 are summarized as follows:

	General Fund	Grant Fund	GO Bonds Fund	Govern- mental and other funds	Total
Accounts and other receivables:					
Interest	\$ 149	\$ -	\$ 246	\$ -	\$ 395
Accounts receivable	2,177	-	1	4,812	6,990
Federal, state and local grants	60	32,931	-	-	32,991
Advances to employees	27	-	-	-	27
Total accounts and other receivables	2,413	32,931	247	4,812	40,403
Property and other taxes receivable	20,468	-	-	2,408	22,876
Total receivables	<u>\$22,881</u>	<u>\$32,931</u>	<u>\$ 247</u>	<u>\$ 7,220</u>	<u>\$63,279</u>

NOTE 6 – PREPAID ITEMS

A summary of changes in prepaid items for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Postage	\$ 125	\$ 220	\$ (216)	\$ 129
Insurance	1,503	202	(754)	951
Total Prepaid Assets	<u>\$ 1,628</u>	<u>\$ 422</u>	<u>\$ (970)</u>	<u>\$1,080</u>

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(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, 2017 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized					
Land	\$ 9,174	\$ -	\$ -	\$ -	\$ 9,174
Construction in progress	144,960	137,218	(35)	(31,643)	250,500
Total capital assets not being depreciated or amortized	<u>154,134</u>	<u>137,218</u>	<u>(35)</u>	<u>(31,643)</u>	<u>259,674</u>
Capital assets being depreciated or amortized					
Buildings and site improvements	434,550	82	(1,043)	31,519	465,108
Vehicles and equipment	52,634	2,820	(243)	124	55,335
Total capital assets being depreciated or amortized	<u>487,184</u>	<u>2,902</u>	<u>(1,286)</u>	<u>31,643</u>	<u>520,443</u>
Total general capital assets	<u>641,318</u>	<u>140,120</u>	<u>(1,321)</u>	<u>-</u>	<u>780,117</u>
Less accumulated depreciation and amortization					
Buildings and site improvements	(215,906)	(12,867)	207	-	(228,566)
Vehicles and equipment	(43,011)	(2,171)	243	-	(44,939)
Total accumulated depreciation and amortization	<u>(258,917)</u>	<u>(15,038)</u>	<u>450</u>	<u>-</u>	<u>(273,505)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 382,401</u>	<u>\$ 125,082</u>	<u>\$ (871)</u>	<u>\$ -</u>	<u>\$ 506,612</u>

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

Instruction	\$ 12,456
Supporting services	2,419
Food services	163
	<u>\$ 15,038</u>

As of June 30, 2017 the District has one school that was closed and idle: Smith elementary school. As of June 30, 2017 the carrying value of this school is \$293 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, 2017

(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, 2017, the General Fund owed the other governmental funds \$744; the Grants Fund was advanced \$24,855 by the General Fund to cover unbilled expenditures.

Interfund receivables and payables on June 30, 2017 is as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 24,855	\$ 744
Other governmental funds	744	-
Grant Fund	-	24,855
	<u>\$ 25,599</u>	<u>\$ 25,599</u>

The District's General Fund made debt service transfers totaling \$3,922 to non-major debt funds. The District's General Fund also made transfers totaling \$12,019 to non-major capital projects funds.

The composition of interfund transfers as of June 30, 2017, is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 15,941
Nonmajor Governmental Funds	16,141	200
	<u>\$ 16,141</u>	<u>\$ 16,141</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 June 30, 2016</u>	<u>Increases</u>	<u>Payments</u>	<u>Outstanding June 30, 2017</u>	<u>Due Within One Year</u>
\$ 3,379	\$ 3,262	\$ (3,344)	\$ 3,297	\$ 2,328

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2017

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

NOTE 10 – BONDED AND OTHER DEBT

Changes in District long-term debt during fiscal year 2017 were as follows:

	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Matured and Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Pension debt:						
Limited tax pension bonds						
Series 2002	\$210,104	\$160,116	\$ -	\$ (4,285)	\$ 155,831	\$ 4,359
Series 2003	281,170	209,559	-	(7,540)	202,019	7,718
Series 2012	<u>14,400</u>	<u>14,400</u>	<u>-</u>	<u>-</u>	<u>14,400</u>	<u>-</u>
Total pension debt (See Note 11)	505,674	384,075	-	(11,825)	372,250	12,077
Other Debt:						
Note Payable						
2009 Credit Facility	15,000	7,601	-	(2,449)	5,152	2,533
Recovery Zone Economic Development Bonds	11,000	6,698	-	(941)	5,757	969
General Obligation Bonds Series 2013B	68,575	67,020	-	(1,705)	65,315	1,890
General Obligation Bonds Series 2015B	244,700	244,700	-	(33,145)	211,555	17,960
QZAB Series 2016	4,000	-	4,000	-	4,000	200
Full Faith & Credit Obligations Series 2016	5,048	-	5,048	-	5,048	265
Total other debt	<u>348,323</u>	<u>326,019</u>	<u>9,048</u>	<u>(38,240)</u>	<u>296,827</u>	<u>23,817</u>
Total long-term debt	<u>\$853,997</u>	<u>710,094</u>	<u>9,048</u>	<u>(50,065)</u>	<u>669,077</u>	<u>35,894</u>
Unamortized bond premium (discount)		<u>37,539</u>	<u>-</u>	<u>(2,208)</u>	<u>35,331</u>	<u>2,208</u>
Total long-term debt, net of premiums (discounts)		<u>\$747,633</u>	<u>\$9,048</u>	<u>\$(52,273)</u>	<u>\$704,408</u>	<u>\$38,102</u>

Changes in District accrued interest during fiscal year 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments and Reductions</u>	<u>Ending Balance</u>
Accrued Interest:				
Current Portion	\$ 14,280	\$ 49,004	\$ (46,783)	\$ 16,501
Long Term Portion	72,462	-	(7,786)	64,676
Total Accrued Interest	<u>\$ 86,742</u>	<u>\$ 49,004</u>	<u>\$ (54,569)</u>	<u>\$ 81,177</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT – continued

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.

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 5.82% to 6.10%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.48% to 6.10%. 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 the description of the Limited Tax Pension Bonds, Series 2012 below.

The District issued \$281,170 Limited Tax Pension Bonds, Series 2003 (Federally Taxable), of which \$124,800 are Series 2003A (deferred interest bonds) and \$156,370 are Series 2003B (current interest bonds). The Series 2003 series Limited Tax Pensions Bonds were issued on April 30, 2003, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted payable semiannually at yields rates ranging from 5.96% to 6.27%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.45% to 6.27%. 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT – continued

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.

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

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

On April 30, 2015 the District issued \$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.

On November 9, 2016 the District issued \$5,048 in Full Faith and Credit Obligations, Series 2016. The interest rate is fixed at 2.99%. Interest payments on the obligations are payable semiannually in June and December, beginning June 1, 2017. The obligations mature on December 1, 2031, with principal payments due annually on December 1. The obligations carry a prepayment option such that any or all outstanding maturities may be redeemed on or after December 1, 2018. The bonds were issued at par.

On August 4, 2016 the District issued \$4,000 in Qualified Zone Academy Bonds (QZAB), Series 2016. The District pays no interest rate over the 20 year term of the bonds. The bonds carry a 4.39% interest rate for structuring purposes, but the purchaser of the bonds receives a Federal tax credit in lieu of interest earnings. The bonds mature on August 4, 2036 with level principal payments due annually on August 4.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2017

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

NOTE 10 – BONDED AND OTHER DEBT – continued

B. Other Debt - continued

Article XI-K of the Oregon Constitution allows the state to guarantee the general obligation bonded indebtedness of school districts. For the Series 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, 2017.

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

Future annual debt service requirements for the District are as follows:

<u>Fiscal year</u>	<u>Limited tax pension bonds</u>	<u>Recovery zone bonds</u>	<u>Other full faith & credit</u>	<u>General Obligation Bonds</u>	<u>QZAB</u>	<u>Total</u>
Principal						
2018	\$ 12,077	\$ 969	\$ 2,798	\$ 19,850	\$ 200	\$ 35,894
2019	11,950	999	2,899	21,760	200	37,808
2020	12,160	1,029	290	23,840	200	37,519
2021	21,903	1,061	295	38,840	200	62,299
2022	23,573	1,093	305	8,600	200	33,771
2023-2027	257,326	606	1,675	57,475	1,000	318,082
2028-2032	33,261	-	1,938	85,565	1,000	121,764
2033-2037	-	-	-	20,940	1,000	21,940
Total principal	<u>372,250</u>	<u>5,757</u>	<u>10,200</u>	<u>276,870</u>	<u>4,000</u>	<u>669,077</u>
Interest						
2018	34,797	279	322	12,181	-	47,579
2019	36,905	229	228	11,227	-	48,589
2020	39,699	179	130	10,138	-	50,146
2021	32,511	126	122	8,946	-	41,705
2022	34,126	72	113	7,004	-	41,315
2023-2027	76,428	15	418	27,856	-	104,717
2028-2032	1,872	-	148	13,363	-	15,383
2033-2037	-	-	-	662	-	662
Total interest	<u>256,338</u>	<u>900</u>	<u>1,481</u>	<u>91,377</u>	<u>-</u>	<u>350,096</u>
Total debt service	<u>\$628,588</u>	<u>\$ 6,657</u>	<u>\$ 11,681</u>	<u>\$ 368,247</u>	<u>\$ 4,000</u>	<u>\$ 1,019,173</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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.

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% for police and fire employees, 1.67% 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 – PENSION PLANS – continued
Oregon Public Employees Retirement System (OPERS) – continued
Benefits provided under Chapter 238 - Tier 1/Tier 2 – continued

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% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

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% 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% 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% 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% on the first \$60,000 of annual benefit and 0.15% 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, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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

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

Employer contributions for the year ended June 30, 2017 were \$0.

The rates in effect for the fiscal year ended June 30, 2017 were:

- (1) Tier 1/Tier 2 – 6.16%
- (2) OPSRP general service – 0.9%

Actuarial Valuations:

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(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 Methods and Assumptions:

Valuation Date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	Published September 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table per Scale BB.

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

Discount Rate:

The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability. On July 31, 2015 OPERS reduced the assumed investment rate of return from 7.75% to 7.50% effective January 1, 2016. This rate of return will be used in the determination of the District's contribution rate for the 2017-19 biennium.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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

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.

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	13.5	21.5	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	12.5	12.5
Opportunity Portfolio	0.0	3.0	0.0
Total			100.0 %

Source: June 30, 2016 OPERS CAFR

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2017

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

NOTE 11 – PENSION PLANS – continued

Oregon Public Employees Retirement System (OPERS) – continued

Actuarial Valuations - continued

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2015 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 (Geometric) Return
Core Fixed Income	8.00 %	4.00 %
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Market Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	2.50	4.64
Hedge Fund - Event-driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Assumed Inflation Mean		2.50 %

Source: June 30, 2016 OPERS CAFR

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(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 to changes in the discount rate:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	\$334,563	\$207,203	\$100,751

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/Financials/Actuarial-Financial-Information.aspx>

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

At June 30, 2017, the District reported a liability of \$207,203 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. At June 30, 2017, the District's proportion was 1.38%, which is an increase of 1.08% from the District's proportion of 0.30% for the ended June 30, 2016.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2017

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

NOTE 11 – PENSION PLANS – continued

Oregon Public Employees Retirement System (OPERS) – continued

Actuarial Valuations - continued

For the year ended June 30, 2017, the District recognized pension expense of \$37,128 for the defined benefit portion of the pension plan. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 6,853	\$ -
Pension differences between actual and expected earnings	40,935	-
Pension differences due to changes in assumptions	44,191	-
Pension changes in employer proportion	58,793	-
Differences between employer contribution and proportionate share of contributions	1,077	(12,845)
	<hr/>	<hr/>
Total (prior to post-measurement date contributions)	151,849	(12,845)
Contributions made subsequent to measurement date	<hr/> -	<hr/> -
Net Deferred Outflow/(Inflow) of Resources	<u><u>\$ 151,849</u></u>	<u><u>\$ (12,845)</u></u>

The deferred outflow of resources of \$0 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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 2018	\$ 27,573
Fiscal Year 2019	27,573
Fiscal Year 2020	42,500
Fiscal Year 2021	34,731
Fiscal Year 2022	6,627
Total	<u><u>\$ 139,004</u></u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(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 six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2017. Included in accrued liabilities at June 30, 2017 are \$1.7 million for employee contributions owed to the plan.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(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 5,689 active and 808 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 terminated 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. The plan does not issue a separate financial report.

Funding Policy

The District pays for the benefits. The contributions are financed on a pay-as-you-go basis. During fiscal year 2017 the District recognized, on a budgetary basis, expenses/expenditures of approximately \$8.4 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, 2017

(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 July 1, 2016 and the following table shows the components of the District's annual OPEB cost for the year ending June 30, 2017, 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)	\$ 6,201	37	\$ 6,238
Interest on net OPEB obligation	893	5	898
Adjustment to annual required contribution	<u>(1,519)</u>	<u>(8)</u>	<u>(1,527)</u>
Annual OPEB cost	5,575	34	5,609
Contributions made	\$ <u>(8,388)</u>	<u>(50)</u>	<u>(8,438)</u>
Increase (decrease) in net OPEB obligation	<u>(2,813)</u>	<u>(16)</u>	<u>(2,829)</u>
Net OPEB obligation - beginning of year	29,900	32	29,932
Net OPEB obligation - end of year	<u>\$ 27,087</u>	<u>\$ 16</u>	<u>\$ 27,103</u>
Allocation percentages derived in GASB 34.10 Entry	99.41%	0.59%	100.00%

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the preceding four years are as follows:

Fiscal year	Annual OPEB cost	% of annual OPEB cost contributed	Net OPEB obligation
2013	\$ 9,892	73.0%	\$ 36,263
2014	7,171	109.5	35,579
2015	4,317	162.0	32,900
2016	4,259	169.7	29,932
2017	5,609	150.5	27,103

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, 2017
(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 July 1, 2016, 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 4.25% to 7.5% depending on the employee group.

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

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

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

In its most recent actuarial valuation expected retiree claims increased. This increase was a result of changes in assumptions and mortality rates in the latest actuarial study. The liability at June 30, 2017 is as shown:

Accrued actuarial liability (AAL) reported June 30, 2016	\$ 61,575
Accrued actuarial liability (AAL) reported June 30, 2017	73,040
Increase in AAL	<u>\$ 11,465</u>

Funded Status and Funding Progress

As of June 30, 2017 the actuarial accrued liability for benefits was \$73.0 million, and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$73.0 million. The covered payroll (annual payroll of active employees covered by the plan) was \$323 million for fiscal year 2017 and the ratio of the UAAL to the covered payroll was 22.6%. Using a 30-year amortization period, the Annual Required Contribution (ARC) for 2017 has been actuarially determined to be \$6.3 million, representing \$2.6 million for the normal cost and \$3.7 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 79. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time, and whether contributions made are increasing or decreasing relative to the annual required contribution over time.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – continued

B. District Plan- Stipend

Plan Description

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

Funding Policy

The District pays for the benefits without any cost to employees. The contributions are financed on a pay-as-you-go basis and compared to the actuarially determined annual OPEB cost and annual pension cost for disclosure purposes. Because of this policy, no liability has been recorded for early retirement benefits. During fiscal year ended June 30, 2017, expenses/expenditures of approximately \$540 thousand 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, 2017

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

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – Continued

C. Retirement Health Insurance Account - Continued

Funding Policy – Continued

Participating school districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.53% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2017. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2015, 2016 and 2017 were \$1.7 million, \$0.9 million and \$1.6 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 in the fund incurring the charges. The Self-Insurance Fund recognized approximately \$3.5 million of revenues from other governmental funds for the year ended June 30, 2017.

The District is exposed to various risks of loss related to injuries; torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters. The District is self-insured up to \$1 million and carries commercial excess insurance. Settlements have not exceeded insurance coverage for the years ended June 30, 2015, 2016, and 2017. There have been no reductions to the District's insurance coverage during the year ended June 30, 2017. The District anticipates that all accrued claims losses will be paid within twelve months.

The total claims payable at June 30, 2017 of \$6.9 million was made up of approximately \$4.2 million in worker's compensation claims (recorded in the Internal Service Fund) and \$2.7 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, 2015, through June 30, 2017, were as follows:

Fiscal Year	Beginning Balance	New Claims	Payments on Claims	Ending Balance
2015	\$ 4,597	\$ 2,762	\$ (2,648)	\$ 4,711
2016	4,711	3,341	(3,522)	4,530
2017	4,530	3,917	(1,575)	6,872

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(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:

2018	\$	656
2019		359
2020		35
Total minimum payments	<u>\$</u>	<u>1,050</u>

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:

<u>Contractor</u>	<u>Commitments</u>
First Student	\$ 97,137
Andersen/Colas Construction LLC	51,300
Lease Crutcher Lewis LLC	11,257
Skanska	8,617
Insight Investments LLC	7,917
City Of Portland	7,070
Oh Planning Design Architecture	5,681
Mcdonald Wholesale Co	5,006
Heery International Inc	4,976
Pacific Coast Fruit	4,825
Mahlum Architects Inc	4,424
Portland Community College	3,537
Rosemary Anderson High School	3,071
Alpenrose Dairy	3,063
Waste Management Of Oregon Inc	2,848
Ameresco Quantum Inc	2,186
Math Learning Center	2,000
	<u>\$ 224,915</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - continued

Blanchard Educational Service Center (BESC)

In June 2000, Multnomah County leased a portion of the BESC facility from the District for \$3.5 million under a 99-year agreement. In December 2008, Portland Public Schools reacquired a portion of that space for \$800 thousand, which was fully paid as of June 30, 2014. This lease agreement stipulates that a portion of the initial lease payment received from Multnomah County be set aside to be applied toward the County's share of major repairs. Any unused balance earns interest at the monthly interest rate earned from the Local Government Investment Pool. As of June 30, 2017 Multnomah County's reserve balance held in the Facilities Capital Fund was \$513.

Pearl School

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

Community Transition Program

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

Equipment Lease

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

Pending Legal Actions

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

Grantor Agencies

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

School Support Fund

A substantial portion of the District's funding consists of an apportionment of funds from the State Basic School Support Fund. This apportionment is determined by a formula taking into account the District's weighted average daily student membership and revenue derived from local District sources. Local District sources may vary from year to year and may be revised retroactively or prospectively changing the amount of State Basic School Support received or to be received.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2017 are as follows:

	General Fund	Other Major Funds	Other Govern- mental Funds	Total Govern- mental Funds
Nonspendable:				
Prepaid items - General Fund	\$ 132		\$ -	\$ 132
Prepaid items - GO Bonds Fund	-	791	-	791
Prepaid items - Facilities Capital Fund	-	-	8	8
Inventories - Warehouse	228	-	-	228
Inventories - Cafeteria Fund	-	-	618	618
	<u>360</u>	<u>791</u>	<u>626</u>	<u>1,777</u>
Restricted:				
Special Revenue Funds:				
Student Body Activity Fund	-	-	4,257	4,257
Cafeteria Fund	-	-	5,659	5,659
Dedicated Resource Fund	-	-	9,297	9,297
Capital Projects Funds:				
Construction Excise Tax Fund	-	-	19,405	19,405
FFC Taxable Debt Fund	-	-	1,994	1,994
FFC LOC Fund	-	-	8,371	8,371
Energy Efficient Schools Fund	-	-	2,237	2,237
Partnerships Fund	-	-	13	13
Debt Service Funds:				
GO Bond Debt Service Fund	-	-	3,301	3,301
GO Bonds Fund	-	116,080	-	116,080
	<u>-</u>	<u>116,080</u>	<u>54,534</u>	<u>170,614</u>
Committed:				
PERS Rate Stabilization Fund	-	16,813	-	16,813
Debt Service Fund- PERS UAL	-	-	641	641
	<u>-</u>	<u>16,813</u>	<u>641</u>	<u>17,454</u>
Assigned:				
General Fund	7,200	-	-	7,200
Capital Projects Funds:				
IT System Project Fund	-	-	985	985
Facilities Capital Fund	-	-	1,991	1,991
Capital Asset Renewal Fund	-	-	4,188	4,188
	<u>7,200</u>	<u>-</u>	<u>7,164</u>	<u>14,364</u>
Unassigned				
	12,544	-	-	12,544
Total fund balances	<u>\$ 20,104</u>	<u>\$ 133,684</u>	<u>\$ 62,965</u>	<u>\$ 216,753</u>

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

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2017

(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 1,585 (representing 3.2% of the District's total enrollment); and that charter schools' Net Position was \$926. 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

In November, 2012, voters in the City of Portland passed Ballot Measure 26-146 to restore school arts and music education, funded through an income tax of \$35 per person per year. In December of 2012, the District entered into an intergovernmental agreement IGA/R 59656 with the City of Portland to receive a portion of this tax, to be used to provide arts and music education, through certified arts and music teachers, to all K-5 students, including charter schools within the District. Revenues and expenditures for the year ended June 30, 2017 are recorded in the General Fund as follows:

	Arts Tax Revenues	Arts Tax Expenditures ¹	FTE Funded	Number of Schools Funded
Non-Charter Schools	\$ 4,617	\$ 4,834	73.45	60
Charter Schools	134	115	2.9	7
District Total	<u>\$ 4,751</u>	<u>\$ 4,949</u>	<u>76.35</u>	<u>67</u>

¹ Includes amounts for unexpended revenues carried forward from prior years.

NOTE 18 – TAX ABATEMENTS

The District is subject to tax abatements (exemptions) granted by Multnomah, Washington and Clackamas counties of Oregon. Counties are allowed to grant abatements due to numerous Oregon Revised Statutes (ORS). Washington and Clackamas counties had no tax abatements affecting the District. Multnomah county has numerous abatement programs which affected District revenue as described below.

Historic Property (ORS 358.475 to 545)

The Special Assessment for Historic Property program is a state-sponsored incentive program instituted in 1975 to encourage the preservation and appropriate rehabilitation of properties listed in the National Register of Historic Places. Under this program a property is specially assessed for a period of 10-15 years. This allows the owner to restore or improve the condition of the property and not pay additional taxes on the resulting increase in the property's value until the ten-year benefit period has expired.

Day Care Centers, Student Housing and Religious Schools (ORS 307.145)

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 18 – TAX ABATEMENTS – continued

Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to 307.687)

The Homebuyer Opportunity Limited Tax Exemption program exempts the residential improvement value from real property taxation for a 10 or 15 year period, while the land remains taxable.

City of Portland Low Income Rental Housing (ORS 307.540 to 307.548)

In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations. The tax exemption is intended to benefit low-income renters by alleviating property tax burden on those agencies that provide this housing opportunity. The qualifying property must be located within the city of Portland.

Enterprise Zone (ORS 285C.050 to 285C.255)

The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

The Following schedule represents the District's portion of tax abatements granted by Multnomah County for 2016-17. Programs with exemptions totaling more than \$500 thousand were listed separately; all other programs were grouped together:

Exemption Program	Amount
Historic Property	\$ 2,726
Day Care Centers, Student Housing & Religious Schools	2,722
Home buyer Opportunity Limited Tax Exemption	559
City of Portland Low Income Rental Housing	2,955
Enterprise Zone	1,325
All other exemption programs	1,469
Total Abatements	\$ 11,756

NOTE 19 – SUBSEQUENT EVENTS

On August 10, 2017 the District issued \$411 million General Obligation Bonds, Series 2017 to fund rehabilitation and repair of school facilities. The interest rates on the bonds are fixed and range from 1.5% to 5.0% and is payable semiannually on June 15 and December 15. The bonds mature in 2042, with annual principal payments due December 15. A portion of the bonds (Series 2017B) are subject to optional redemption at any time after June 15, 2027.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress and Employer Contributions
June 30, 2017
(amounts expressed in thousands)

Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
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%
7/1/2016	-	76,879	76,879	0%	322,781	23.8%

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

Employer Contributions

Fiscal Year End	Annual Required Contribution	Contribution Made	Percentage Contributed
6/30/2013	\$ 10,548	\$ 7,224	68.5%
6/30/2014	7,879	7,855	99.7%
6/30/2015	5,065	6,996	138.1%
6/30/2016	4,951	7,227	146.0%
6/30/2017	6,238	8,438	135.3%

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 (Asset) and District Contributions
Last 10 Fiscal Years ¹
(amounts expressed in thousands)

District's Proportionate Share of Net Pension Liability (Asset)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability/asset	0.254%	0.254%	0.299%	1.380%
District's proportionate share of the net pension liability (asset)	\$ 12,953	\$ (5,754)	\$ 17,185	\$ 207,203
District's covered-employee payroll ²	\$ 256,741	\$ 264,386	\$ 283,935	\$ 316,998
District's proportionate share of net pension liability (asset) as a percent of covered payroll	5.0%	(2.2%)	6.1%	65.4%
Plan fiduciary net position as a percentage of the total pension liability	92.0%	103.6%	91.9%	80.5%
OPERS Measurement Date	6/30/2013	6/30/2014	6/30/2015	6/30/2016

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>2015</u>	<u>2015</u>	<u>2016 ³</u>	<u>2017 ³</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>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 264,386	\$ 283,935	\$ 316,998	\$ 327,668
Contributions as a percentage of covered employee payroll	1.81%	1.72%	0.00%	0.00%

³ Contribution rates were zero due to the rate offset provided by the District's OPERS side account funded by the district's Limited Tax Pension Bonds.

Copies of OPERS' most recent actuarial report of its Pension Plan are available at:
<http://www.oregon.gov/PERS/Pages/Financials/Previous-Years.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)
Last 10 Fiscal Years ¹
(amounts expressed in thousands)

Notes to Required Supplementary Information

Changes in Plan Provisions

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

<http://www.oregon.gov/pers/EMP/Documents/GASB/2016/2016-GASB-68-Actuarial-Letter.pdf>

Changes of Assumptions

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

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2014/Actuarial-Valuation-Presentation.pdf>

Additional details and a comprehensive list of changes in methods and assumptions, including a reduction in the investment return assumption from 7.75% to 7.50%, can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

During a July 28, 2017 meeting, the PERS Board lowered the assumed investment rate of return from 7.5% to 7.2%, effective on January 1, 2018. This rate will be used for the determination of contribution rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations. An estimate of the resulting change is not readily available at this time.

<http://www.oregon.gov/pers/Pages/Admin-Rules/Adopted-PERS-Administrative-Rules.aspx>

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, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 238,969	\$ 238,969	\$ 241,486	\$ 2,517
State School Fund	218,307	218,307	207,182	(11,125)
Local option taxes	81,732	81,732	84,106	2,374
County and intermediate sources	13,021	13,021	13,129	108
Federal and state support	-	-	322	322
State Common School Fund	4,490	4,490	6,191	1,701
Charges for services	3,174	3,174	3,529	355
Investment earnings	1,000	1,000	1,567	567
Other	6,088	6,088	4,929	(1,159)
Total revenues	566,781	566,781	562,441	(4,340)
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	235,109	235,522	229,266	6,256
Materials and services	10,302	10,204	11,332	(1,128)
Total regular programs	245,411	245,726	240,598	5,128
Special programs:				
Salaries and benefits	59,362	58,829	56,707	2,122
Materials and services	26,957	26,963	26,306	657
Total special programs	86,319	85,792	83,013	2,779
Summer school programs:				
Salaries and benefits	384	384	436	(52)
Materials and services	185	185	73	112
Total summer school programs	569	569	509	60
Total instruction	332,299	332,087	324,120	7,967
Support services:				
Students:				
Salaries and benefits	47,105	47,597	46,825	772
Materials and services	4,312	4,354	4,873	(519)
Total students	51,417	51,951	51,698	253
Instructional staff:				
Salaries and benefits	26,784	27,414	26,615	799
Materials and services	3,074	2,979	2,081	898
Total instructional staff	29,858	30,393	28,696	1,697
General administration:				
Salaries and benefits	5,887	6,033	6,308	(275)
Materials and services	1,847	1,843	4,077	(2,234)
Total general administration	7,734	7,876	10,385	(2,509)

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, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support services (continued):				
School administration:				
Salaries and benefits	\$ 41,147	\$ 40,926	\$ 41,296	\$ (370)
Materials and services	801	792	534	258
Total school administration	<u>41,948</u>	<u>41,718</u>	<u>41,830</u>	<u>(112)</u>
Business:				
Salaries and benefits	45,166	45,269	42,626	2,643
Materials and services	38,331	39,499	39,514	(15)
Total business	<u>83,497</u>	<u>84,768</u>	<u>82,140</u>	<u>2,628</u>
Central:				
Salaries and benefits	16,615	17,164	15,545	1,619
Materials and services	6,765	6,909	8,141	(1,232)
Total central	<u>23,380</u>	<u>24,073</u>	<u>23,686</u>	<u>387</u>
Total support services	<u>237,834</u>	<u>240,779</u>	<u>238,435</u>	<u>2,344</u>
Enterprise and community services:				
Food Service:				
Materials and services	-	126	-	126
Total Food Services	<u>-</u>	<u>126</u>	<u>-</u>	<u>126</u>
Community Services:				
Salaries and benefits	718	718	537	181
Materials and services	1,094	1,094	1,164	(70)
Total Community Services	<u>1,812</u>	<u>1,812</u>	<u>1,701</u>	<u>111</u>
Total enterprise and community services	<u>1,812</u>	<u>1,938</u>	<u>1,701</u>	<u>237</u>
Operating contingency	<u>15,234</u>	<u>14,145</u>	<u>-</u>	<u>14,145</u>
Total expenditures	<u>587,179</u>	<u>588,949</u>	<u>564,256</u>	<u>24,693</u>
Excess (deficit) of revenues over expenditures	<u>(20,398)</u>	<u>(22,168)</u>	<u>(1,815)</u>	<u>20,353</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(5,421)</u>	<u>(15,956)</u>	<u>(15,941)</u>	<u>15</u>
Proceeds from the sale of capital assets	<u>100</u>	<u>100</u>	<u>25</u>	<u>(75)</u>
Total other financing sources and (uses)	<u>(5,321)</u>	<u>(15,856)</u>	<u>(15,916)</u>	<u>(60)</u>
Net change in fund balance	(25,719)	(38,024)	(17,731)	20,293
Fund balance - beginning of year	<u>25,719</u>	<u>38,024</u>	<u>37,835</u>	<u>(189)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,104</u>	<u>\$ 20,104</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, 2017
(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				
Federal and state support	\$ 65,127	\$ 65,127	\$ 55,564	\$ (9,563)
County and intermediate sources	2,585	2,585	2,434	(151)
Other	1,622	1,622	1,805	183
Total revenues	<u>69,334</u>	<u>69,334</u>	<u>59,803</u>	<u>(9,531)</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	11,306	11,306	11,381	(75)
Materials and services	3,811	3,811	2,131	1,680
Total regular programs	<u>15,117</u>	<u>15,117</u>	<u>13,512</u>	<u>1,605</u>
Special programs:				
Salaries and benefits	16,035	16,035	14,839	1,196
Materials and services	7,158	7,158	5,594	1,564
Total special programs	<u>23,193</u>	<u>23,193</u>	<u>20,433</u>	<u>2,760</u>
Summer school programs:				
Salaries and benefits	99	99	66	33
Materials and services	105	105	100	5
Total summer school programs	<u>204</u>	<u>204</u>	<u>166</u>	<u>38</u>
Total instruction	<u>38,514</u>	<u>38,514</u>	<u>34,111</u>	<u>4,403</u>
Support services:				
Students:				
Salaries and benefits	9,402	9,402	9,143	259
Materials and services	5,034	5,034	2,284	2,750
Total students	<u>14,436</u>	<u>14,436</u>	<u>11,427</u>	<u>3,009</u>
Instructional staff:				
Salaries and benefits	8,673	8,673	6,632	2,041
Materials and services	3,231	3,231	1,708	1,523
Total instructional staff	<u>11,904</u>	<u>11,904</u>	<u>8,340</u>	<u>3,564</u>
General administration:				
Salaries and benefits	-	-	377	(377)
Materials and services	31	31	410	(379)
Total school administration	<u>31</u>	<u>31</u>	<u>787</u>	<u>(756)</u>
School administration:				
Salaries and benefits	383	383	714	(331)
Materials and services	100	100	103	(3)
Total school administration	<u>483</u>	<u>483</u>	<u>817</u>	<u>(334)</u>
Business:				
Materials and services	165	165	149	16
Total business	<u>165</u>	<u>165</u>	<u>149</u>	<u>16</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 (continued)
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support services (continued):				
Central:				
Salaries and benefits	\$ 199	\$ 199	\$ 187	\$ 12
Materials and services	479	479	1,050	(571)
Total central	<u>678</u>	<u>678</u>	<u>1,237</u>	<u>(559)</u>
Total support services	<u>27,697</u>	<u>27,697</u>	<u>22,757</u>	<u>4,940</u>
Enterprise and community services:				
Food services:				
Materials and services	936	936	996	(60)
Total food services	<u>936</u>	<u>936</u>	<u>996</u>	<u>(60)</u>
Community services:				
Salaries and benefits	1,936	1,936	1,681	255
Materials and services	251	251	258	(7)
Total community services	<u>2,187</u>	<u>2,187</u>	<u>1,939</u>	<u>248</u>
Total enterprise and community services	<u>3,123</u>	<u>3,123</u>	<u>2,935</u>	<u>188</u>
 Total expenditures	 <u>69,334</u>	 <u>69,334</u>	 <u>59,803</u>	 <u>9,531</u>
 Excess (deficit) of revenues over expenditures	 -	 -	 -	 -
 Fund balance - beginning of year	 -	 -	 -	 -
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
PERS Rate Stabilization Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 232	\$ 232	\$ 260	\$ 28
Investment earnings	118	118	157	39
Total revenues	350	350	417	67
 Net change in fund balance	 350	 350	 417	 67
 Fund balance - beginning of year	 16,339	 16,396	 16,396	 -
Fund balance - end of year	\$ 16,689	\$ 16,746	\$ 16,813	\$ 67

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

SUPPLEMENTARY INFORMATION



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

COMBINING STATEMENTS

Nonmajor Governmental Funds (continued)

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.

Qualified Zone Academy Bonds (QZAB) Fund

This fund was established to separately account for expenditures for building upgrades and improvements in schools that have 35% or greater free/reduced student populations.

Full Faith and Credit Taxable Debt Fund

This fund was established to separately account for expenditures for environmental health and safety assessments of district wide water and lead paint issues.

Full Faith and Credit Line of Credit (LOC) Fund

This fund was established to separately account for expenditures for predesign architectural services, Americans with Disabilities Act (ADA) transition plan updates, district wide environmental health and safety and condition assessments, and building improvements.

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.

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.

School Modernization Partnership Fund

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet by Fund Types
June 30, 2017
(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
ASSETS				
Cash and cash equivalents-unrestricted	\$ 19,190	\$ 3,504	\$ 25,264	\$ 47,958
Cash and cash equivalents held by fiscal agents	-	296	-	296
Investments	-	-	13,048	13,048
Accounts and other receivables	1,587	-	3,225	4,812
Property taxes and other taxes receivable	-	2,408	-	2,408
Due from other funds	744	-	-	744
Prepaid Items	-	-	8	8
Inventories	618	-	-	618
Total assets	<u>\$ 22,139</u>	<u>\$ 6,208</u>	<u>\$ 41,545</u>	<u>\$ 69,892</u>
LIABILITIES				
Accounts payable	\$ 1,570	\$ -	\$ 2,346	\$ 3,916
Accrued wages and benefits	738	-	7	745
Due to other funds	-	-	-	-
Total liabilities	<u>2,308</u>	<u>-</u>	<u>2,353</u>	<u>4,661</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	-	2,266	-	2,266
FUND BALANCES				
Nonspendable	618	-	8	626
Restricted	19,213	3,301	32,020	54,534
Committed	-	641	-	641
Assigned	-	-	7,164	7,164
Total fund balances	<u>19,831</u>	<u>3,942</u>	<u>39,192</u>	<u>62,965</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,139</u>	<u>\$ 6,208</u>	<u>\$ 41,545</u>	<u>\$ 69,892</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2017
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	Dedicated Resource Fund	Total
ASSETS				
Cash and cash equivalents	\$ 4,546	\$ 5,186	\$ 9,458	\$ 19,190
Accounts and other receivables	55	822	710	1,587
Due from other funds	744	-	-	744
Inventories	-	618	-	618
Total assets	<u>\$ 5,345</u>	<u>\$ 6,626</u>	<u>\$ 10,168</u>	<u>\$ 22,139</u>
LIABILITIES				
Accounts payable	\$ 1,088	\$ 250	\$ 232	\$ 1,570
Accrued wages and benefits	-	99	639	738
Total liabilities	<u>1,088</u>	<u>349</u>	<u>871</u>	<u>2,308</u>
FUND BALANCES				
Nonspendable	-	618	-	618
Restricted	4,257	5,659	9,297	19,213
Total fund balances	<u>4,257</u>	<u>6,277</u>	<u>9,297</u>	<u>19,831</u>
Total liabilities and fund balances	<u>\$ 5,345</u>	<u>\$ 6,626</u>	<u>\$ 10,168</u>	<u>\$ 22,139</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2017
(amounts expressed in thousands)

	PERS UAL Debt Service Fund	GO Bond Debt Service Fund	Total
ASSETS			
Cash and cash equivalents	\$ 641	\$ 2,863	\$ 3,504
Cash and cash equivalents held by fiscal agents	-	296	296
Property taxes and other taxes receivable	-	2,408	2,408
Total assets	<u>\$ 641</u>	<u>\$ 5,567</u>	<u>\$ 6,208</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	\$ -	\$ 2,266	\$ 2,266
FUND BALANCES			
Restricted	-	3,301	3,301
Committed	641	-	641
Total fund balances	<u>641</u>	<u>3,301</u>	<u>3,942</u>
Total deferred inflows and fund balances	<u>\$ 641</u>	<u>\$ 5,567</u>	<u>\$ 6,208</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Nonmajor Capital Projects Funds

Combining Balance Sheet

June 30, 2017

(amounts expressed in thousands)

	Construction Excise Tax Fund	IT System Project Fund	Full Faith & Credit Taxable Debt fund	Full Faith & Credit LOC Fund
ASSETS				
Cash and cash equivalents	\$ 4,677	\$ 985	\$ 2,366	\$ 8,383
Investments	13,048	-	-	-
Accounts and other receivables	1,775	-	-	-
Prepaid Items	-	-	-	-
Total assets	<u>\$ 19,500</u>	<u>\$ 985</u>	<u>\$ 2,366</u>	<u>\$ 8,383</u>
LIABILITIES				
Accounts payable	\$ 95	\$ -	\$ 368	\$ 12
Accrued wages and benefits	-	-	4	-
Total liabilities	<u>95</u>	<u>-</u>	<u>372</u>	<u>12</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	19,405	-	1,994	8,371
Assigned	-	985	-	-
Total fund balances	<u>19,405</u>	<u>985</u>	<u>1,994</u>	<u>8,371</u>
Total liabilities and fund balances	<u>\$ 19,500</u>	<u>\$ 985</u>	<u>\$ 2,366</u>	<u>\$ 8,383</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds (continued)
Combining Balance Sheet
June 30, 2017
(amounts expressed in thousands)

	Energy Efficient Schools Fund	Facilities Capital Fund	Capital Asset Renewal Fund	School Modernization Partnership Fund	Total
ASSETS					
Cash and cash equivalents	\$ 1,818	\$ 2,338	\$ 4,146	\$ 551	\$ 25,264
Investments	-	-	-	-	13,048
Accounts and other receivables	419	-	42	989	3,225
Prepaid Items	-	8	-	-	8
Total assets	<u>\$ 2,237</u>	<u>\$ 2,346</u>	<u>\$ 4,188</u>	<u>\$ 1,540</u>	<u>\$ 41,545</u>
LIABILITIES					
Accounts payable	\$ -	\$ 344	\$ -	\$ 1,527	\$ 2,346
Accrued wages and benefits	-	3	-	-	7
Total liabilities	<u>-</u>	<u>347</u>	<u>-</u>	<u>1,527</u>	<u>2,353</u>
FUND BALANCES					
Nonspendable	-	8	-	-	8
Restricted	2,237	-	-	13	32,020
Assigned	-	1,991	4,188	-	7,164
Total fund balances	<u>2,237</u>	<u>1,999</u>	<u>4,188</u>	<u>13</u>	<u>39,192</u>
Total liabilities and fund balances	<u>\$ 2,237</u>	<u>\$ 2,346</u>	<u>\$ 4,188</u>	<u>\$ 1,540</u>	<u>\$ 41,545</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Nonmajor Governmental Funds

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

For the year ended June 30, 2017

(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
REVENUES				
Property and other taxes	\$ -	\$ 49,193	\$ 7,175	\$ 56,368
Federal and state support	13,307	137	1,337	14,781
County and intermediate sources	1,707	-	-	1,707
Charges for services	4,222	44,526	676	49,424
Extracurricular activities	7,489	-	-	7,489
Investment earnings	-	394	118	512
Other	3,755	-	11,904	15,659
Total revenues	30,480	94,250	21,210	145,940
EXPENDITURES				
Current:				
Instruction:				
Regular programs	10,296	-	-	10,296
Special programs	1,221	-	-	1,221
Summer school programs	93	-	-	93
Total instruction	11,610	-	-	11,610
Support services:				
Students	457	-	-	457
Instructional staff	297	-	-	297
General administration	59	-	-	59
School administration	140	-	-	140
Business	232	-	3,158	3,390
Central	34	-	922	956
Total support services	1,219	-	4,080	5,299
Enterprise and community services:				
Food services	18,197	-	-	18,197
Community services	5	-	-	5
Total enterprise and community services	18,202	-	-	18,202
Facilities acquisition and construction:	-	-	22,966	22,966
Debt Service:				
Principal	-	50,065	-	50,065
Interest and fiscal charges	-	46,867	-	46,867
Total debt service	-	96,932	-	96,932
Total expenditures	31,031	96,932	27,046	155,009
Excess (deficit) of revenues over expenditures	(551)	(2,682)	(5,836)	(9,069)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,922	12,219	16,141
Transfers out	-	-	(200)	(200)
Issuance of debt	-	-	9,048	9,048
Proceeds from the sale of capital assets	12	-	-	12
Total other financing sources (uses)	12	3,922	21,067	25,001
 Net change in fund balances	 (539)	 1,240	 15,231	 15,932
 Fund balances - beginning of year	 20,370	 2,702	 23,961	 47,033
Fund balances - end of year	\$ 19,831	\$ 3,942	\$ 39,192	\$ 62,965

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, 2017
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	Dedicated Resource Fund	Total
REVENUES				
Federal and state support	\$ -	\$ 13,169	\$ 138	\$ 13,307
County and intermediate sources	-	-	1,707	1,707
Charges for services	-	3,766	456	4,222
Extracurricular activities	7,489	-	-	7,489
Other	-	17	3,738	3,755
Total revenues	<u>7,489</u>	<u>16,952</u>	<u>6,039</u>	<u>30,480</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	7,328	-	2,968	10,296
Special programs	-	-	1,221	1,221
Summer school programs	-	-	93	93
Total instruction	<u>7,328</u>	<u>-</u>	<u>4,282</u>	<u>11,610</u>
Support services:				
Students	-	-	457	457
Instructional staff	-	-	297	297
General administration	-	-	59	59
School administration	-	-	140	140
Business	-	-	232	232
Central	-	-	34	34
Total support services	<u>-</u>	<u>-</u>	<u>1,219</u>	<u>1,219</u>
Enterprise and community services:				
Food services	-	18,191	6	18,197
Community services	-	-	5	5
Total enterprise & community service	<u>-</u>	<u>18,191</u>	<u>11</u>	<u>18,202</u>
Total expenditures	<u>7,328</u>	<u>18,191</u>	<u>5,512</u>	<u>31,031</u>
Excess (deficit) of revenues over expenditures	<u>161</u>	<u>(1,239)</u>	<u>527</u>	<u>(551)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	12	-	12
Total other financing sources (uses)	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>
Net change in fund balances	161	(1,227)	527	(539)
Fund balances - beginning of year	4,096	7,504	8,770	20,370
Fund balances - end of year	<u>\$ 4,257</u>	<u>\$ 6,277</u>	<u>\$ 9,297</u>	<u>\$ 19,831</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, 2017
(amounts expressed in thousands)

	IT Projects Debt Service Fund	PERS UAL Debt Service Fund	Recovery Zone Debt Service Fund	Full Faith & Credit Debt Service Fund
REVENUES				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	44,526	-	-
Investment earnings	-	245	-	-
Federal and state support	-	-	137	-
Total revenues	<u>-</u>	<u>44,771</u>	<u>137</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt Service:				
Principal	2,449	11,825	941	-
Interest and fiscal charges	258	32,309	326	85
Total expenditures	<u>2,707</u>	<u>44,134</u>	<u>1,267</u>	<u>85</u>
Excess (deficit) of revenues over expenditures	<u>(2,707)</u>	<u>637</u>	<u>(1,130)</u>	<u>(85)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,707</u>	<u>-</u>	<u>1,130</u>	<u>85</u>
Total other financing sources (uses)	<u>2,707</u>	<u>-</u>	<u>1,130</u>	<u>85</u>
Net change in fund balances	-	637	-	-
Fund balances - beginning of year	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ 641</u>	<u>\$ -</u>	<u>\$ -</u>

	GO Bond Debt Service	
	Fund	Total
REVENUES		
Property and other taxes	\$ 49,193	\$ 49,193
Charges for services	-	44,526
Investment earnings	149	394
Federal and state support	-	137
Total revenues	<u>49,342</u>	<u>94,250</u>
EXPENDITURES		
Current:		
Debt Service:		
Principal	34,850	50,065
Interest and fiscal charges	<u>13,889</u>	<u>46,867</u>
Total expenditures	<u>48,739</u>	<u>96,932</u>
Excess (deficit) of revenues over expenditures	<u>603</u>	<u>(2,682)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	3,922
Total other financing sources (uses)	<u>-</u>	<u>3,922</u>
Net change in fund balances	603	1,240
Fund balances - beginning of year	<u>2,698</u>	<u>2,702</u>
Fund balances - end of year	<u>\$ 3,301</u>	<u>\$ 3,942</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2017
(amounts expressed in thousands)

	<u>Construction Excise Tax Fund</u>	<u>IT System Project Fund</u>	<u>QZAB Fund</u>	<u>Full Faith & Credit Taxable Debt Fund</u>	<u>Full Faith & Credit LOC Fund</u>
REVENUES					
Property and other taxes	\$ 7,175	\$ -	\$ -	\$ -	\$ -
Federal and state support	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	24	14	-	33	-
Other	-	-	-	-	-
Total revenues	<u>7,199</u>	<u>14</u>	<u>-</u>	<u>33</u>	<u>-</u>
EXPENDITURES					
Current:					
Support services:					
Business	-	-	200	2,949	4
Central	-	922	-	-	-
Total support services	<u>-</u>	<u>922</u>	<u>200</u>	<u>2,949</u>	<u>4</u>
Facilities acquisition and construction:	<u>3,618</u>	<u>-</u>	<u>4,000</u>	<u>138</u>	<u>1,625</u>
Total expenditures	<u>3,618</u>	<u>922</u>	<u>4,200</u>	<u>3,087</u>	<u>1,629</u>
Excess (deficit) of revenues over expenditures	<u>3,581</u>	<u>(908)</u>	<u>(4,200)</u>	<u>(3,054)</u>	<u>(1,629)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	366	200	-	10,000
Transfers out	(200)	-	-	-	-
Issuance of debt	-	-	4,000	5,048	-
Total other financing sources (uses)	<u>(200)</u>	<u>366</u>	<u>4,200</u>	<u>5,048</u>	<u>10,000</u>
Net change in fund balances	3,381	(542)	-	1,994	8,371
Fund balances - beginning of year	16,024	1,527	-	-	-
Fund balances - end of year	<u>\$ 19,405</u>	<u>\$ 985</u>	<u>\$ -</u>	<u>\$ 1,994</u>	<u>\$ 8,371</u>

	Energy Efficient Schools Fund	Facilities Capital Fund	Capital Asset Renewal Fund	School Modernization Partnership Fund	Total
REVENUES					
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 7,175
Federal and state support	-	1,337	-	-	1,337
Charges for services	-	-	676	-	676
Investment earnings	-	47	-	-	118
Other	1,424	54	-	10,426	11,904
Total revenues	<u>1,424</u>	<u>1,438</u>	<u>676</u>	<u>10,426</u>	<u>21,210</u>
EXPENDITURES					
Current:					
Support services:					
Business	-	5	-	-	3,158
Central	-	-	-	-	922
Total support services	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>4,080</u>
Facilities acquisition and construction:					
	<u>211</u>	<u>2,793</u>	<u>-</u>	<u>10,581</u>	<u>22,966</u>
Total expenditures	<u>211</u>	<u>2,798</u>	<u>-</u>	<u>10,581</u>	<u>27,046</u>
Excess (deficit) of revenues over expenditures	<u>1,213</u>	<u>(1,360)</u>	<u>676</u>	<u>(155)</u>	<u>(5,836)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,653	-	-	12,219
Transfers out	-	-	-	-	(200)
Issuance of debt	-	-	-	-	9,048
Total other financing sources (uses)	<u>-</u>	<u>1,653</u>	<u>-</u>	<u>-</u>	<u>21,067</u>
Net change in fund balances	1,213	293	676	(155)	15,231
Fund balances - beginning of year	1,024	1,706	3,512	168	23,961
Fund balances - end of year	<u>\$ 2,237</u>	<u>\$ 1,999</u>	<u>\$ 4,188</u>	<u>\$ 13</u>	<u>\$ 39,192</u>

BUDGETARY COMPARISON SCHEDULES
Nonmajor Governmental Funds

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Student Body Activity Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(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				
Extracurricular activities	\$ 8,500	\$ 8,500	\$ 7,489	\$ (1,011)
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>7,489</u>	<u>(1,011)</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs				
Materials and services	8,500	9,000	7,328	1,672
Total instruction	<u>8,500</u>	<u>9,000</u>	<u>7,328</u>	<u>1,672</u>
Total expenditures	<u>8,500</u>	<u>9,000</u>	<u>7,328</u>	<u>1,672</u>
Excess (deficit) of revenues over expenditures and net change in fund balance	-	(500)	161	661
Fund balance - beginning of year	4,022	4,596	4,096	(500)
Fund balance - end of year	<u>\$ 4,022</u>	<u>\$ 4,096</u>	<u>\$ 4,257</u>	<u>\$ 161</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, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 15,530	\$ 15,530	\$ 13,169	\$ (2,361)
Charges for services	3,567	3,567	3,766	199
Other	7	7	17	10
Total revenues	19,104	19,104	16,952	(2,152)
EXPENDITURES				
Current:				
Enterprise and community services:				
Food services:				
Salaries and benefits	8,709	8,709	7,941	768
Materials and services	12,406	12,406	10,250	2,156
Total enterprise and community services	21,115	21,115	18,191	2,924
Total expenditures	21,115	21,115	18,191	2,924
Excess (deficit) of revenues over expenditures	(2,011)	(2,011)	(1,239)	772
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	12	12
Total other financing sources	-	-	12	12
Net change in fund balance	(2,011)	(2,011)	(1,227)	784
Fund balance - beginning of year	5,199	7,504	7,504	-
Fund balance - end of year	\$ 3,188	\$ 5,493	\$ 6,277	\$ 784

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, 2017
(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	\$ 362	\$ 362	\$ 456	\$ 94
County and intermediate sources	2,057	2,057	1,707	(350)
Federal and state support	47	47	138	91
Other	2,648	2,648	3,738	1,090
Total revenues	<u>5,114</u>	<u>5,114</u>	<u>6,039</u>	<u>925</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	3,532	3,532	2,603	929
Materials and services	615	615	365	250
Total regular programs	<u>4,147</u>	<u>4,147</u>	<u>2,968</u>	<u>1,179</u>
Special programs:				
Salaries and benefits	4,357	4,357	1,079	3,278
Materials and services	834	834	142	692
Total special programs	<u>5,191</u>	<u>5,191</u>	<u>1,221</u>	<u>3,970</u>
Summer school programs:				
Salaries and benefits	-	-	78	(78)
Materials and services	518	518	15	503
Total summer school programs	<u>518</u>	<u>518</u>	<u>93</u>	<u>425</u>
Total instruction	<u>9,856</u>	<u>9,856</u>	<u>4,282</u>	<u>5,574</u>
Support services:				
Students:				
Salaries and benefits	741	741	227	514
Materials and services	476	476	230	246
Total students	<u>1,217</u>	<u>1,217</u>	<u>457</u>	<u>760</u>
Instructional staff:				
Salaries and benefits	335	335	268	67
Materials and services	212	212	29	183
Total instructional staff	<u>547</u>	<u>547</u>	<u>297</u>	<u>250</u>
General administration:				
Materials and services	371	371	59	312
Total general administration	<u>371</u>	<u>371</u>	<u>59</u>	<u>312</u>
School administration:				
Salaries and benefits	254	254	110	144
Materials and services	237	237	30	207
Total school administration	<u>491</u>	<u>491</u>	<u>140</u>	<u>351</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Dedicated Resource Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (continued)
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support services (continued):				
Business:				
Salaries and benefits	\$ 25	\$ 25	\$ -	\$ 25
Materials and services	544	544	232	312
Total business	569	569	232	337
Central:				
Materials and services	4	4	34	(30)
Total central	4	4	34	(30)
Total support services	3,199	3,199	1,219	1,980
Enterprise and community services:				
Food Services:				
Materials and services	25	25	6	19
Total food services	25	25	6	19
Community services:				
Salaries and benefits	5	5	-	5
Materials and services	17	17	5	12
Total community services	22	22	5	17
Total enterprise and community services	47	47	11	36
 Total expenditures	 13,102	 13,102	 5,512	 7,590
 Excess (deficit) of revenues over expenditures	 (7,988)	 (7,988)	 527	 8,515
 OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	320	320	-	(320)
Total other financing sources (uses)	320	320	-	(320)
 Net change in fund balance	 (7,668)	 (7,668)	 527	 8,195
 Fund balance - beginning of year	 7,668	 7,668	 8,770	 1,102
Fund balance - end of year	\$ -	\$ -	\$ 9,297	\$ 9,297

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, 2017
(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>		
EXPENDITURES				
Current:				
Debt service:				
Principal	\$ 2,449	\$ 2,449	\$ 2,449	\$ -
Interest and fiscal charges	258	258	258	-
Total debt service	2,707	2,707	2,707	-
Total expenditures	<u>2,707</u>	<u>2,707</u>	<u>2,707</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,707</u>	<u>2,707</u>	<u>2,707</u>	<u>-</u>
Total other financing sources (uses)	<u>2,707</u>	<u>2,707</u>	<u>2,707</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>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

PERS UAL Debt Service Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017**

(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Charges for services	\$ 43,969	\$ 43,969	\$ 44,526	\$ 557
Investment earnings	165	165	245	80
Total revenues	44,134	44,134	44,771	637
EXPENDITURES				
Current:				
Debt service:				
Principal	11,825	11,825	11,825	-
Interest and fiscal charges	32,309	32,309	32,309	-
Total debt service	44,134	44,134	44,134	-
Total expenditures	44,134	44,134	44,134	-
Excess (deficit) of revenues over expenditures and net change in fund balance	-	-	637	637
Fund balance - beginning of year	1,533	4	4	-
Fund balance - end of year	\$ 1,533	\$ 4	\$ 641	\$ 637

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, 2017
(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				
Federal and state support	\$ 137	\$ 137	\$ 137	\$ -
Total revenues	<u>137</u>	<u>137</u>	<u>137</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	941	941	941	-
Interest and fiscal charges	326	326	326	-
Total debt service	<u>1,267</u>	<u>1,267</u>	<u>1,267</u>	<u>-</u>
Total expenditures	<u>1,267</u>	<u>1,267</u>	<u>1,267</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	<u>(1,130)</u>	<u>(1,130)</u>	<u>(1,130)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,130	1,130	1,130	-
Total other financing sources (uses)	<u>1,130</u>	<u>1,130</u>	<u>1,130</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>	<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
Full Faith & Credit Taxable Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(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>		
EXPENDITURES				
Current:				
Debt service:				
Interest and fiscal charges	\$ -	\$ 100	\$ 85	\$ (15)
Total debt service	-	100	85	(15)
Total expenditures	-	100	85	(15)
Excess (deficit) of revenues over expenditures	-	(100)	(85)	15
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100	85	(15)
Total other financing sources (uses)	-	100	85	(15)
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
Facilities Capital Debt Service Fund
Schedule of Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(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>		
EXPENDITURES				
Current:				
Debt Service:				
Principal	\$ 324	\$ -	\$ -	\$ -
Total debt service	324	-	-	-
Total expenditures	(324)	-	-	-
Excess (deficit) of revenues over expenditures	(324)	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	324	-	-	-
Total other financing sources (uses)	324	-	-	-
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, 2017
(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				
Property and other taxes	\$ 48,239	\$ 48,239	\$ 49,193	\$ 954
Investment earnings	90	90	149	59
Total revenues	<u>48,329</u>	<u>48,329</u>	<u>49,342</u>	<u>1,013</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	34,850	34,850	34,850	-
Interest and fiscal charges	13,889	13,889	13,889	-
Total debt service	<u>48,739</u>	<u>48,739</u>	<u>48,739</u>	<u>-</u>
Total expenditures	<u>48,739</u>	<u>48,739</u>	<u>48,739</u>	<u>-</u>
'Excess (deficit) of revenues over expenditures and net change in fund balance	(410)	(410)	603	1,013
Fund balance - beginning of year	1,389	2,698	2,698	-
Fund balance - end of year	<u>\$ 979</u>	<u>\$ 2,288</u>	<u>\$ 3,301</u>	<u>\$ 1,013</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Construction Excise Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Construction excise tax	\$ 6,001	\$ 6,001	\$ 7,175	\$ 1,174
Investment earnings	2	2	24	22
Total revenues	<u>6,003</u>	<u>6,003</u>	<u>7,199</u>	<u>1,196</u>
EXPENDITURES				
Current:				
Business:				
Materials and services	-	10	-	10
Total Business	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
Facilities acquisition & construction:				
Salaries and benefits	-	-	1	(1)
Materials and services	21,052	21,667	3,617	18,050
Total facilities acquisition & construction	<u>21,052</u>	<u>21,667</u>	<u>3,618</u>	<u>18,049</u>
Total expenditures	<u>21,052</u>	<u>21,677</u>	<u>3,618</u>	<u>18,059</u>
Excess (deficit) of revenues over expenditures	<u>(15,049)</u>	<u>(15,674)</u>	<u>3,581</u>	<u>19,255</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(324)</u>	<u>(350)</u>	<u>(200)</u>	<u>150</u>
Total other financing sources (uses)	<u>(324)</u>	<u>(350)</u>	<u>(200)</u>	<u>150</u>
Net change in fund balance	(15,373)	(16,024)	3,381	19,405
Fund balance - beginning of year	15,373	16,024	16,024	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,405</u>	<u>\$ 19,405</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, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 1	\$ 14	\$ 14	\$ -
Total revenues	<u>1</u>	<u>14</u>	<u>14</u>	<u>-</u>
EXPENDITURES				
Current:				
Support services:				
Central:				
Salaries and benefits	91	93	-	93
Materials and services	1,326	1,749	922	827
Total central	<u>1,417</u>	<u>1,842</u>	<u>922</u>	<u>920</u>
Total support services	<u>1,417</u>	<u>1,842</u>	<u>922</u>	<u>920</u>
Operating contingency	<u>51</u>	<u>65</u>	<u>-</u>	<u>65</u>
Total expenditures	<u>1,468</u>	<u>1,907</u>	<u>922</u>	<u>985</u>
Excess (deficit) of revenues over expenditures	<u>(1,467)</u>	<u>(1,893)</u>	<u>(908)</u>	<u>985</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>230</u>	<u>366</u>	<u>366</u>	<u>-</u>
Net change in fund balance	(1,237)	(1,527)	(542)	985
Fund balance - beginning of year	1,237	1,527	1,527	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 985</u>	<u>\$ 985</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
QZAB Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Support services				
Business:				
Materials and services	\$ -	\$ 200	\$ 200	\$ -
Total business	<u>-</u>	<u>200</u>	<u>200</u>	<u>-</u>
Total support services expenditures	-	200	200	-
Facilities acquisition & construction:				
Materials and services	-	4,000	4,000	-
Total facilities acquisition & construction	-	4,000	4,000	-
Total expenditures	<u>-</u>	<u>4,200</u>	<u>4,200</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>(4,200)</u>	<u>(4,200)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	200	200	-
Issuance of debt	-	4,000	4,000	-
Total other financing sources	<u>-</u>	<u>4,200</u>	<u>4,200</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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
Full Faith & Credit Taxable Debt Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ 33	\$ 33
Total revenues	-	-	33	33
EXPENDITURES				
Current:				
Support services				
Business:				
Salaries and benefits	-	-	14	(14)
Materials and services	-	4,750	2,935	1,815
Total business	-	4,750	2,949	1,801
Total support services expenditures	-	4,750	2,949	1,801
Facilities acquisition & construction:				
Materials and services	-	300	138	162
Total facilities acquisition & construction	-	300	138	162
Total expenditures	-	5,050	3,087	1,963
Excess (deficit) of revenues over expenditures	-	(5,050)	(3,054)	1,996
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100	-	(100)
Issuance of debt	-	4,950	5,048	98
Total other financing sources	-	5,050	5,048	(2)
Net change in fund balance	-	-	1,994	1,994
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 1,994	\$ 1,994

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Full Faith & Credit LOC Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Support services				
Business:				
Materials and services	\$ -	\$ 2,650	\$ 4	\$ 2,646
Total business	-	2,650	4	2,646
Total support services expenditures	-	2,650	4	2,646
Facilities acquisition & construction:				
Materials and services	-	7,400	1,625	5,775
Total facilities acquisition & construction	-	7,400	1,625	5,775
Total expenditures	-	10,050	1,629	8,421
Excess (deficit) of revenues over expenditures	-	(10,050)	(1,629)	8,421
OTHER FINANCING SOURCES (USES)				
Transfers in	-	10,050	10,000	(50)
Total other financing sources	-	10,050	10,000	(50)
Net change in fund balance	-	-	8,371	8,371
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 8,371	\$ 8,371

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, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 2	\$ 2	\$ -	\$ (2)
Other	855	855	1,424	569
Total revenues	<u>857</u>	<u>857</u>	<u>1,424</u>	<u>567</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	1,685	1,881	211	1,670
Total facilities acquisition & construction	<u>1,685</u>	<u>1,881</u>	<u>211</u>	<u>1,670</u>
Total expenditures	<u>1,685</u>	<u>1,881</u>	<u>211</u>	<u>1,670</u>
Excess (deficit) of revenues over expenditures	<u>(828)</u>	<u>(1,024)</u>	<u>1,213</u>	<u>2,237</u>
Net change in fund balance	(828)	(1,024)	1,213	2,237
Fund balance - beginning of year	828	1,024	1,024	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,237</u>	<u>\$ 2,237</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Facilities Capital Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ -	\$ 1,340	\$ 1,337	\$ (3)
Investment earnings	3	3	47	44
Other	-	-	54	54
Total revenues	3	1,343	1,438	95
EXPENDITURES				
Current:				
Support Services:				
Business:				
Materials and services	5	5	5	-
Total support services	5	5	5	-
Facilities acquisition & construction:				
Salaries and benefits	126	126	154	(28)
Materials and services	10,206	6,805	2,639	4,166
Total facilities acquisition & construction	10,332	6,931	2,793	4,138
Total current operating	10,337	6,936	2,798	4,138
Interest				
Total current expenditures	10,337	6,936	2,798	4,138
Operating contingency	24	24	-	24
Total expenditures	10,361	6,960	2,798	4,162
Excess (deficit) of revenues over expenditures	(10,358)	(5,617)	(1,360)	4,257
OTHER FINANCING SOURCES (USES)				
Transfers in	1,353	1,653	1,653	-
Issuance of debt	5,500	-	-	-
Total other financing sources (uses)	6,853	1,653	1,653	-
Net change in fund balance	(3,505)	(3,964)	293	4,257
Fund balance - beginning of year	3,505	3,964	1,706	(2,258)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,999</u>	<u>\$ 1,999</u>

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, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 275	\$ 275	\$ 676	\$ 401
Investment earnings	2	2	-	(2)
Total revenues	<u>277</u>	<u>277</u>	<u>676</u>	<u>399</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	3,786	3,789	-	3,789
Total facilities acquisition & construction	<u>3,786</u>	<u>3,789</u>	<u>-</u>	<u>3,789</u>
Total expenditures	<u>3,786</u>	<u>3,789</u>	<u>-</u>	<u>3,789</u>
Excess (deficit) of revenues over expenditures and net change in fund balance	(3,509)	(3,512)	676	4,188
Fund balance - beginning of year	3,509	3,512	3,512	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,188</u>	<u>\$ 4,188</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Modernization Partnership Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Funding from external partners	\$ 11,170	\$ 11,170	\$ 10,426	\$ (744)
Total revenues	<u>11,170</u>	<u>11,170</u>	<u>10,426</u>	<u>(744)</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	11,170	11,286	10,581	705
Total facilities acquisition & construction	11,170	11,286	10,581	705
Total current expenditures	11,170	11,286	10,581	705
Operating contingency	3	3	-	3
Total expenditures	<u>11,173</u>	<u>11,289</u>	<u>10,581</u>	<u>708</u>
Excess (deficit) of revenues over expenditures and net change in fund balance	(3)	(119)	(155)	(36)
Fund balance - beginning of year	3	119	168	49
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>

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

BUDGETARY COMPARISON SCHEDULES
Other funds

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
GO Bonds Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 927	\$ 927	\$ 1,694	\$ 767
Other	-	-	21	21
Total revenues	<u>927</u>	<u>927</u>	<u>1,715</u>	<u>788</u>
EXPENDITURES				
Current:				
Support services:				
Business:				
Materials and services	1,227	1,227	470	757
Total support services	<u>1,227</u>	<u>1,227</u>	<u>470</u>	<u>757</u>
Facilities acquisition & construction:				
Salaries and benefits	2,462	2,462	1,862	600
Materials and services	214,330	213,027	125,040	87,987
Total facilities acquisition and construction	<u>216,792</u>	<u>215,489</u>	<u>126,902</u>	<u>88,587</u>
Operating contingency	<u>52,628</u>	<u>26,464</u>	<u>-</u>	<u>26,464</u>
Total expenditures	<u>270,647</u>	<u>243,180</u>	<u>127,372</u>	<u>115,808</u>
Excess (deficit) of revenues over expenditures	<u>(269,720)</u>	<u>(242,253)</u>	<u>(125,657)</u>	<u>116,596</u>
Net change in fund balance	(269,720)	(242,253)	(125,657)	116,596
Fund balance - beginning of year	269,720	242,253	242,528	275
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,871</u>	<u>\$ 116,871</u>

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

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Self-Insurance Fund
Schedule of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
For the year ended June 30, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 3,542	\$ 3,542	\$ 3,454	\$ (88)
Insurance recoveries	-	-	41	41
Total operating revenues	3,542	3,542	3,495	(47)
OPERATING EXPENSES				
Support services:				
Salaries and benefits	321	321	331	(10)
Materials and services	274	274	295	(21)
Claims expense	3,203	3,203	2,685	518
Total support services	3,798	3,798	3,311	487
Operating contingency	3,377	4,312	-	4,312
Total operating expenses	7,175	8,110	3,311	4,799
Operating income (loss)	(3,633)	(4,568)	184	4,752
NON OPERATING REVENUES				
Investment income	3	3	77	74
Federal and state support	250	250	152	(98)
Total non-operating revenues	253	253	229	(24)
Change in net position	(3,380)	(4,315)	413	4,728
Beginning net position - budgetary basis	3,380	4,315	4,293	(22)
Ending net position - budgetary basis	\$ -	\$ -	4,706	\$ 4,706
Reconciliation:				
Other post employment benefits obligation			(16)	
Accrued compensated absences			(26)	
Net pension liability, deferred inflows, and deferred outflows			(43)	
Net position - GAAP basis			\$ 4,621	

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







Statistical Section

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends (Schedules 1-4)</i>	125
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<i>Revenue Capacity (Schedules 5-9)</i>	133
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<i>Debt Capacity (Schedules 10-12)</i>	139
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.	
<i>Demographic and Economic Information (Schedules 13-14)</i>	143
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<i>Operating Information (Schedules 15-17)</i>	145
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Condensed Statement of Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	Government-wide Activities		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assets			
Current and other assets	\$ 175,282	\$ 175,091	\$ 174,564
Prepaid pension & other prepaid items	463,507	455,247	445,555
Net capital assets	187,312	185,571	194,725
Total assets	826,101	815,909	814,844
Deferred Outflows of Resources			
Pension			
Liabilities			
Other current liabilities	88,936	96,163	75,555
Other long-term liabilities	22,377	10,320	34,182
Limited tax pension bonds payable	468,163	459,756	450,125
Net pension liability	-	-	-
Other post employment benefits	8,852	17,762	24,741
Total liabilities	588,328	584,001	584,603
Deferred Inflows of Resources			
Insurance recovery			
Pension			
Net Assets			
Invested in capital assets, net of related debt	177,198	181,442	186,783
Restricted	-	-	8,426
Unrestricted	60,575	50,466	35,032
Total Net Assets	\$ 237,773	\$ 231,908	\$ 230,241
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.

Government-wide Activities

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 177,558	\$ 180,957	\$ 298,246	\$ 304,224	\$ 579,805	\$ 487,394	\$ 364,732
436,790	425,421	414,407	2,149	5,754	1,628	1,080
<u>200,731</u>	<u>199,058</u>	<u>213,944</u>	<u>233,265</u>	<u>273,957</u>	<u>382,401</u>	<u>506,612</u>
<u>815,079</u>	<u>805,436</u>	<u>926,597</u>	<u>539,638</u>	<u>859,516</u>	<u>871,423</u>	<u>872,424</u>
			<u>4,785</u>	<u>6,801</u>	<u>3,200</u>	<u>151,849</u>
77,535	83,977	87,185	90,983	105,763	121,321	181,480
62,851	57,972	182,759	244,301	495,290	453,679	359,702
440,491	430,058	419,034	407,499	395,958	384,075	372,249
-	-	-	-	-	17,185	207,203
<u>29,667</u>	<u>33,595</u>	<u>36,263</u>	<u>35,579</u>	<u>32,900</u>	<u>29,933</u>	<u>27,103</u>
<u>610,544</u>	<u>605,602</u>	<u>725,241</u>	<u>778,362</u>	<u>1,029,911</u>	<u>1,006,193</u>	<u>1,147,737</u>
		819	-	-	-	-
		-	-	11,102	6,062	12,845
		<u>819</u>	<u>-</u>	<u>11,102</u>	<u>6,062</u>	<u>12,845</u>
164,033	157,209					
25,597	21,577					
<u>14,905</u>	<u>21,048</u>					
<u>\$ 204,535</u>	<u>\$ 199,834</u>					
		146,148	183,584	230,251	260,146	297,914
		131,060	119,224	394,845	283,176	172,880
		<u>(76,671)</u>	<u>(536,747)</u>	<u>(799,792)</u>	<u>(680,955)</u>	<u>(607,103)</u>
		<u>\$ 200,537</u>	<u>\$ (233,939)</u>	<u>\$ (174,696)</u>	<u>\$ (137,633)</u>	<u>\$ (136,309)</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses					
Instruction	\$ 311,474	\$ 306,993	\$ 323,190	\$ 315,465	\$ 287,424
Support services	192,598	196,857	183,267	204,613	206,856
Enterprise and community services	15,750	16,653	17,135	19,758	19,108
Facilities services	3,140	6,899	14,177	11,649	10,697
Interest and fees on long-term debt	1,815	1,600	1,642	2,135	25,748
Total expenses	<u>524,777</u>	<u>529,002</u>	<u>539,411</u>	<u>553,620</u>	<u>549,833</u>
Program Revenues					
Charges for services:					
Instruction	4,151	4,783	4,898	4,799	5,046
Support services	2,879	3,075	2,883	2,348	2,109
Enterprise and community services	4,353	4,442	4,655	4,666	4,422
Operating grants and contributions:					
Instruction	68,180	72,121	71,538	75,981	71,319
Support services	27,793	28,722	27,585	25,844	25,447
Enterprise and community services	1,889	2,620	2,548	3,915	2,863
Total program revenues	<u>109,245</u>	<u>115,763</u>	<u>114,107</u>	<u>117,553</u>	<u>111,206</u>
Net Expenses	<u>(415,532)</u>	<u>(413,239)</u>	<u>(425,304)</u>	<u>(436,067)</u>	<u>(438,627)</u>
General Revenues:					
Property taxes levied for general purposes	174,926	181,928	189,234	194,170	200,906
Property taxes levied for debt service	-	-	-	-	-
Construction excise tax	69	1,962	1,192	1,361	2,108
Local option taxes levied for general purposes	35,887	37,364	38,292	38,226	53,622
State School Fund - general support	168,438	151,376	155,566	139,229	149,031
State Common School Fund - general support	4,864	3,717	4,544	4,461	4,138
County and intermediate sources - general support	15,511	10,271	10,223	9,543	9,588
Federal Stimulus	-	8,816	12,182	14,349	595
Investment earnings	7,208	3,477	781	582	403
Other	7,299	8,463	9,905	8,440	13,535
Total general revenues	<u>414,202</u>	<u>407,374</u>	<u>421,919</u>	<u>410,361</u>	<u>433,926</u>
Extraordinary items	-	-	1,718	-	-
Change in Net Assets	<u>\$ (1,330)</u>	<u>\$ (5,865)</u>	<u>\$ (1,667)</u>	<u>\$ (25,706)</u>	<u>\$ (4,701)</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.

Government-wide Activities

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	267,192	\$ 308,652	\$ 326,935	\$ 364,964	\$ 380,939
	194,270	200,750	212,213	241,016	272,816
	18,923	19,164	20,445	21,326	20,712
	31,635	1,470	2,617	1,230	12,672
	<u>26,813</u>	<u>33,546</u>	<u>31,600</u>	<u>40,116</u>	<u>39,094</u>
	<u>538,833</u>	<u>563,582</u>	<u>593,810</u>	<u>668,652</u>	<u>726,233</u>
	5,958	5,989	6,457	996	533
	2,852	2,857	2,916	3,157	4,424
	4,123	4,420	4,214	4,521	3,471
	62,006	58,418	65,409	58,619	57,608
	23,437	17,693	21,638	22,356	22,758
	<u>2,623</u>	<u>2,240</u>	<u>2,704</u>	<u>3,085</u>	<u>2,934</u>
	<u>100,999</u>	<u>91,617</u>	<u>103,338</u>	<u>92,734</u>	<u>91,728</u>
	<u>(437,834)</u>	<u>(471,965)</u>	<u>(490,472)</u>	<u>(575,918)</u>	<u>(634,505)</u>
	205,177	213,115	222,872	233,548	242,899
	-	44,765	46,568	48,985	49,384
	3,619	4,889	6,076	5,886	7,542
	51,357	55,709	62,923	76,467	83,853
	151,369	184,690	179,505	211,253	207,182
	4,608	4,427	4,721	5,810	6,191
	14,560	15,736	15,202	15,772	17,270
	6	-	-	-	-
	644	774	1,285	3,140	4,007
	<u>10,518</u>	<u>11,253</u>	<u>10,563</u>	<u>12,120</u>	<u>17,501</u>
	<u>441,858</u>	<u>535,358</u>	<u>549,715</u>	<u>612,981</u>	<u>635,829</u>
	<u>\$ 4,024</u>	<u>\$ 63,393</u>	<u>\$ 59,243</u>	<u>\$ 37,063</u>	<u>\$ 1,324</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Nonspendable	\$ 1,949	\$ 1,881	\$ 1,587	\$ 795
Restricted	-	-	-	-
Committed	2,000	2,000	2,000	1,289
Assigned	-	-	-	-
Unassigned	50,556	46,079	50,185	29,457
Total general fund	<u>54,505</u>	<u>49,960</u>	<u>53,772</u>	<u>31,541</u>
All Other				
Governmental Funds				
Nonspendable	512	635	446	522
Restricted	7,267	11,039	21,648	25,137
Committed	16,800	16,800	16,800	26,899
Assigned	-	-	-	-
Unassigned	-	(2,467)	(14,536)	-
Total all other governmental funds	24,579	26,007	24,358	52,558
Total Governmental Fund Balances	<u><u>\$ 79,084</u></u>	<u><u>\$ 75,967</u></u>	<u><u>\$ 78,130</u></u>	<u><u>\$ 84,099</u></u>

Governmental Activities

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 452	\$ 139	\$ 200	\$ 247	\$ 386	\$ 360
-	-	560	-	-	-
1,583	-	-	-	-	-
-	-	-	-	7,200	7,200
<u>28,890</u>	<u>37,318</u>	<u>50,914</u>	<u>34,195</u>	<u>30,249</u>	<u>12,544</u>
<u>30,925</u>	<u>37,457</u>	<u>51,674</u>	<u>34,442</u>	<u>37,835</u>	<u>20,104</u>
390	473	2,370	2,452	2,286	1,417
27,471	144,677	127,176	393,179	281,089	170,614
20,461	15,486	16,342	17,590	16,400	17,454
-	-	-	5,549	6,182	7,164
-	-	-	-	-	-
<u>48,322</u>	<u>160,636</u>	<u>145,888</u>	<u>418,770</u>	<u>305,957</u>	<u>196,649</u>
<u>\$ 79,247</u>	<u>\$ 198,093</u>	<u>\$ 197,562</u>	<u>\$ 453,212</u>	<u>\$ 343,792</u>	<u>\$ 216,753</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Property and other taxes	\$ 174,568	\$ 181,847	\$ 190,105	\$ 196,044
State School Fund	168,438	151,376	155,566	139,229
State Common School Fund	4,864	3,717	4,544	4,461
Federal and state support	82,435	89,014	74,055	79,034
Local option taxes	35,373	37,042	38,470	38,603
County and intermediate sources	15,511	10,271	10,224	9,544
Federal stimulus	-	10,206	26,972	28,991
Charges for services	11,383	12,300	12,436	11,814
Extracurricular activities	7,963	7,524	7,423	7,563
Investment earnings	6,907	3,310	1,037	649
Other	14,068	13,450	13,131	11,991
Total revenues	<u>521,510</u>	<u>520,057</u>	<u>533,963</u>	<u>527,923</u>
Expenditures				
Current:				
Instruction	301,171	301,457	310,846	314,597
Support services	203,620	192,384	199,983	205,869
Enterprise and community services	15,467	16,386	17,106	20,001
Facilities acquisition and construction	3,141	6,899	14,166	11,546
Debt Service:				
Principal	6,966	7,291	5,901	8,082
Interest	1,546	1,499	1,740	2,043
Total expenditures	<u>531,911</u>	<u>525,916</u>	<u>549,742</u>	<u>562,138</u>
Excess (deficit) of revenues over expenditures	<u>(10,401)</u>	<u>(5,859)</u>	<u>(15,779)</u>	<u>(34,215)</u>
Other Financing Sources (Uses)				
Transfers in	8,748	9,913	7,550	9,939
Transfers out	(8,748)	(7,913)	(7,550)	(6,939)
Proceeds from the sale of capital assets	1,616	743	2,942	434
Issuance of debt	15,220	-	15,000	36,750
Issuance of refunding bonds	-	-	-	-
Total other financing sources (uses)	<u>16,836</u>	<u>2,743</u>	<u>17,942</u>	<u>40,184</u>
Net change in fund balances	<u>\$ 6,435</u>	<u>\$ (3,116)</u>	<u>\$ 2,163</u>	<u>\$ 5,969</u>
Debt service as a percentage of noncapital expenditures	1.6%	1.7%	1.4%	1.8%

Governmental Activities

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 200,716	\$ 208,434	\$ 260,872	\$ 274,219	\$ 287,035	\$ 298,114
149,031	151,369	184,690	179,505	211,253	207,182
4,138	4,608	4,427	4,721	5,810	6,191
84,704	71,942	65,231	75,793	71,024	70,667
53,099	51,720	56,013	63,274	76,593	84,106
9,588	14,560	15,736	15,201	15,771	17,270
4,591	1,920	155	-	-	-
45,953	48,674	51,874	54,233	49,312	52,953
7,355	7,867	8,308	8,276	7,904	7,489
579	632	757	1,255	3,096	3,930
<u>15,127</u>	<u>16,315</u>	<u>13,138</u>	<u>15,414</u>	<u>16,215</u>	<u>22,414</u>
<u>574,881</u>	<u>578,041</u>	<u>661,201</u>	<u>691,891</u>	<u>744,013</u>	<u>770,316</u>
305,238	303,360	323,921	349,667	362,126	369,841
207,691	193,375	202,233	229,254	248,377	266,961
19,782	19,710	20,059	21,902	21,925	22,838
10,613	31,575	31,105	54,830	127,491	149,868
56,963	62,443	51,500	55,033	47,020	50,065
<u>25,608</u>	<u>26,318</u>	<u>34,921</u>	<u>33,811</u>	<u>46,610</u>	<u>46,867</u>
<u>625,895</u>	<u>636,781</u>	<u>663,739</u>	<u>744,497</u>	<u>853,549</u>	<u>906,440</u>
<u>(51,014)</u>	<u>(58,740)</u>	<u>(2,538)</u>	<u>(52,606)</u>	<u>(109,536)</u>	<u>(136,124)</u>
14,090	55,786	9,013	14,409	7,407	16,141
(9,680)	(55,786)	(9,013)	(14,409)	(7,407)	(16,141)
102	655	2,007	44	116	37
27,250	176,931	-	308,212	-	9,048
14,400	-	-	-	-	-
<u>46,162</u>	<u>177,586</u>	<u>2,007</u>	<u>308,256</u>	<u>116</u>	<u>9,085</u>
<u>\$ (4,852)</u>	<u>\$ 118,846</u>	<u>\$ (531)</u>	<u>\$ 255,650</u>	<u>\$ (109,420)</u>	<u>\$ (127,039)</u>
13.4%	14.7%	13.7%	12.9%	12.9%	12.8%

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)

Assessed Value (not including exempt property)						
Fiscal Year Ending June 30,	Real Property	Personal Property	Manufactured Structures	Public Utility	Total Assessed Value	Add: Non- Profit Housing
2008	\$ 34,287,573	\$ 1,859,615	\$ 14,311	\$ 1,273,298	\$ 37,434,797	\$ 18,062
2009	36,093,965	1,901,468	14,130	1,383,226	39,392,789	23,270
2010	37,714,170	1,883,081	15,640	1,607,399	41,220,290	23,968
2011	38,951,439	1,903,652	41,782	1,629,651	42,526,524	19,736
2012	40,421,170	1,687,236	41,578	1,568,907	43,718,891	20,328
2013	41,725,902	1,691,285	18,523	1,538,735	44,974,445	20,938
2014	43,211,127	1,716,219	17,485	1,613,794	46,558,625	21,566
2015	45,073,153	1,757,198	18,655	1,673,302	48,522,308	22,213
2016	47,216,863	1,838,347	23,782	1,710,931	50,789,923	22,880
2017	49,437,875	1,943,596	23,198	1,799,222	53,203,891	23,566

Notes:

1. Assessed value is defined as the lower of "maximum assessed value" or "real market value". Beginning in the 1997-1998 tax year, "maximum assessed value" was set at the 1995-1996 real market value less 10 percent. Assessed value thereafter is limited to 3 percent annual increases. The District's tax levies are determined based on assessed values, therefore actual value of property is not meaningful to the determination of the taxes to be levied and is not presented.
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.
3. Source for real market values is Tax Supervising & Conservation Commission and Multnomah County annual reports yearly real market and assessed values by county.

FY 2008-2017: 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.

Less: Urban Renewal Excess	Total Net Assessed Value	Real Market Values	Total Direct Tax Rate	Amount tax rate will raise	Less: Reduction and Adjustments	Total Taxes Imposed (Net Levy)
\$ 3,200,929	\$ 34,251,930	\$ 73,401,172	\$ 6.5281	\$ 223,600	\$ 7,940	\$ 215,660
3,635,372	35,780,687	78,841,313	6.5281	233,580	8,151	225,429
4,189,459	37,054,799	77,916,650	6.5281	241,897	8,996	232,901
4,425,353	38,120,907	75,836,346	6.5281	248,857	9,390	239,467
4,519,149	39,220,070	71,451,649	7.2681	285,055	24,051	261,004
4,653,499	40,341,884	70,496,361	7.2681	293,209	29,814	263,395
4,833,326	41,746,865	74,430,365	8.3571	348,883	27,190	321,693
4,907,733	43,636,788	81,981,025	8.3535	364,520	23,132	341,388
5,237,111	45,575,692	90,930,548	8.3632	381,159	12,569	368,590
5,882,588	47,344,869	106,935,120	8.3304	394,402	7,687	386,715

Schedule 6
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

District Direct Rates						
Fiscal Year	General Tax Permanent Rate	Local Option	General Obligation Debt Service Bonds	Total Direct Tax Rate		
2008	\$ 5.2781	\$ 1.2500	\$ -	\$ 6.5281		
2009	5.2781	1.2500	-	6.5281		
2010	5.2781	1.2500	-	6.5281		
2011	5.2781	1.2500	-	6.5281		
2012	5.2781	1.9900	-	7.2681		
2013	5.2781	1.9900	-	7.2681		
2014	5.2781	1.9900	1.0890	8.3571		
2015	5.2781	1.9900	1.0854	8.3535		
2016	5.2781	1.9900	1.0951	8.3632		
2017	5.2781	1.9900	1.0623	8.3304		

Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
2008	\$ 4.3434	\$ 0.0701	\$ 0.0966	\$ 4.5770	\$ 0.2828	\$ 0.4576
2009	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2010	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2011	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2012	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2013	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2014	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2015	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2016	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2017	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576

The permanent and local option tax rates are determined by the State of Oregon Constitution and State Statutes. Existing districts cannot increase their permanent rate authority. Local option levies are limited to five years for operations and ten years for capital projects. Elections for local option levies must meet the double majority election test, except in the November general election in even numbered years. Rates for debt service are set based on each year's requirements.

Source: The Tax Supervising and Conservation Commission annual reports for the relevant fiscal year.

Schedule 7
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Principal Property Tax Payers for Multnomah County
Prior Year and Nine Years Ago
Taxing District - 311 Portland Public School District
(dollars in thousands)

Taxpayers with Ten Highest Taxable Assessed Values	2016 ¹			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Pacifcorp (PP&L)	\$ 310,099	1	0.68 %	\$ 192,732	3	0.59 %
Portland General Electric CO	263,253	2	0.58	208,824	2	0.64
Comcast Corporation	237,221	3	0.52			
Weston Investment Co LLC	235,693	4	0.52			
Port of Portland	224,929	5	0.49	134,887	7	0.41
AT&T, INC	222,667	6	0.49			
Evraz Inc NA	197,772	7	0.43			
Centurylink	181,921	8	0.40			
Capref Lloyd Center LLC	178,943	9	0.39			
111 SW 5th Avenue	159,790	10	0.35			
Qwest Corporation				251,675	1	0.77
Western Investment Co LLC				192,589	4	0.59
Oregon Steel Mills Inc				170,274	5	0.52
LC Portland LLC				148,572	6	0.46
Freightliner LLC				131,362	8	0.40
One Eleven Tower LLC				115,672	9	0.36
Oregon Arena Corporation				112,603	10	0.35
Subtotal of Ten Largest Taxpayers	2,212,288		4.85	1,659,190		5.09
All Other Taxpayers	43,363,404		95.15	30,899,908		94.91
Total All Taxpayers	<u>\$ 45,575,692</u>		<u>100.00 %</u>	<u>\$ 32,559,098</u>		<u>100.00 %</u>

Notes:

¹ 2017 information not available at time of distribution

Source:

Multnomah County, Division of Assessment and Taxation

Schedule 8
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Principal Property Tax Payers for Multnomah County
Prior Year and Nine Years Ago
Taxing District - 170 Multnomah County
(dollars in thousands)

Taxpayers with Ten Highest Taxable Assessed Values	2016 ¹			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Port of Portland	\$ 583,529	1	0.81 %	\$ 355,509	1	0.69 %
Comcast Corporation	456,359	2	0.63			
Portland General Electric Co.	424,269	3	0.59	351,457	2	0.68
Alaska Airlines	368,405	4	0.51			
Pacifcorp (PP&L)	349,359	5	0.48	219,067	4	0.43
Weston Investment Co. LLC	272,190	6	0.38	217,940	5	0.42
AT&T, Inc.	250,408	7	0.35			
Century Link	214,907	8	0.30			
Southwest Airlines Co.	199,287	9	0.28			
Evraz Inc.	197,772	10	0.27			
Qwest Corporation				294,958	3	0.57
Boeing Company				179,298	6	0.35
Oregon Steel Mills Inc				170,274	7	0.33
Northwest Natural Gas Co.				163,572	8	0.32
LC Portland LLC				148,571	9	0.29
Freightliner LLC				131,388	10	0.26
Subtotal of Ten Largest Taxpayers	<u>3,316,485</u>		<u>4.60</u>	<u>2,232,034</u>		<u>4.34</u>
All Other Taxpayers	<u>68,906,274</u>		<u>95.40</u>	<u>49,200,994</u>		<u>95.66</u>
Total All Taxpayers	<u>\$ 72,222,759</u>		<u>100.00</u>	<u>\$ 51,433,028</u>		<u>100.00</u>

Notes:

¹ 2017 information not available at time of distribution

Source:

Multnomah County, Division of Assessment and Taxation

Schedule 9
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
2008	\$ 216,645	\$ 202,448	93.45%	\$ 6,685	\$ 209,133	96.53%
2009	226,206	211,232	93.38	8,560	219,792	97.16
2010	233,861	219,970	94.06	7,637	227,607	97.33
2011	239,467	225,418	94.13	6,958	232,376	97.04
2012	261,004	244,408	93.64	6,941	251,349	96.30
2013	263,395	248,807	94.46	6,194	255,001	96.81
2014	321,693	304,458	94.64	6,157	310,615	96.56
2015	341,388	323,906	94.88	4,830	328,736	96.29
2016	368,590	350,212	95.01	3,356	353,568	95.92
2017	386,715	368,085	95.18	-	368,085	95.18

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 10
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per student and per capita)

General Bonded Debt

Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net	Net General	Percentage of		Net General
			Unamortized Premium (Discount)	Obligation Bonds Outstanding	Actual Taxable Value of Property ¹	Per Student ²	Obligation Debt Per Capita ⁴
2008	\$ -	\$ -	\$ -	\$ -	-%	\$ -	\$ -
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	144,840	-	13,347	158,187	0.39%	3,329	206
2014	108,890	(361)	10,209	118,738	0.28%	2,469	153
2015	343,575	(1,363)	39,974	382,186	0.88%	7,887	484
2016	311,720	(2,698)	37,726	346,748	0.76%	7,066	N/A
2017	276,870	(3,301)	35,507	309,076	0.65%	6,283	N/A

Other Governmental Activities Debt

Fiscal Year	Limited Tax Pension Bonds ⁵	Certificates of Participation	Full Faith & Credit	Small Scale Energy Loan Programs	Recovery Zone Bond	Qualified Zone Academy Bond (QZAB)	Other Debt
	Obligations		Obligations	Obligations		Obligations	
2008	\$ 475,333	\$ 5,175	\$ 15,090	\$ 2,862	\$ -	\$ -	\$ 2,078
2009	465,622	-	15,090	2,092	-	-	2,035
2010	454,630	-	26,316	1,369	-	-	1,992
2011	443,571	-	48,095	676	11,000	-	-
2012	431,638	-	45,877	325	10,190	-	-
2013	419,034	-	14,768	179	9,356	-	471
2014	407,500	-	12,261	-	8,496	-	-
2015	395,958	-	9,970	-	7,611	-	-
2016	384,074	-	7,601	-	6,698	-	-
2017	372,250	-	10,200	-	5,757	4,000	-

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 17.

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 13. Data for 2016 and 2017 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.

Fiscal Year	Net Unamortized Premium (Discount)	Total District 3	Per Student 2	Per Capita ⁴
2008	\$ (167)	\$ 500,371	\$ 10,856	\$ 702
2009	(174)	484,665	10,529	667
2010	(181)	484,126	10,394	666
2011	(188)	503,154	10,754	673
2012	(195)	487,835	10,320	643
2013	(202)	601,793	12,663	785
2014	(209)	547,147	11,376	704
2015	(198)	796,890	16,445	1,008
2016	(187)	747,632	15,234	N/A
2017	(176)	704,408	14,320	N/A

Schedule 11
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
June 30, 2017
(dollars in thousands)

<u>Overlapping Issuer</u>	Net Property-tax Backed Debt ¹	Percent Overlapping	Overlapping Debt ²
Burlington Water District	\$ 1,370	100.00 %	\$ 1,370
City of Beaverton	34,567	1.75	605
City of Lake Oswego	9,190	5.02	461
City of Milwaukie	13,943	0.71	99
City of Portland	155,468	86.41	134,340
Clackamas County	155,330	0.11	171
Clackamas Cty RFPD 1	26,870	0.17	46
Metro	183,510	39.96	73,331
Mt Hood Community College	23,235	0.07	16
Multnomah County	143,743	76.15	109,460
Multnomah Cty Drainage District 1	50	100.00	50
Multnomah Cty RFPD 10	3,561	0.27	10
Portland Community College	302,090	50.17	151,559
Tualatin Hills Park & Rec District	82,525	1.24	1,023
Tualatin Valley Fire & Rescue District	48,820	2.01	981
Valley View Water District	1,622	100.00	1,622
Washington County	232,130	0.62	1,439
Washington Cty Enhanced Patrol Dist.	76	0.67	1
Subtotal, overlapping debt			<u>476,584</u>
Direct District debt (PERS) ³			372,074
Direct District debt (other) ³			<u>332,334</u>
Subtotal, Direct debt			<u>704,408</u>
Total direct and overlapping debt			<u>\$ 1,180,992</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 12
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2017

Real Market Value	\$ 106,935,120
Debt Limit (7.95% of Real Market Value) ¹	8,501,342
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	312,377
Less: Amount Available in Debt Service Funds	<u>(3,301)</u>
Amount of Debt Applicable to Debt Limit	<u>309,076</u>
 Legal Debt Margin	 <u><u>\$ 8,192,266</u></u>

	<u>Debt Limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2008	\$ 5,835,393	\$ -	\$ 5,835,393	0.00%
2009	6,267,884	-	6,267,884	0.00%
2010	6,194,374	-	6,194,374	0.00%
2011	6,028,990	-	6,028,990	0.00%
2012	5,680,406	-	5,680,406	0.00%
2013	5,604,461	158,187	5,446,274	2.82%
2014	5,917,214	118,738	5,798,476	2.01%
2015	6,517,491	382,186	6,135,305	5.86%
2016	7,228,979	346,748	6,882,231	4.80%
2017	8,501,342	309,076	8,192,266	3.64%

Allowable Percentage of Real Market Value:

^A Kindergarten through eighth grade, 9 x .0055	4.95%
^B Ninth through twelfth, 4 x .0075	<u>3.00%</u>
Allowable Percentage	<u><u>7.95%</u></u> ¹

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.

Source:

Market value from Multnomah County, Tax Supervising and Conservation Commission

Schedule 13
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 (dollars)	Unemployment Rate	
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	776,712	36,588,018	47,106	6.1	²
2015	790,294	38,906,295	49,230	5.3	²
2016	- ¹	- ¹	- ¹	4.9	²
2017	- ¹	- ¹	- ¹	4.4	²

¹ Data for 2016 and 2017 not available at time of printing.

² Rates as of June 30th each year.

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 14
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Principal Employers for the Portland Metro Area
Current Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Intel Corporation	19,500	1	1.65 %	16,740	1	1.60 %
Providence Health & Services	17,378	2	1.47	14,639	2	1.40
Oregon Health & Science University	15,424	3	1.30	11,500	4	1.10
Fred Meyer	11,200	4	0.95	8,500	5	0.81
Kaiser Permanente Northwest	10,269	5	0.87	8,221	6	0.79
Legacy Health System	9,300	6	0.79	8,196	7	0.79
Nike Inc.	8,500	7	0.72	7,648	8	0.73
Portland Public Schools	7,678	8	0.65			
Multnomah County	6,189	9	0.52			
City of Portland	5,667	10	0.48			
Safeway Inc., Portland Division				13,000	3	1.25
State of Oregon				6,750	9	0.65
Portland State University				6,105	10	0.58
Subtotal of Ten Largest Employers	111,105		9.40	101,299		9.70
All Other Employers	1,072,695		90.60	942,601		90.30
Total Portland MSA ¹ Employment	<u>1,183,800</u> ²		<u>100.00 %</u>	<u>1,043,900</u>		<u>100.00 %</u>

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

As of June 2017, not seasonally adjusted.

Sources:

Portland Business Journal, Book of Lists published December 2008 & December 2017.
Oregon Employment Department, Workforce and Economic Research



Schedule 15
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Full-time Equivalent District Employees by Assignment/Function
Last Five Fiscal Years

Assignment/Function	Full-time Equivalent Employees for the Fiscal Year				
	2013	2014	2015	2016	2017
Teachers	2,353.1	2,384.0	2,606.8	2,632.5	2,737.7
Educational Assistants	520.9	509.8	582.1	667.8	674.3
School Level Administration	144.2	142.3	155.0	151.0	166.5
District Level Administration	14.0	11.0	17.0	22.0	21.0
Other Staff	1,798.4	1,720.0	2,056.5	1,959.4	2,123.1
Total FTE	4,830.6	4,767.1	5,417.4	5,432.7	5,722.6

Source: District System Planning and Performance department.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Meal and Transportation Services Provided
Last Ten Fiscal Years

	<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>	
Nutrition Services								
Number of Meals Served ¹								
Paid Meals	1,553,008	28%	1,439,321	26%	1,443,806	25%	1,421,889	26%
Reduced Meals	577,275	10%	562,630	10%	549,157	10%	502,171	9%
Free Meals	<u>3,538,655</u>	<u>62%</u>	<u>3,485,451</u>	<u>64%</u>	<u>3,651,647</u>	<u>65%</u>	<u>3,560,515</u>	<u>65%</u>
Total meals served	<u>5,668,938</u>	<u>100%</u>	<u>5,487,402</u>	<u>100%</u>	<u>5,644,610</u>	<u>100%</u>	<u>5,484,575</u>	<u>100%</u>
Average Daily Breakfast Served	12,343		11,344		10,592		10,101	
Average Daily Lunch Served	19,875		19,867		20,369		20,295	
Student Participation	52.45%		47.98%		46.94%		46.96%	
Transportation								
Number of buses	240		239		252		258	
Total miles traveled	3,009,996		2,914,877		3,317,636		3,265,683	
Cost per mile	\$ 5.42		\$ 5.77		\$ 5.50		\$ 5.63	
Area encompassed by District (sq mi)	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

<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>	
1,382,329	25%	1,354,685	25%	1,313,005	25%	1,071,048	19%	1,114,504	20%	1,372,455	29%
441,829	8%	434,353	8%	375,796	7%	194,558	4%	209,753	4%	180,707	4%
<u>3,689,643</u>	<u>67%</u>	<u>3,632,901</u>	<u>67%</u>	<u>3,560,251</u>	<u>68%</u>	<u>4,315,732</u>	<u>77%</u>	<u>4,141,824</u>	<u>76%</u>	<u>3,225,700</u>	<u>67%</u>
<u>5,513,801</u>	<u>100%</u>	<u>5,421,939</u>	<u>100%</u>	<u>5,249,052</u>	<u>100%</u>	<u>5,581,338</u>	<u>100%</u>	<u>5,466,081</u>	<u>100%</u>	<u>4,778,862</u>	<u>100%</u>
10,400		10,768		10,380		10,846		10,724		9,831	
19,942		19,059		18,668		19,710		19,083		18,173	
49.14%		47.00%		45.80%		44.00%		44.40%		42.00%	
257		263		254		269		245		260	
3,019,548		3,392,622		3,156,795		3,127,505		3,273,739		3,213,782	
\$ 6.24		\$ 5.28		\$ 5.89		\$ 5.97		\$ 5.91		\$ 6.34	
160		160		160		160		160		160	

Schedule 17
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years

School or Program Type	Footnotes	Grade Range	ENROLLMENT										Square Footage
			2007 -08	2008 -09	2009 -10	2010 -11	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2016 -17	
ELEMENTARY, MIDDLE AND HIGH SCHOOLS													
Abernethy		KG-5	342	349	392	421	455	505	528	511	513	519	42,223
Ainsworth		KG-5	493	520	528	551	568	569	576	582	600	605	55,747
Alameda		KG-5	697	717	744	774	782	769	773	760	730	747	72,748
Arleta	(6)	KG-8	387	420	420	428	422	462	476	454	456	457	92,897
Astor	(6)	KG-8	381	438	458	445	482	478	500	497	493	455	39,241
Atkinson		KG-5	524	535	491	484	447	440	441	428	435	432	53,170
Beach	(6,18,19)	K-5	426	484	538	561	582	613	620	607	631	464	74,075
Beverly Cleary	(6,13,26)	KG,2,4-8	578	557	552	604	674	730	814	633	653	693	90,083
Boise-Eliot	(6,13)	PK-8	412	423	417	390	389	535	506	540	540	532	93,160
Bridger	(4,6)	KG-8	470	320	331	365	396	405	435	415	476	500	43,805
Bridlemile		KG-5	468	464	480	463	472	457	450	442	480	511	59,157
Buckman		KG-5	481	498	492	497	488	460	452	444	481	459	97,154
Capitol Hill		KG-5	354	321	357	351	371	403	405	460	437	448	60,802
Chapman		KG-5	476	532	544	522	562	592	646	674	643	584	72,037
Chief Joseph	(15,18)	PK-4	361	370	377	408	481	459	642	627	604	326	34,881
César Chávez	(2,6,9)	KG-8	587	499	484	477	453	473	483	451	522	551	91,922
Creative Science School Program	(4,6)	KG-8		260	301	305	356	388	425	444	476	492	48,651
Creston	(6)	KG-8	335	365	333	345	380	345	350	350	392	356	77,144
Duniway		KG-5	426	411	423	442	425	423	437	505	494	519	103,234
Faubion	(6,23)	PK-8	355	396	393	401	434	454	487	511	479	532	83,638
Forest Park		KG-5	502	512	501	507	491	502	490	486	449	455	54,900
Glencoe		KG-5	506	499	474	480	453	472	502	503	500	492	53,315
Grout		KG-5	349	339	346	361	359	371	377	389	376	384	78,250
Harrison Park	(4,6)	KG-8	507	719	732	751	751	757	742	742	729	676	108,847
Hayhurst		KG-8	144	143	158	165	185	172	182	256	277	340	48,918
Humboldt	(6,13)		235	258	275	230	219						Closed
Irvington	(6)	KG-8	505	503	505	529	483	460	478	484	493	446	58,842
James John		KG-5	430	404	384	394	402	439	461	445	429	405	62,397
Kelly		KG-5	464	468	467	509	570	626	622	636	610	604	80,343
King	(6)	PK-8	453	399	336	288	292	312	331	370	400	386	130,366
Laurelhurst	(5)	KG-8	536	606	708	704	684	665	673	671	691	684	56,555
Lee	(6)	KG-8	367	434	458	457	459	497	493	431	456	447	61,161
Lent	(6)	KG-8	475	528	549	561	577	573	604	560	564	523	71,792
Lewis		KG-5	310	349	374	396	393	400	414	382	382	412	45,745
Llewellyn		KG-5	341	396	434	485	543	583	570	518	531	517	73,644
Maplewood		KG-5	308	331	342	350	335	327	333	329	359	384	37,713
Markham		KG-5	349	360	376	376	384	383	393	386	377	418	76,805
Marysville	(6)	KG-8	407	437	435	404	363	352	416	405	390	381	51,553
Peninsula	(6,18,19)	K-8	326	370	375	361	358	368	376	396	374	266	59,957
Richmond		K-8	436	505	569	612	662	662	687	677	629	649	82,254
Rieke		KG-5	322	348	371	356	416	388	388	388	402	410	32,886
Rigler	(7,5,8,12)	KG-5	562	525	596	588	524	449	463	480	451	472	70,397
Rosa Parks		K-5	562	503	463	434	407	405	405	341	329	298	65,697
Roseway Heights	(2,6)	KG-8	660	565	578	551	589	616	606	668	697	643	99,038
Sabin	(6,14)	K-8	451	363	348	362	392	420	485	514	568	524	64,262
Scott	(5,7,8)	KG-8	539	530	563	533	521	504	507	481	473	512	70,069
Sitton		KG-5	315	309	291	307	333	356	376	399	390	401	59,735
Skyline	(6)	KG-8	258	266	294	281	276	273	265	309	300	300	35,559
Stephenson		KG-5	320	327	335	324	335	329	320	308	322	340	39,652
Sunnyside Environmental		KG-8	542	565	585	580	608	605	587	586	574	602	73,944
Vernon	(6,12)	K-8	453	394	397	376	500	440	394	386	407	471	80,992
Vestal	(6)	KG-8	389	428	433	451	420	395	402	399	412	381	101,473
Whitman		KG-5	370	369	372	347	361	351	349	316	271	287	55,559
Winterhaven		KG-8	335	345	345	352	346	352	356	346	350	353	55,803
Woodlawn	(6,18,19)	K-8	424	462	449	478	443	439	449	443	426	342	93,705
Woodmere		KG-5	418	398	397	393	397	383	371	338	312	303	50,130
Woodstock		KG-5	407	443	433	466	491	508	505	487	496	527	63,752
Elementary Schools Total			24,015	24,787	25,330	25,874	26,445	26,577	27,051	27,015	27,159	26,620	

Schedule 17
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years

School or Program Type	Footnotes	Grade Range	ENROLLMENT										Square Footage
			2007 -08	2008 -09	2009 -10	2010 -11	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2016 -17	
Beaumont		6-8	460	458	450	455	481	583	584	554	571	569	81,381
Binnsmead			346									Closed	
da Vinci		6-8	458	445	456	464	462	470	468	465	458	461	72,063
George		6-8	328	375	388	364	360	385	373	359	369	360	85,038
Gray		6-8	421	420	419	428	422	422	464	527	566	546	82,744
Hosford		6-8	516	531	548	547	534	538	576	591	640	631	74,964
Jackson		6-8	714	712	651	584	533	532	533	548	606	597	218,118
Lane		6-8	489	419	397	398	441	486	505	471	481	443	79,824
Mt. Tabor		6-8	588	555	559	579	593	606	628	662	694	730	84,785
Ockley Green	(15,18)	5-8	389	337	299	310	269	243				626	66,338
Sellwood		6-8	459	474	480	474	486	455	483	545	560	583	81,470
West Sylvan		6-8	886	863	863	849	848	888	945	958	966	911	96,171
Middle Schools Total			6,054	5,589	5,510	5,142	5,160	5,365	5,559	5,680	5,911	6,457	
Benson		9-12	1,218	1,134	1,100	986	889	889	830	879	914	994	370,067
Cleveland		9-12	1,528	1,516	1,553	1,570	1,520	1,532	1,523	1,516	1,600	1,609	291,498
Franklin	(3,24)	9-12	1,233	1,007	1,032	1,036	1,480	1,469	1,460	1,552	1,570	1,612	340,207
Grant	(11)	9-12	1,642	1,553	1,610	1,620	1,565	1,536	1,486	1,503	1,481	1,476	275,173
Jefferson	(3,11)	9-12	707	631	617	621	584	441	511	493	524	590	282,374
Lincoln		9-12	1,404	1,335	1,395	1,410	1,476	1,513	1,565	1,583	1,696	1,703	176,257
Madison	(11)	8-12	859	900	860	910	1,161	1,107	1,066	1,077	1,134	1,070	295,996
Marshall	(10)	9-12	775	774	747	707						Closed	271,427
Roosevelt	(11)	9-12	730	703	681	683	748	828	914	947	940	881	232,601
Wilson		9-12	1,533	1,480	1,439	1,435	1,387	1,236	1,230	1,257	1,324	1,413	252,814
High Schools Total			11,629	11,033	11,034	10,978	10,810	10,551	10,585	10,807	11,183	11,348	
PPS Alternative Programs													
ACCESS Program	(14,26)	1-8		159	200	196	198	219	236	506	552	543	69,082
Alliance High School		9-12	292	288	267	221	233	222	183	172	178	199	34,643
Clarendon Early Learning Center										16	16		
Head Start Early Childhood Education		PK	674	696	732	804	790	824	808	739	799	716	109,495
Metropolitan Learning Center		KG-12	444	424	443	440	447	455	440	436	426	427	65,689
Odyssey (East Sylvan)	(21)	KG-8	185	208	227	231	235	240	233	228	222	212	23,620
Portland International Scholars Academy									10	31	22	28	
Ramona Early Childhood		PK					17	10	10	2	1		
Reconnection Center		9-12						5	5	10	28	30	
Teen Parent Program					2	4	4	7	7	5	1	4	
PPS Alternative Programs Total			1,432	1,587	1,642	1,663	1,689	1,739	1,699	1,716	1,817	1,756	
Community-Based Alternative Programs Total	(17)		1,342	1,282	1,206	1,275	1,150	1,207	1,055	1,034	964	968	
Special Services Total	(1,22)		539	522	500	385	502	457	485	443	451	455	89,443
Public Charter Schools Total	(16,20)		1,077	1,246	1,374	1,486	1,532	1,627	1,664	1,764	1,590	1,585	16,755
Total All			46,088	46,046	46,596	46,803	47,288	47,523	48,098	48,459	49,075	49,189	
Other or vacant facilities													
BESC													745,254
Columbia													63,786
Edwards													22,337
Green Thumb Facility													30,184
Humboldt (Portion of)	(25)												28,095
Kellogg	(3)												92,360
Kenton													52,359
King Neighborhood Facility													9,200
Rice													15,704
Smith													52,278
Terwilliger													25,607
Wilcox													19,762
Total Square Footage All Locations													9,168,742

Schedule 17
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years

School or Program Type	Footnotes	Grade Range	ENROLLMENT										Square Footage
			2007 -08	2008 -09	2009 -10	2010 -11	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2016 -17	
Elementary Schools			24,015	24,787	25,330	25,874	26,445	26,577	27,051	27,015	27,159	26,620	3,791,779
Middle Schools			6,054	5,589	5,510	5,142	5,160	5,365	5,559	5,680	5,911	6,457	1,022,896
High Schools			11,629	11,033	11,034	10,978	10,810	10,551	10,585	10,807	11,183	11,348	2,788,414
PPS Alternative Programs			1,432	1,587	1,642	1,663	1,689	1,739	1,699	1,716	1,817	1,756	302,529
Plus enrollment not normally within PPS facilities:													
Community Based Programs			1,342	1,282	1,206	1,275	1,150	1,207	1,055	1,034	964	968	-
Special Services			539	522	500	385	502	457	485	443	451	455	89,443
Public Charter Programs			1,077	1,246	1,374	1,486	1,532	1,627	1,664	1,764	1,590	1,585	16,755
Other or vacant facilities													1,156,926
			<u>46,088</u>	<u>46,046</u>	<u>46,596</u>	<u>46,803</u>	<u>47,288</u>	<u>47,523</u>	<u>48,098</u>	<u>48,459</u>	<u>49,075</u>	<u>49,189</u>	<u>9,168,742</u>

October 2016 Enrollment Summaries are based on enrollment on 10/3/2016 as extracted from Synergy student information system. Students receiving Special Education services only who are not regularly attending, but are in the student information system (SIS), are excluded from the enrollment summaries.

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 school day 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."

Notes:

- 1 Day and Residential Treatment Programs (long-term care and treatment).
- 2 Effective 2007-08, Clarendon ES and Portsmouth MS merged to form a K-8 school.
- 3 Effective 2007-08, 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.
- 4 Effective 2008-09, Binnsmead closed and the Clark School students and staff moved from the Clark site to the Binnsmead site. The school was renamed Harrison Park. The Creative Science School Program (CSSP) expanded and moved from Bridger Elementary to the Clark site.
- 5 Effective 2009-10 Laurelhurst, Rigler, Scott became K-8 schools.
- 6 Effective 2008-09 Arleta, Astor, Boise-Eliot, Bridger, Clark, Creston, Faubion, Humboldt, Irvington, Lee, Lent, Marysville, Peninsula, Sabin, Skyline, Vestal, Woodlawn became K-8 schools.
- 7 Effective 2009-10 Scott and Rigler became K-8 schools.
- 8 Effective 2008-09 Scott and Rigler remained K-7 schools.
- 9 Effective 2010-11, Clarendon-Portsmouth was renamed César Chávez.
- 10 Effective 2011-12, Marshall closed. 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.
- 11 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.
- 12 Effective 2011-12 school year, Rigler neighborhood 7th and 8th graders attended Vernon.
- 13 Effective 2012-13, Humboldt closed. Students from Humboldt neighborhood now attend Boise-Eliot
- 14 Effective 2013-14, ACCESS, a district-wide alternative education program is located at the Rose City Park site.
- 15 Effective 2013-14, Chief Joseph and Ockley Green merged to form Chief Joseph/Ockley Green K-8.
- 16 Effective 2015-16 LEP Charter Closed.
- 17 Effective 2016-17, "New Avenues for Youth" and "Outside In" are no longer contracted with PPS
- 18 Effective 2016-17, Ockley Green re-opens as a middle school, 5th grade from Chief Joseph remains in the Ockley Green building for 2016-17.
- 19 Effective 2016-17 Beach, Peninsula & Woodlawn go from K-8 to K-5
- 20 Effective 2016-17, Self Enhancement Academy does not serve 6th grade.
- 21 Effective 2016-17, The Odyssey program that was located at Hayhurst relocated to the East Sylvan Building
- 22 The Pioneer program consists 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.
- 23 Effective 2016-17, Faubion razed and under construction. For 2016-17 occupies the Tubman building. Will re-open Faubion building during 2017-18 school year.
- 24 Effective 2016-17, Franklin occupied Marshall campus while under construction.
- 25 Effective 2014-15, Humboldt partially occupied by KairosPDX Charter School
- 26 Effective 2014-15, Beverly Cleary 1st and 3rd grades attended ACCESS at Rose City Park.





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



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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH 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, 2017, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2017.

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 162-10-330 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.



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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

Page 2

COMPLIANCE (Continued)

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

State School Fund Factors and Calculation:

- The number of years of teacher experience reported by the District was either overstated or understated for five of the sixty teachers in our sample. The total overstatement of years of experience was six.

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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the separately issued Report Requirements of the Single Audit Act Schedule of Findings and Questioned Cost, as Findings 2017-001 through 2017-003 that we consider to be material weaknesses.

PURPOSE OF THIS REPORT

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, Kowala & Warwick LLP

Lake Oswego, Oregon
December 13, 2017



Portland Public Schools Nondiscrimination Statement

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

Board of Education Policy 1.80.020-P

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Darwin Dittmar, Sr. Bond Accountant
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Chris Roe, Sr Accountant/Analyst
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Lonny Doi, Functional Lead, Financial Systems
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Diane Saggau, Fiscal Services Associate II
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Jill Bellone, Accountant/Analyst
Teresa Eckblad, Financial Services Clerk
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