

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2016

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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MULTNOMAH COUNTY, OREGON

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Reynolds School District
Administration Offices
1204 NE 201st Avenue
Fairview, OR 97024
503.661.7200 • FAX 503.667.6932

December 14, 2016

To Board of Education and Citizens of the Reynolds School District:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Reynolds School District (Multnomah County School No. 7) for the fiscal year ended June 30, 2016. This report is prepared in conformance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

The District's Finance Department prepared this report, and management assumes the responsibility for the completeness, reliability, and accuracy of all the information presented.

The District's management has established a comprehensive framework that is designed both to protect the assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statement in conformity with accounting principles generally accepted in the United States of America (GAAP). Since the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit

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, Pauly Rogers and Company, P.C., have completed their audit of the financial statements and, accordingly, have issued an unqualified ("clean") opinion on the Reynolds School District's financial statements for the year ended June 30, 2016. The independent auditors' report is located at the front of the financial section of this report.

The U.S. Office of Management and Budget (OMB) Uniform Guidance Compliance Supplement includes requirements for state and local governments that expend \$750,000 or more in federal assistance. Pauly Rogers and Company, P.C. has provided various required reports which are included in the Single Audit Section of this report.

Management's Discussion and Analysis

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 MD&A can be found immediately following the independent auditors' report.

PROFILE OF THE DISTRICT

Mission Statement:

Each graduate embraces lifelong learning and applies skills in technology, global literacy, creativity, and critical-thinking to enhance family, career, and community.

General Background

The Reynolds School District was formed in 1954 as a consolidation of the Fairview, Troutdale, and Wilkes elementary school districts. In 1975, Rockwood School District merged with Reynolds.

The District has 11 elementary, three middle, one high school, one alternative school and six alternative programs, serving 10,294 students from a diverse geographic region and from various backgrounds. Its students speak more than 68 languages.

The District also has four sponsored charter schools. In May of 1999, the State of Oregon passed Oregon's Charter School Law (ORS 338) which permits parents, teachers, or community members to contract with the school District or the State as a sponsor for the operation of a charter school. The charter schools are financed by a portion of the State School Funds distributed to the District and any revenue they can raise themselves. The District is allowed to withhold 5 – 20% of its State School Funds, per Average Daily Membership Weighted (ADMw). The District is legally required to provide special education and English Language Development to its students that meet state and federal requirements and has provided 5.8 full-time equivalent teachers and specialists working at the Charter Schools. The District has no equity interest in any of the charter schools, and all are considered legally separate organizations.

The high school consistently ranks as one of the largest, in terms of student population, in the state. Reynolds High School students may also attend the Center for Advanced Learning, a charter school partnership between four neighboring districts (Centennial, Corbett, Gresham-Barlow and Reynolds), where students can choose to focus on health sciences, engineering or computer science.

District Structure

The District, a fiscally independent entity, is organized with a seven-member elected Board of Directors and a board appointed budget committee. The School Board sets district policies, employs staff and dedicates resources. It is the chief governing body and is exclusively responsible for its public policies and accountable for fiscal oversight. The chief administrative officer of the District is the superintendent who is appointed by the Board.

District management includes a superintendent, two chief officers, and 48 principals, vice-principals, and district administrators. The District employs 1,172 full-time equivalent personnel, including principals, vice-principals, administrators, teachers, supervisors, secretarial staff, bus drivers, maintenance personnel, cafeteria staff and other support staff.

Under Oregon State law, school districts are independent municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. The District discharges this responsibility by building, operating and maintaining school facilities, developing, and maintaining approved educational programs and courses of study, including career/technical educational programs, and programs for English language learners and special needs students, and providing for transportation and feeding of students in accordance with District, State, and Federal programs. This report includes all funds of the District.

Geography and Population

The District spans from 141st Avenue to the Sandy River and from the Columbia River on the North to SE Market Street and SE Stark Street to the South. The district serves Portland, Gresham, Fairview, Wood Village, and Troutdale, and is a mix of urban and rural residential, high tech manufacturing and farm land.

APPROPRIATIONS AND BUDGETARY CONTROLS

The Board is required to adopt a final budget by no later than the close of the fiscal year. The Oregon Department of Revenue governs the District's budget to ensure that the District remains in compliance with Oregon Budget Law. The annual budget serves as a management tool to enhance performance efficiency and effectiveness, a financial system to account for revenues and expenditures, and a control mechanism to ensure public money is spent as it is authorized. The budget also provides the authority to levy property taxes.

The entire Board, together with seven appointed residents of the school district, serves as the District's Budget Committee. The role of the Budget Committee is to help assure that the District Budget Document and fiscal practices address the budget goals set by the Board of Education.

Consistent with Oregon Budget Law and Oregon Department of Education Chart of Accounts, expenditures are appropriated for each legally adopted annual operating budget as follows:

- Instruction
- Support Services
- Community Services
- Facilities Acquisition and Construction
- Debt Service
- Operating Contingencies
- Fund Transfers
- Unappropriated Ending Fund Balance

Budgetary appropriations may not be legally over-expended except in the case of reimbursable grant expenditures and trust monies which could not be reasonably estimated at the time the budget was adopted. After budget approval, the Board may approve supplemental appropriations if any occurrence, condition or need exists which had not been anticipated at the time the budget was adopted. Supplemental budgets must be submitted to the Board for approval by the Board.

Cash Management

Through the year, cash not required for current operations is invested in the State of Oregon Local Government Investment Pool.

FACTORS AFFECTING FINANCIAL CONDITION

Statewide Revenue

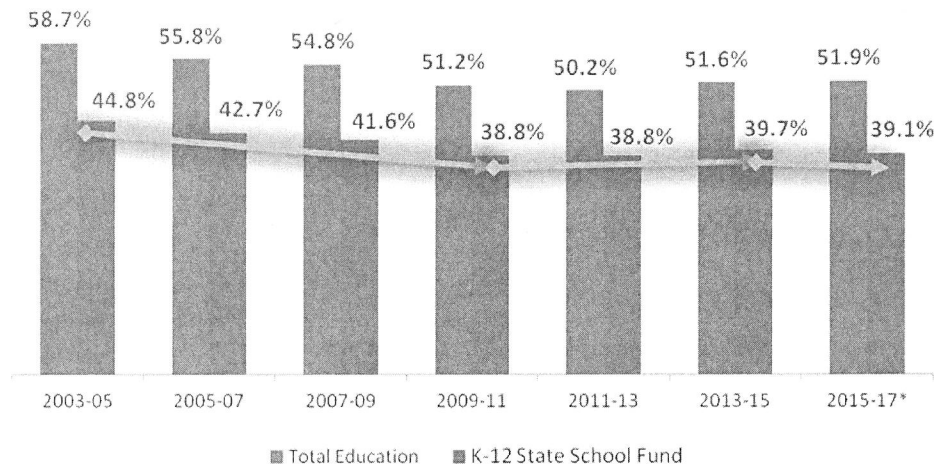
Over the past two decades, several citizen initiatives have changed how Oregon funds public education starting with Measure 5 in 1990. The property tax limitations enacted under Measure 5 and the later Measures 47 and 50 shifted the primary burden of paying for K–12 education from local property taxpayers to the state General Fund. This shift led the Legislature in 1991 to establish a school funding equalization formula. That funding formula, largely based on student enrollment numbers and student demographics, determines how much money each school district will receive from the State School Fund to fill the gap between the district's local revenue (property taxes) and its equalization target under the formula. This shift affected how funds are provided to public schools, making them more dependent on the overall economy of Oregon. When the economy decreases and there is a high unemployment rate, public programs, and services such as schools are directly impacted because the state's primary source of revenue is based on income taxes.

Since the economic downturn in 2008 and slow recovery, income tax and property tax collections have steadily increased. This has allowed for increased spending by the state on public programs; however, increased state spending on K-12 education does not necessarily translate to local revenue increases for school districts.

K-12 Revenue

The state's overall 2015-17 budget is decreasing the K-12 share of the overall budget. The K-12 share of the budget is actually going down from 39.7% to 39.1%. This means that K-12 education is not receiving a proportionate of the State's increased resources during the economic upturn.

Education's Share of the State Budget, 2003-05 to 2015-17



Job Growth Factor

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

According to the Office of Economic Analysis (OEA), Oregon has averaged 1.5 to 2.0 % job growth and the forecast calls for peak growth of 3% over the 2015-17-time frame.

A summary of Economic Forecast is as follows:

Economic Forecast Summary

		Quarterly					Annual				
		2016:1	2016:2	2016:3	2016:4	2017:1	2015	2016	2017	2018	2019
Personal Income, Nominal	U.S.	3.9	3.4	3.9	4.8	5.5	4.4	3.9	4.9	5.1	5.0
% change	Oregon	6.1	6.5	5.8	6.3	6.6	5.8	5.5	6.5	6.4	5.7
Wages and Salaries, Nominal	U.S.	3.8	5.3	5.2	5.3	5.4	4.6	4.6	5.3	4.8	4.6
% change	Oregon	9.1	8.5	7.2	6.9	7.1	6.6	7.1	7.2	6.4	5.3
Population	U.S.	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
% change	Oregon	1.1	1.3	1.5	1.1	1.1	1.3	1.3	1.2	1.2	1.2
Housing Starts	U.S.	1.15	1.18	1.21	1.26	1.33	1.11	1.20	1.39	1.50	1.55
U.S. millions, Oregon thousands	Oregon	19.2	18.0	18.6	19.5	20.5	16.0	18.8	21.4	22.9	23.1
Unemployment Rate	U.S.	4.9	4.9	4.8	4.8	4.7	5.3	4.8	4.7	4.7	4.9
	Oregon	4.8	4.9	4.9	5.0	5.0	5.8	4.9	5.1	5.3	5.4
Total Nonfarm Employment	U.S.	1.9	1.7	1.7	1.8	1.4	2.1	1.9	1.4	0.9	0.8
% change	Oregon	4.6	3.4	3.1	3.1	3.0	3.3	3.5	3.0	2.0	1.0
Private Sector Employment	U.S.	2.1	2.0	2.0	2.1	1.6	2.4	2.1	1.6	0.9	0.7
% change	Oregon	4.9	3.0	3.3	3.4	3.3	3.5	3.7	3.2	2.1	1.0

<http://www.oregon.gov/DAS/OEA/docs/economic/forecast1214.pdf>.

Reynolds School District has been fortunate to have weathered the economic recession better than many other nearby school districts. However, the District has been utilizing reserves to balance the annual budget for some time. The ending fund balance for the year ended June 30, 2016 was down \$749,906 from the prior year. The ending fund balance for June 30, 2016 and 2015 was as follows:

GENERAL FUND ENDING BALANCE	
2014-15	2015-16
\$9,020,930	\$8,271,023

The District continues to meet the goal of using current year revenues for current year expenses while maintaining 5% ending fund balance per Board Policy. The goal of the District will be to continue the practice of only spending down fund balances on one-time expenditures such as capital and other non-labor costs.

The District's largest source of revenue comes from the State School Fund and is determined using projected student enrollment in the District and projected transportation expenditures.

The District has begun to experience decreasing enrollment. The enrollment for the year ended June 30, 2016 was down 131 students from the prior year. The enrollment for June 30, 2016 and 2015 was as follows:

2015-2016 Enrollment by Grade Data Excluding Charters													
Grade	12-Oct-15	28-Oct-15	18-Nov-15	1-Dec-15	6-Jan-16	26-Jan-16	1-Mar-16	16-Mar-16	5-Apr-16	3-May-16	18-May-16	1-Jun-16	
Kndgtn	844	841	857	839	847	853	845	842	839	842	841	843	
1st	868	874	868	865	852	858	853	851	850	856	854	860	
2nd	929	931	931	924	918	923	914	915	908	911	907	911	
3rd	838	839	840	843	836	829	823	821	819	815	813	819	
4th	826	823	822	817	823	819	822	820	817	818	815	813	
5th	796	797	796	800	795	808	802	804	801	806	812	811	
6th	741	738	730	725	723	727	720	716	708	714	718	718	
7th	801	805	797	784	780	780	787	787	784	785	785	785	
8th	734	731	730	726	723	720	717	716	712	709	717	714	
9th	775.71	775.71	778.71	780.71	771.14	772.43	772.57	781.57	780.57	779.57	767.57	769	
10th	755.86	756.86	752.72	751.72	744	761	756.7	724.84	717.56	720.13	718.13	714.13	
11th	688.86	689.86	683.86	676.86	669.86	657.86	655.86	650.86	645.86	637.86	635.86	632.86	
12th	786.56	786.84	768.12	758.12	753.55	744.55	745.03	735.35	734.35	721.82	715.07	709.07	
SPED SC	191	188	182	195	196	198	196	195	200	197	198	195	
Total	10,575	10,576	10,536	10,485	10,432	10,451	10,409	10,360	10,316	10,312	10,297	10,294	-
Change		1.3	(39.9)	(51.0)	(53.9)	19.3	(41.7)	(49.5)	(43.3)	(4.0)	(15.8)	(2.6)	

2014-2015 Enrollment by Grade Data Excluding Charters													
Grade	1-Oct-14	4-Nov-14	4-Nov-14	2-Dec-14	16-Dec-14	21-Jan-15	4-Mar-15	4-Mar-15	1-Apr-15	6-May-15	6-May-15	3-Jun-15	
Kndgtn	917	929	929	923	924	925	916	916	908	903	903	872	
1st	936	933	933	929	924	932	924	924	928	929	929	935	
2nd	868	860	860	858	849	857	860	860	858	855	855	858	
3rd	856	858	858	855	850	844	857	857	852	852	852	844	
4th	814	812	812	805	799	803	804	804	801	805	805	801	
5th	738	735	735	735	735	735	741	741	736	743	743	748	
6th	836	827	827	821	823	821	820	820	817	810	810	806	
7th	772	761	761	751	748	759	749	749	748	740	740	736	
8th	832	815	815	814	808	808	811	811	804	799	799	796	
9th	781	781	781	771	769	776	790	790	786	780	780	772	
10th	755	756	756	770	738	726	732	732	722	709	709	695	
11th	740	744	744	698	711	699	690	690	687	680	680	679	
12th	783	775	775	766	743	728	727	727	718	705	705	693	
SPED SC	151	171	171	182	182	188	187	187	187	187	187	190	
Total	10,779	10,757	10,757	10,678	10,603	10,601	10,608	10,608	10,552	10,497	10,497	10,425	-

Due to the important relationship between funding and enrollment, the District will continue to carefully review future projections.

LONG-TERM FINANCIAL PLANNING

The District maintains 28 facilities totaling 1.4 Million square feet. As is true of many school districts in the State of Oregon, funding for capital improvements is limited due to prioritization of limited District resources for direct support of student learning in the classroom. As a result, our facilities, some over 100 years old, are in dire need of improvements and/or replacement to meet current building codes, as well as expansions to serve our existing student population who experience over-crowding due to shortages of classroom and common spaces.

A comprehensive facilities assessment was completed in 2013-14 to detect needed improvements ranging from major facility systems and seismic structural issues, to the present use of space and existing capacity and safety needs.

The outcome of the assessments led into a Facility Master Plan process adopted by the Reynolds School Board in August 2014. The Facility Master Plan report cites facilities improvements and capacity expansion projects totaling more than \$500 Million to be completed over 20 years.

A Facilities Community Taskforce was formed to finalize project prioritization work, and made recommendation to the Board in January 2015 for needed improvements and possible funding sources. This led to Board approval for the \$125 million property tax levy measure on the May 19, 2015 election for bond capital projects.

On May 19, 2015, the voters supported the property tax levy measure authorizing the sale of construction bonds. The bond revenues will provide safe, smart and sustainable schools. Fairview, Troutdale and Wilkes Elementary Schools will be replaced and Reynolds High School will be remodeled with additional classrooms wings and will connect all the buildings. All schools will receive safety and security upgrades.

On June 10, 2015, the Board authorized the issuance, sale, execution and delivery of the District's 2015 General Obligation Bonds. On August 18, 2015, the District issued \$122,945,047.40 General Obligation Bonds, series 2015 for a premium of \$14,936,284.80, totaling \$137,881,332.20.

On September 17, 2015, The Reynolds Citizen Oversight Committee met for the first time. The Committee is made up of board members, community members, district's staff and Project Manager. The Committee meets monthly to monitor and report on the expenditures of the 2015 G.O. Bonds proceeds, and to inform the public on those expenditures. The Committee will promptly inform the Board of any wasteful spending.

For schools that are not part of the 2015 G.O. Bonds proceeds, the District will continue to annually increase capital improvements to sites and facilities to maintain District's assets.

That work is reflected within the 2016-17 Adopted Budget. All facility improvements moving forward will align with the Facility Master Plan.

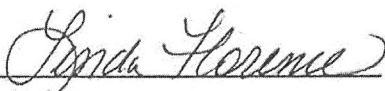
AWARD AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Reynolds School District for its Comprehensive Annual Financial Report for the year ended June 30, 2015. This was the second consecutive year the District has received this prestigious award. To be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report complies with both generally accepted accounting principles and applicable legal requirements

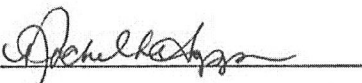
A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to express our appreciation to the entire Finance Department staff and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We also wish to extend our appreciation to the members of the Board of Directors, the administrators, and employees of the District and citizens for their support and dedication to the financial operations of the District.

Respectfully submitted,

Signed: 

Title: Superintendent

Signed: 

Title: Chief Financial and Operations Officer

Signed: 

Title: Director of Finance

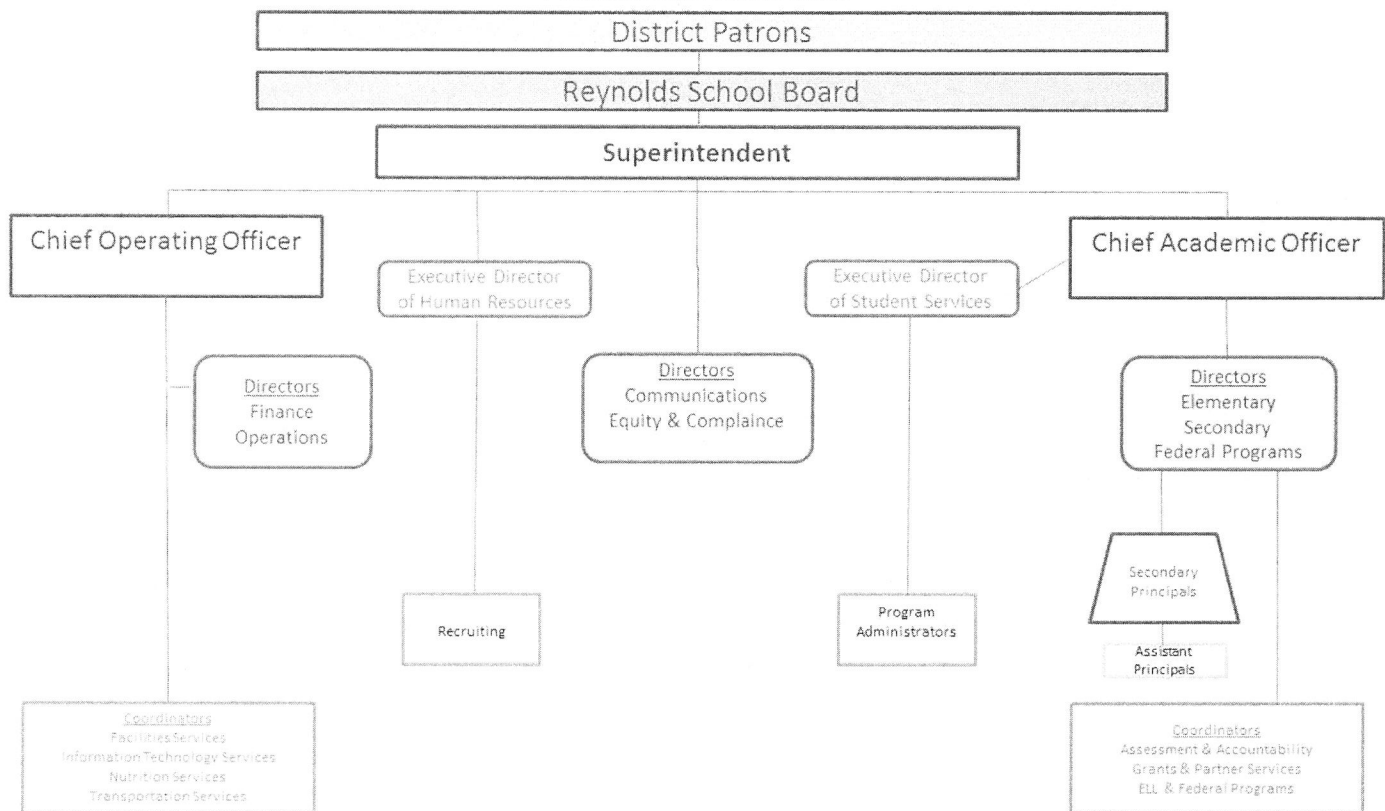
Title: Director of Finance

A great place for learning.

www.reynolds.k12.or.us/schools/



Reynolds School District
Organizational Chart
Administrators 2015-2016



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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2016

<u>NAME</u>	<u>TERM EXPIRATION</u>
Dane Nickerson, Chair	June 30, 2019
Joe Teeny, Vice Chair	June 30, 2017
Stevie Chao	June 30, 2017
Diego Hernandez	June 30, 2017
John Lindenthal	June 30, 2017
Tamara Schaffner	June 30, 2019
Diane Whitehead	June 30, 2017

The above Board Members receive mail at the address below:

Linda Florence, Superintendent

Administrative Office
1204 N.E. 201st Avenue
Fairview, Oregon 97024

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Government Finance Officers Association

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

Presented to

**Reynolds School District #7
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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

December 6, 2016

To the Board of Directors
Multnomah County School District No. 7
Multnomah County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 7, as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 7 thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB 72 – *Fair Value Measurement and Application* and GASB 79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the schedules of funding progress or employer contributions for pension benefits, OPEB, or other post-employment health benefits or management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. The supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

The introductory, statistical and other information 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 Legal and Other Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 6, 2016 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports 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. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 6, 2016, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.


ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.



Reynolds School District
Administration Offices
1204 NE 201st Avenue
Fairview, OR 97024
503.661.7200 • FAX 503.667.6932

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

As management of Reynolds School District # 7 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2016.

The focus of the Management's Discussion and Analysis (MD&A) is on the current year activities, resulting changes and currently known facts. The MD&A should be read in conjunction with the District's financial statements, including the accompanying notes. Additionally, as a required part of the MD&A, comparative information for the current year is presented for financial analysis to enhance the understanding of the District's financial performance.

NEW ACCOUNTING STANDARDS IMPLEMENTED

The District implemented Governmental Accounting Standards Board (GASB) Statement 72, *Fair Value Measurement and Application* (GASB 72) and Statement 79 *Certain External Investment Pools and Pool Participants* (GASB 79) in fiscal year 2015-16.

GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

The District anticipates no financial impact due to the implementation of these statements.

FINANCIAL HIGHLIGHTS

- At June 30, 2016, in the government-wide financial statements, the assets and deferred outflows of resources of the District trailed its liabilities and deferred inflows of resources by (\$27.1) million (net position).
- At June 30, 2016, the District's total net position decreased by \$17.5 million for the fiscal year, a 182% decline in the District's financial position as compared to the prior year.
- At June 30, 2016, the District's governmental funds reported combined ending fund balances of \$150.3 million. This represents an increase of \$134.6 million from the prior year, a 854.24% increase of in the District's financial position as compared to the prior year. Approximately 91% of this total amount, \$8.0 million is unassigned, and available for spending at the District's discretion, but subject to restrictions of fund type. The remaining fund balances are either non-spendable, restricted or committed: \$137.1 million for use on capital projects, \$3.0 million for debt service and the balance of \$2.2 million for other purposes.
- At June 30, 2016, the unrestricted fund balance (the total of the committed and unassigned components of fund balance) for the General Fund was \$8.3 million, including a GASB 54

reporting requirement of \$263,428 from Early Retirement Fund, or about 7% of General Fund expenditures. (General Fund \$8,007,595 + Early Retirement Fund \$263,428 = \$8,271,023)

- GASB54 requires the Early Retirement Fund's ending fund balance be reported with the General Fund, instead of reporting with Other Government funds as in prior years.
- Total cost of all the District's programs was \$161.6 million for the fiscal year, an increase of \$46.6 million (40.6%) from the prior year. The change in PERS net pension liability makes up a large portion of this increase.
- The District's total long term debt increased by \$158.8 million during fiscal year 2015-16. This is primarily due to the sale of \$122.9 million general obligation bonds and a bond premium of \$14.9 million realized during the bond sale. The bond money will be used for the: (1) construction for three new elementary schools at the existing sites, (2) additions and renovations at the high school, and (3) design and construction of secure vestibules in 12 other schools within the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 like private-sector businesses.

- The *Statement of Net Position* presents information on all the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned, but unused, vacation leave).

Both government-wide financial statements distinguish 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*). As is typical for a school district, the Reynolds School District has governmental activities, such as regular and special education programs, child nutrition services, transportation, administration, and facilities improvements and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues. The District does not have any business-type activities.

The government-wide financial statements can be found on pages 4 and 5 of this report.

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. 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 the funds of the District are governmental funds. The School Board sets appropriations within every fund each year (for instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, transfers, contingency, and unappropriated ending fund balance and other GASB 54 classifications) that establish the legal limits for expenditures of the District.

Governmental funds. The 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 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 financing decisions. Both 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*.

The District maintains seven 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 (1) General Fund, (2) Federal Program Fund, (3) Debt Service Fund, (4) PERS Bond Fund, (5) 2015 GO Bond Debt Service Fund, (6) 2015 BO Bond Projects Fund, and (7) Capital Projects Fund. The District classifies these seven funds as major funds.

Additionally, the District adopts an annual appropriated budget for all its funds as stated above. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found beginning on pages 6-11 of this report.

Fiduciary funds. The Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District maintains eight fiduciary funds. The fund is used to report resources held in trust for students to use for scholarships.

The basic fiduciary fund financial statements are located on pages 12 – 13 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 14 to 39 of this report.

Other information is included on the basic financial statements and accompanying notes. The State of Oregon requires governmental entities to provide financial information prepared in accordance with Oregon's Budgetary Law (Budgetary Basis). The District also includes additional supplemental information to assist the users of the financial statements in gaining an understanding of the District's financial position. Other information (both required and additional) can be found on pages 40-58 of this report.

Additionally, the Federal Government and the State of Oregon require Governmental entities to include additional auditor reports and schedules. The 2015-2016 Auditors' Comments and Disclosure includes the auditor's report on internal accounting control and other matters. The Grant Compliance review includes a schedule of Federal Awards along with reports on internal control, program compliance and schedule of prior and current year audit findings relative to Federal awards. The required auditors' comments, disclosures and grant compliance review information can be found on pages 59-60 and 77-84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The District's assets and deferred outflows of resources trailed its liabilities and deferred inflows of resources by (\$27.1) million at June 30, 2016.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 36% of total assets.

The remaining assets consist mainly of investments, cash, inventories, grant and receivable (grants and property taxes).

The District's largest liability, or approximately 94.4%, is for the repayment of long-term debt and obligations including post-employment benefit obligations, pension (PERS) bonds, and all general obligation and limited tax pension obligation bonds. Other liabilities, representing about 5.6% of the District's total liabilities, consist principally of payables on accounts, accrued salaries and benefits and liabilities due within one year.

Most of the District's net position of negative \$27.1 million reflect its investment in capital assets (e.g. land, building, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding and unspent bond proceeds. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are no available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

The District's net investment in capital assets (negative \$84.6 million) is a result of total net capital asset less principal and premiums for debt items.

The District's restricted net position reflects resources that are subject to external restrictions on how they may be used. The District has two restricted net positions:

- Restricted for Debt service (\$3.0 million) is the total ending fund balance for Debt Service Fund, PERS Bond Fund and the 2015 G.O. Bond Debt Service Fund. The total can also be seen on pages 7 and 9 of this report.
- Restricted for Special Projects (\$2.8 million) are the State and Local Programs and Food Service Fund Balances added together. These amounts can be seen on pages 7 and 49 of this report.

The remaining balance in net position (\$51.7 million) is unrestricted. Net Position at June 30, 2016 as compared to June 30, 2015:

Governmental Activities

	2016	2015	Increase/ Decrease
ASSETS			
Current and Other Assets	\$ 161,117,082	\$ 36,241,285	\$ 124,875,797
Net Capital Assets	<u>90,373,973</u>	<u>88,263,422</u>	<u>2,110,551</u>
Total Assets	<u>251,491,055</u>	<u>124,504,707</u>	<u>126,986,348</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferrals	<u>4,291,044</u>		<u>4,291,044</u>
TOTAL ASSETS AND PENSION RELATED DEFERRALS	<u>255,782,099</u>		<u>255,782,099</u>
LIABILITIES			
Other Liabilities	15,422,540	14,016,412	1,406,128
Long-Term Liabilities	<u>261,476,422</u>	<u>102,654,153</u>	<u>158,822,269</u>
Total Liabilities	<u>276,898,962</u>	<u>116,670,565</u>	<u>160,228,397</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferrals	<u>6,003,228</u>	<u>17,465,420</u>	<u>(11,462,192)</u>
TOTAL LIABILITIES AND PENSION RELATED DEFERRALS	<u>282,902,190</u>		<u>282,902,190</u>
NET POSITION			
Net Investment in			
Capital Assets	(84,665,144)	44,378,505	(129,043,649)
Restricted	5,845,304	4,738,094	1,107,210
Unrestricted	<u>51,699,748</u>	<u>(58,747,877)</u>	<u>110,447,625</u>
Total Net Position	<u>\$ (27,120,092)</u>	<u>\$ (9,631,278)</u>	<u>\$ (17,488,814)</u>

During the current fiscal year, the District's overall financial position changed as indicated by a decrease of \$17.5 million in net position. The District's Net Investment in Capital Assets decreased by \$129 million due primarily to issuance of related debt during the year. The resulting negative net position increased the balance represented by unrestricted net position by \$110 million.

Governmental Activities.

Some key elements of change in the governmental activities net position for the year ending June 30, 2016, and 2015 are as follows:

Statement of Activities

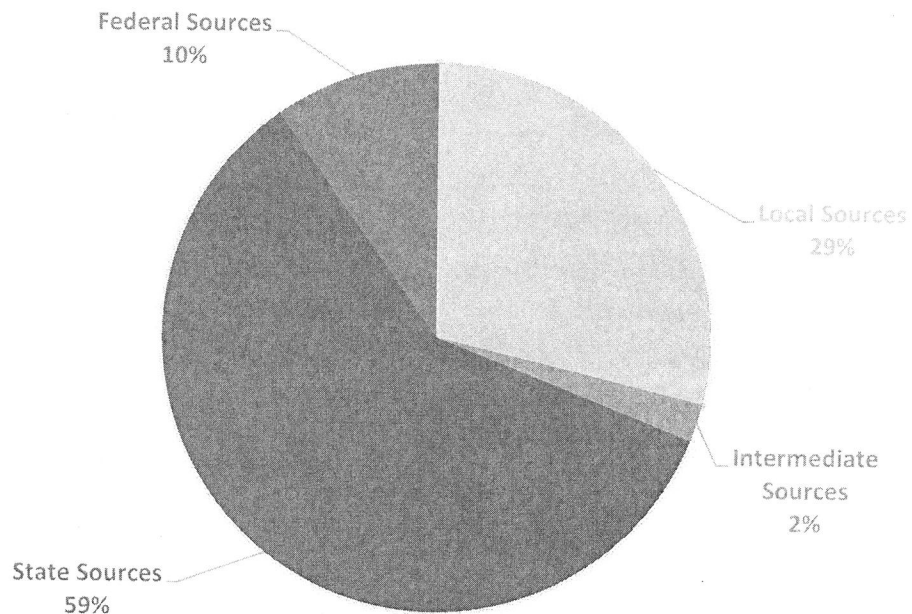
	<u>2016</u>	<u>2015</u>	<u>Increase/ Decrease</u>
REVENUES			
Program Revenues			-
Charges for Services	\$ 1,301,487	\$ 1,232,868	\$ 68,619
Operating Grants and Contributions	16,771,515	14,460,074	2,311,441
General Revenues			
Property Taxes	31,670,746	30,311,983	1,358,763
State Support	88,200,553	83,521,907	4,678,646
Intermediate Sources	2,802,777	2,183,826	618,951
Miscellaneous	2,222,488	1,844,625	377,863
Investment Earnings	1,061,381	172,710	888,671
			-
Total Revenues	144,030,947	133,727,993	10,302,954
			-
EXPENSES			
Instruction	88,048,372	63,799,909	24,248,463
Support Services	56,341,199	39,052,852	17,288,347
Enterprise and Community Services	6,946,986	5,145,985	1,801,001
Interest on Long-Term Debt	10,281,714	6,993,654	3,288,060
			-
Total Expenses	161,618,271	114,992,400	46,625,871
			-
Increase (decrease) in net position	(17,587,324)	18,735,593	(36,322,917)
			-
NET POSITION, BEGINNING	(9,631,279)	(28,366,871)	18,735,592
Prior Period Adjustment	98,511		98,511
			-
NET POSITION, ENDING	<u>(27,120,092)</u>	<u>(9,631,278)</u>	<u>(17,488,814)</u>

Revenues

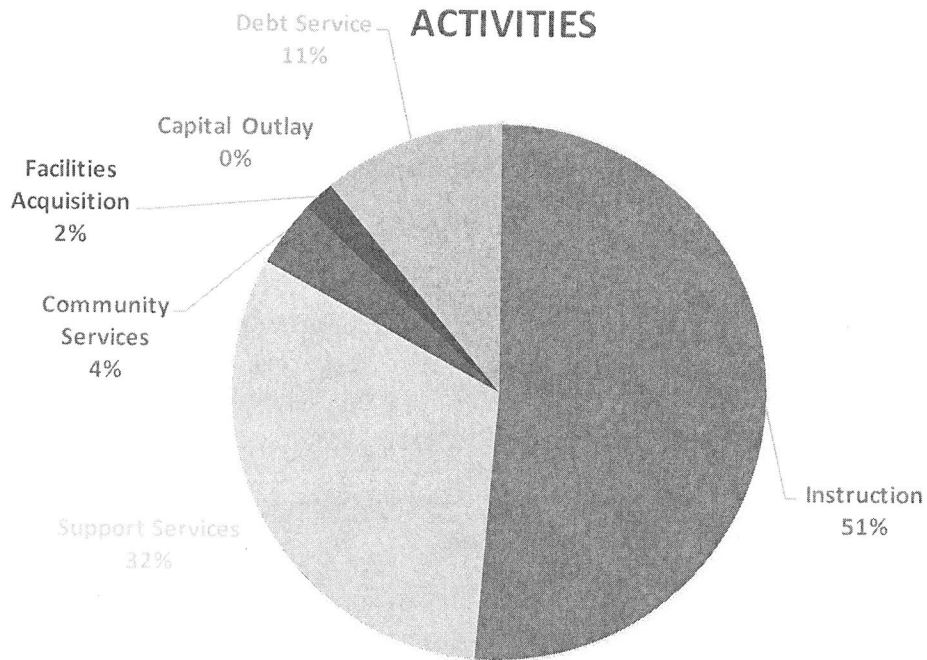
Total revenues increased \$10.3 million from the prior year, is a net result in an increase in the: State School Fund funding received, Operating Grants and Contributions, Charges for Services, Property Taxes, Intermediate Sources, Investment Earnings and Miscellaneous.

General Fund revenues account for approximately 87% of all funds revenues. Property taxes are split between General Fund tax levies, and Debt Service requirements. The State School Fund (SSF) is the largest revenue source at \$88. or 60% of total revenues. Each Oregon school district receives money from the state based upon an Average Daily Membership (ADMw) formula, weighted for various demographic considerations. The formula is allocated by multiplying a dollar rate per student established by the legislature every biennium. All General Fund Ad Valorem Taxes, County School Fund, State School Support, Common School Fund, and Federal Forest Fees are included in the SSF formula. As a safety net, each district may utilize the highest ADMw from two of the most recent fiscal years in the calculation.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



EXPENDITURES BY FUNCTION - GOVERNMENTAL ACTIVITIES



Financial Analysis of the District's Funds

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

Governmental Funds

The focus of the District's *governmental funds* is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. Unreserved *fund balance* and any unused *budgeted contingencies* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

On May 19, 2015, the District successfully passed its general obligation bond, thanks to the votes of devoted citizens. The Bond proceeds was \$122.9 million and a bond premium of \$14.9 million was realized during the bond sale.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$150.3 million, an increase of 134.3 million in comparison with the prior year. Approximately \$142.3 million or 95% of the ending fund balances constitutes *non-spendable, restricted, committed, or assigned balances*. Restricted or committed ending fund balances are constrained to specific purposes by bondholders or governing body, and \$8.0 million constitutes unassigned fund balance, which is available for spending at the District's discretion, but subject to restrictions of fund type. Of the fund balance, \$134.9 million or 95% is designated for debt service obligations, as authorized by voters and the Board, and an additional \$.7 million (.5%) is dedicated for capital projects.

General Fund

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the total ending fund balance was \$8.3 million. This amount represents \$8.0 million of the General Fund and \$.3 million of the Early Retirement Fund. GASB 54 requires the Early Retirement Fund's ending fund balance be reported with the General Fund, instead of reporting with Other Government Funds as in prior years.

As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund revenue. The General Fund total ending fund balance represents 6% of total all funds balance, and 7% of General Fund revenues.

General Fund ending fund balance decreased by \$.75 million, or -8% from prior year due to revenue received was lower than expenditures. However, it exceeded the Board policy fund balance requirement of 5%.

Debt Service Fund

The Debt Service Fund has a total fund balance of \$3.0 million, all of which is set aside for the payment of debt service. The net increase in fund balance during the current year was \$.65 million primarily due to the new 2015 G.O. Bond.

Capital Project Fund

The Capital Projects Fund has a total fund balance of \$.249 million, all of which is dedicated for ongoing capital projects. Capital expenditures reflect costs incurred as part of the 2014 Master Plan. All the Capital Projects Fund balance is restricted or committed for capital improvements and repairs.

Special Revenue Fund

The Special Revenue Fund consists of Nutrition Services, State and Local Programs, and Self Insurance Funds. This fund has a total fund balance of \$3.8 million, or an increase of 5% from prior year, primarily due an increase in the contracts the District received during the year.

General Fund Budgetary Highlights

Original budget compared to final budget.

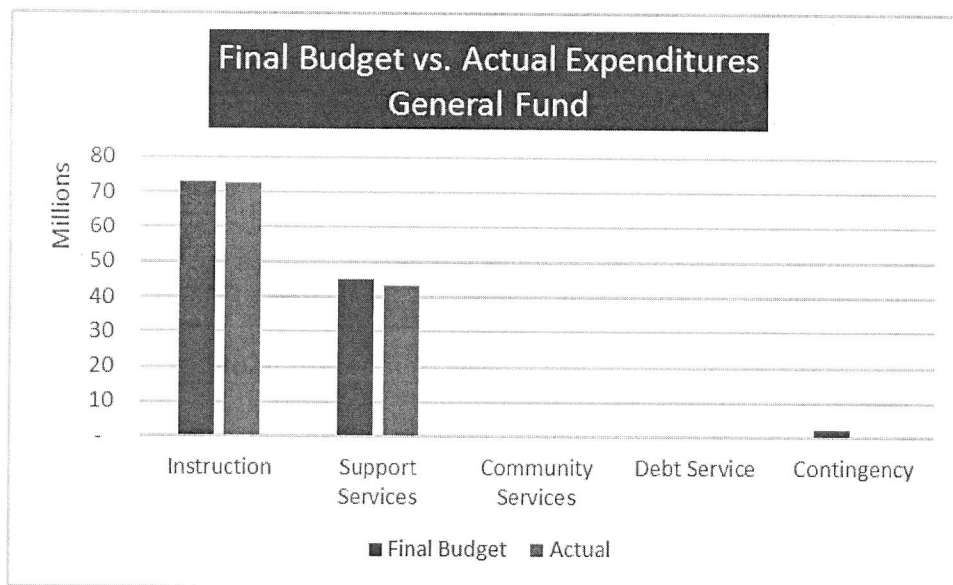
During the year, there were two supplemental budgets with additional appropriations that were adopted for 2015-16.

Final budget compared to actual results.

The most significant difference between estimated revenue and actual revenue was State and Local Sources. Estimated revenues were as follows:

Revenue Source	Estimated Revenue	Actual Revenue	Increase/ Decrease
School Support Fund	\$ 90,007,963	\$ 86,781,154	\$ 3,226,809

The reduction in State School Support Fund was due to decreased enrollment.



Capital Asset and Debt Administration

Capital assets

The District's investment in capital assets includes land, construction in process, buildings and improvements, and vehicles and equipment. As of June 30, 2016, the District had approximately \$90.4 million net investment in capital assets, as shown in the following table:

			2016	2015	Increase/ Decrease
Land			18,236,549	18,236,549	-
Construction in Process			1,955,121	-	1,955,121
Buildings and Improvements			66,345,215	66,689,451	(344,236)
Vehicles and Equipment	\$		3,837,088	\$ 3,337,422	\$ 499,666
			90,373,973	88,263,422	2,110,551

Additional information on the District's capital assets can be found in note 5 on page 24 of this report

Long-term debt.

At the end of the fiscal year, the District had a total outstanding long-term debt of \$281.5 million consisting of general obligation, full faith and credit obligation, pension bond debt, and unamortized premium.

State status limit the amount of general obligation debt a school district may issue to 7.95% of its total assessed value. The current debt limit of \$434.3 million, which is more than the District's outstanding general obligation debt.

The District maintains an "Aa2" rating from Moody's and an "A-" rating from Standard & Poor's for general obligation debt.

			June 30, 2016	June 30, 2015	Increase/ Decrease
Bonds Payables			250,903,572	80,651,896	170,251,676
Capital Leases			-	2,961	(2,961)
Full Faith Credit Obligations			21,267,331	21,999,296	(731,965)
Net OPEB Obligation			7,876,691	6,366,362	1,510,329
Net Pension Obligation	\$		1,492,948	\$ 1,312,716	\$ 180,232
			281,540,542	110,333,231	171,207,311

Additional information on the District's long-term debt can be found in note 8 on pages 26 to 29 of this report

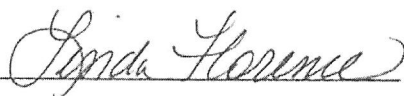
Economic Factors and Next Year's Budgets

- Resources supporting District General Fund operations primarily reflect local and state revenues, with additional income from federal, county and other sources. The State School Fund formula determines the largest segment. Most funding provided by the State to the District is based on the District's average daily membership of students.
- Total student enrollment in 2015-16 decreased from 2014-15. Slow growth trends are projected in future years.
- The state economic forecast reveals a slow, steady recovery and slow growth in State School funding for the District in the next few biennia.
- The costs of salaries and related benefits are expected to increase in 2016-17. The utilities costs continue to escalate. The District's Budget Committee and School Board considered these factors while preparing the District's budget for the 2016-17 fiscal years
- The District has also analyzed its financial holdings and doesn't anticipate any liquidity problems in the next 12 months.
- School Board policy mandates that the District budget a minimum of 5% fund balance be maintained. The reserve is maintained to absorb economic downturns, state revenue-sharing reductions and other revenue shortfalls, and will prudently be used when needed to provide stability of core programs and legally required activities to every child
- Despite the uncertainty in today's economy and continued funding challenges, the District, through prudent fiscal management, maintains a healthy financial position to provide the quality education deserved by every child.

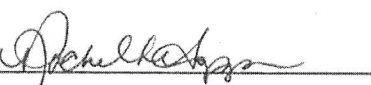
Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be address to the Chief Financial and Operations Officer at 1204 NE 201st Ave, Fairview OR 97024. Electronic copies of this report may be found at the district website <http://www.reynolds.k12.or.us/dept/business.html>.

Respectfully submitted,

Signed: 

Title: Superintendent

Signed: 

Title: Chief Financial and Operations Officer

Signed: 

Title: Director of Finance

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities
ASSETS	
Cash and Investments	\$ 152,527,221
Receivables:	
Accounts and Grants	4,604,583
Property Taxes	2,059,525
Supply Inventories & Assets Held for Resale	409,126
Other Prepaid Expenses	26,816
Equity in CAL	1,316,477
Capital Assets, Non-Depreciable	20,191,670
Capital Assets, Depreciable, Net	70,182,303
Total Assets	251,317,721
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Deferrals	4,291,044
TOTAL ASSETS AND PENSION RELATED DEFERRALS	255,608,765
LIABILITIES	
Accounts Payable	2,454,057
Accrued Salaries and Benefits	4,928,863
Unearned Revenue	118,853
Accrued Vacation Payable	150,526
Bond & Note Interest Payable	203,142
Noncurrent liabilities:	
Due within one year	7,567,099
Due in more than one year	225,255,008
Proportionate share of Net Pension Liability (PERS)	26,851,775
Net Pension Obligation	1,492,948
Net Other Post Employment Benefit Obligation	7,876,691
Total Liabilities	276,898,962
DEFERRED INFLOWS OF RESOURCES	
Pension Related Deferrals	6,003,228
TOTAL LIABILITIES AND PENSION RELATED DEFERRALS	282,902,190
NET POSITION	
Net Investment in Capital Assets	(84,665,144)
Restricted for Debt Service	3,045,881
Restricted for State & Local Programs	347,971
Restricted for Food Service	2,451,452
Unrestricted	51,699,748
Total Net Position	\$ (27,120,092)

See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Instruction	\$ 88,048,372	\$ 814,589	\$ 1,429,086	\$ (85,804,697)
Support Services	56,341,199	202,805	672,483	(55,465,911)
Community Services	6,946,986	284,093	14,669,946	8,007,053
Interest on Long-Term Debt	10,281,714	-	-	(10,281,714)
Total Governmental Activities	<u>\$ 161,618,271</u>	<u>\$ 1,301,487</u>	<u>\$ 16,771,515</u>	<u>(143,545,269)</u>
General Revenues:				
Property Taxes Levied for General Purposes				23,515,665
Property Taxes Levied for Debt Service				8,155,081
State Support				88,200,553
Intermediate Sources				2,802,777
Earnings on Investments				1,061,381
Loss on Equity - CAL				(37,398)
Miscellaneous				<u>2,259,886</u>
Total General Revenues				<u>125,957,945</u>
		Change in Net Position		(17,587,324)
		Net Position - Beginning		(9,631,279)
		Prior Period Adjustment		<u>98,511</u>
		Net Position - Ending		<u>\$ (27,120,092)</u>

See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

	GENERAL FUND	FEDERAL PROGRAMS FUND	DEBT SERVICE FUND	PERS BOND FUND	2015 GO BOND DEBT SERVICE FUND
ASSETS:					
Cash & Equity in Pooled Cash	\$ 12,777,673	\$ -	\$ 2,564,835	\$ 23,397	\$ 131,042,510
Receivables:					
Accounts and Grants	1,056,859	1,743,459	-	-	307,132
Property Taxes	1,636,338	-	444,830	-	82,663
Cash with County	47,333	-	6,481	-	15,214
Interfund Receivable	2,567,189	48,366	-	79,278	-
Prepaid	26,816	-	-	-	-
Inventory & Property Held for Resale	-	-	-	-	-
Total Assets	\$ 18,112,208	\$ 1,791,825	\$ 3,016,146	\$ 102,675	\$ 131,447,519
LIABILITIES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 1,276,157	\$ 50,630	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	4,928,863	-	-	-	-
Interfund Payable	2,152,896	1,697,498	374,096	-	130,665,786
Total Liabilities	8,357,916	1,748,128	374,096	-	130,665,786
Deferred Inflows of Resources:					
Deferred Grants		43,697			
Unavailable Revenue:					
Property Taxes	1,483,269	-	403,361	-	77,216
Fund Balances (Deficit):					
Nonspendable	26,816	-	-	-	-
Restricted:					
Debt Service	-	-	2,238,689	102,675	704,517
Committed:					
Early Retirement	263,428	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	7,980,779	-	-	-	-
Total Fund Balances (Deficit)	8,271,023	-	2,238,689	102,675	704,517
Total Liabilities and Fund Balances	\$ 18,112,208	\$ 1,791,825	\$ 3,016,146	\$ 102,675	\$ 131,447,519

See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

	2015 GO BONDS PROJECTS FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash & Equity in Pooled Cash	\$ 5,222,456	\$ 245,362	\$ 650,988	\$ 152,527,221
Receivables:				
Accounts and Grants	11,926	3,808	1,481,399	4,604,583
Property Taxes	-	-	-	2,163,831
Cash with County	-	-	-	69,028
Interfund Receivable	130,582,834	196	3,189,496	136,467,359
Prepaid	-	-	-	26,816
Inventory & Property Held for Resale	-	-	409,126	409,126
Total Assets	<u>\$ 135,817,216</u>	<u>\$ 249,366</u>	<u>\$ 5,731,009</u>	<u>\$ 296,267,964</u>
LIABILITIES, AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 884,879	\$ -	\$ 224,345	\$ 2,436,011
Accrued Salaries and Benefits	-	-	-	4,928,863
Interfund Payable	-	-	1,595,129	136,485,405
Total Liabilities	<u>884,879</u>	<u>-</u>	<u>1,819,474</u>	<u>143,850,279</u>
Deferred Inflows of Resources:				
Deferred Grants	-	-	75,156	118,853
Unavailable Revenue:				
Property Taxes	-	-	-	1,963,846
Fund Balances (Deficit):				
Nonspendable	-	-	245,974	272,790
Restricted:				
Debt Service	-	-	-	3,045,881
State & Local Programs	-	-	347,971	347,971
Food Service	-	-	2,451,452	2,451,452
Committed:				
Early Retirement	-	-	-	263,428
Self Insurance	-	-	(1,122,766)	(1,122,766)
Assigned	134,932,337	249,366	1,913,748	137,095,451
Unassigned	-	-	-	7,980,779
Total Fund Balances (Deficit)	<u>134,932,337</u>	<u>249,366</u>	<u>3,836,379</u>	<u>150,334,985</u>
Total Liabilities and Fund Balances	<u>\$ 135,817,216</u>	<u>\$ 249,366</u>	<u>\$ 5,731,009</u>	<u>\$ 296,267,964</u>

See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2016

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS	\$	150,334,985
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Capital assets are not financial resources and therefore are not reported in the governmental funds.

Cost	\$	163,187,226	
Accumulated Depreciation		<u>(72,813,253)</u>	90,373,973

A portion of the property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.

1,963,846

The Net Pension Asset (Liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.

(26,851,775)

Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.

Net Pension Related Deferrals

Deferred Outflows	4,291,044	
Deferred Inflows	<u>(6,003,228)</u>	(1,712,184)

Equity interest in the Center for Advanced Learning (CAL) is not reported in the governmental funds:

1,316,477

Long-term liabilities applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

Long term Liabilities:

Accrued Vacation Payable	(150,526)	
Bond & Note Interest Payable	(203,142)	
Debt Obligations	<u>(242,191,746)</u>	<u>(242,545,414)</u>

TOTAL NET POSITION	\$	<u><u>(27,120,092)</u></u>
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See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	GENERAL FUND	FEDERAL PROGRAMS FUND	DEBT SERVICE FUND	PERS BOND FUND	2015 GO BOND DEBT SERVICE FUND
REVENUES:					
Local Sources	\$ 24,961,741	\$ -	\$ 4,594,461	\$ 6,996,541	\$ 4,460,861
Intermediate Sources	2,414,887	-	-	-	-
State Sources	89,236,603	-	-	-	-
Federal Sources	166,858	8,777,030	-	-	-
Total Revenues	116,780,089	8,777,030	4,594,461	6,996,541	4,460,861
EXPENDITURES:					
Current:					
Instruction	72,484,132	5,593,939	-	-	-
Support Services	43,812,808	3,098,855	-	-	-
Community Services	130,208	84,236	-	-	-
Debt Service	122,310	-	4,651,000	6,990,490	3,756,344
Total Expenditures	116,549,457	8,777,030	4,651,000	6,990,490	3,756,344
Revenues over (under) expenditures	230,632	-	(56,539)	6,051	704,517
Other Financing Sources, (Uses):					
Bond Proceeds - Principal	175,000	-	-	-	-
Transfers In	630,000	-	-	-	-
Transfers Out	(1,785,538)	-	-	-	-
Total other financing sources (Uses)	(980,538)	-	-	-	-
Net Change in Fund Balance	(749,906)	-	(56,539)	6,051	704,517
Fund balance, beginning	9,020,930	-	2,295,228	96,624	-
Fund balance, ending	\$ 8,271,023	\$ -	\$ 2,238,689	\$ 102,675	\$ 704,517

See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2016

	2015 GO BOND PROJECTS FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local Sources	\$ 134,152	\$ 9,599	\$ 2,469,108	\$ 43,626,462
Intermediate Sources	-	95,827	817,227	3,327,941
State Sources	-	-	267,251	89,503,854
Federal Sources	-	-	5,996,275	14,940,162
Total Revenues	134,152	105,426	9,549,861	151,398,420
EXPENDITURES:				
Current:				
Instruction	-	-	1,466,229	79,544,300
Support Services	-	-	2,137,237	49,048,900
Community Services	-	-	6,089,501	6,303,944
Facilities Acquisition	2,908,147	-	-	2,908,147
Capital Outlay	-	120	-	120
Debt Service	-	1,642,538	-	17,162,681
Total Expenditures	2,908,147	1,642,658	9,692,967	154,968,092
Revenues over (under) expenditures	(2,773,995)	(1,537,232)	(143,106)	(3,569,672)
Other Financing Sources, (Uses):				
Bond Proceeds - Principal	122,743,047	-	-	122,918,047
Bond Proceeds - Premium	14,963,285	-	-	14,963,285
Transfers In	-	1,100,538	55,000	1,785,538
Transfers Out	-	-	-	(1,785,538)
Total other financing sources (Uses)	137,706,332	1,100,538	55,000	137,881,332
Net Change in Fund Balance	134,932,337	(436,694)	(88,106)	134,311,660
Fund balance, beginning	-	686,060	3,655,566	15,754,407
Prior Period Adjustment	-	-	268,918	268,918
Fund balance, ending	\$ 134,932,337	\$ 249,366	\$ 3,836,379	\$ 150,334,985

See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2016

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS	\$	134,580,578
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:

Expenditures for capital assets	\$ 5,385,844	
Less current year depreciation	<u>(3,275,294)</u>	2,110,550

The amount by which cost of assets disposed exceeded accumulated depreciation in the current period

Cost of assets disposed	(275,000)	
Accumulated depreciation	<u>275,000</u>	-

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

Issuance of New Debt	(137,881,332)	
Principal Payments on Long-Term-Debt	<u>7,039,572</u>	(130,841,760)

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

Amortization of bond premiums	812,495	
Accretion of discount on pension obligation bonds	<u>(138,689)</u>	673,806

Change in net pension obligation	(180,232)
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Change in net OPEB obligation	(1,510,329)
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In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an expense when due.	(158,606)
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Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.	(21,321)
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Changes in equity in the Center for Advanced Learning (CAL) is not reported in the governmental funds:	(37,398)
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The Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.	(21,926,487)
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Compensated absences are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities these liabilities are recognized as an expenditure when earned.	(7,208)
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Prior Period Adjustments	
To correct beginning fund balance related to equity investment in CAL	<u>(170,407)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (17,488,813)</u></u>
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See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Private Purpose Trust Funds
ASSETS:	
Due From Other Funds	\$ 18,046
LIABILITIES:	
Due to Student Organizations	12
NET POSITION:	
Reserved for Scholarship Programs	\$ 18,034

See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2016

	Private Purpose Trust Funds
Additions:	
Receipts	\$ 3,388
Deductions:	
Disbursements	<u>639</u>
Change in Net Position	2,749
Beginning Net Position	<u>15,285</u>
Ending Net Position	<u><u>\$ 18,034</u></u>

See accompanying notes to the basic financial statements

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

Multnomah County School District No. 7 (the District) is a municipal corporation governed by an elected seven member Board of Directors. The Superintendent is approved by the Board. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles in the United States of America, all activities of the District have been included in these basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts, which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units, as defined by GASB Statement 61, or included in these basic financial statements.

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States (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 accounting policies are described below.

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the District as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All direct expenses are reported by function in the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors, or through constitutional provisions or enabling resolutions.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund financial statements use the accrual basis of accounting and agency funds have no measurement focus. 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, revenues are considered 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 expenditures, as well as expenditures related to compensated absences and OPEB obligations are recorded only when payment is due.

Property taxes associated with the current fiscal period, are considered by management to be susceptible to accrual, if received in cash 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. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

GENERAL FUND

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

FEDERAL PROGRAMS FUND

This fund accounts for expenditures of federal grant funds. The principal revenue source is federal grant monies.

DEBT SERVICE FUND

This fund accounts for the payment of principal and interest general obligation bonds. The principal revenue source is property taxes.

PERS BOND FUND

This fund accounts for the payment of principal and interest on pension bonds. The principal revenue source is Services Charged to Other Funds.

CAPITAL PROJECTS FUND

This fund accounts for major capital outlay expenditures relating to the acquisition, construction and remodeling of facilities. Principal financing sources include the proceeds from the issuance of debt, sales of property and earnings from investments.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - Continued

Three non-major funds are reported as a combined total on the fund financial statements. These funds are not considered major because of the level of activity within them.

Additionally, there is the following other fund type:

FIDUCIARY FUNDS

The Fiduciary funds consist of six private purpose trust funds. Fiduciary funds are not reflected in the government-wide financial statements.

FUND BALANCE

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions* is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the five classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaids.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to classify portions of ending fund balance as assigned is granted to the Clerk and the Deputy Clerk.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION - Continued

Special Revenue Fund Rolled into the General Fund for GASB 54 Purposes

Financial statements for periods beginning after June 15, 2010 must report as Special Revenue funds only those which have a substantial portion of revenue inflows from restricted or committed revenue sources. The Retirement Fund is combined into the General Fund because there are no restricted or committed revenues

NET POSITION

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is net position restricted for special projects.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. At June 30, 2016 there were deferred outflows of \$4,291,044 representing pension related deferrals reported in the statement of net position.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2016, there were deferred inflows of \$6,003,228 representing pension related deferrals reported in the statement of net position. The governmental funds balance sheet reports unavailable revenues of \$2,082,699 from two sources – property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS AND INVESTMENTS

For the purpose of the Statement of Net Position and the balance sheet, money in the Oregon State Local Government Investment Pool, savings deposits and demand deposits 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.

PROPERTY TAXES

Uncollected real and personal property taxes are reflected on the Statement of Net Position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District. 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.

SUPPLY INVENTORIES AND PREPAID ITEMS

District operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in inventories at USDA wholesale value. Inventory is accounted for on the consumption method in the government wide statements. Under the consumption method, inventory is expensed when used. In the fund financial statements, inventories are expensed when purchased. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused donated commodities at balance sheet date is considered immaterial by management for reporting purposes. Prepaid assets are recognized as expenditures when their use benefits the District.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal, state and local grants. Amounts due from Federal agencies are considered by management to be fully collectible. An allowance for uncollectible accounts receivable from the public is established when management determines that collection is unlikely to occur. At June 30, 2016 management considers all accounts, including those from the public fully collectible.

GRANT ACCOUNTING

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY- Continued

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

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

COMPENSATED ABSENCES

It is the policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when an employee separates from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements and expensed when used in the fund financial statements.

LONG TERM OBLIGATIONS

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

RETIREMENT PLANS

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

OTHER POST-EMPLOYMENT BENEFITS

Eligible employees who elect supplemental retirement may be entitled to payment of group medical insurance premiums. The costs of these premiums are recorded as expenditures as due and funded on a current basis.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY- Continued

USE OF ESTIMATES

The preparation of the basic financial statements in conformity 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 financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

E. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law.

The budget process begins early in each fiscal year with the establishment of the budget committee. In the fall, public input is invited as the Board decides the budget priorities for the next year. Recommendations are developed through late winter with the budget committee approving the budget in the spring. Public notices of the budget hearing are published generally in the spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, Interfund Transactions, Debt Service, and Operating Contingency.

Expenditures cannot legally exceed the above appropriation levels except in the case of grants, which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need that exists which was not determined at the time the budget was adopted. There was one supplemental appropriation during the year.

Budget amounts shown in the budgetary financial statements reflect the original and final amended budget. Expenditures of the various funds were within authorized appropriations.

NOTE 3. BUDGETARY BASIS OF ACCOUNTING

While the financial position, results of operations, and changes in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis are that capital outlay is expensed when purchased, depreciation expense is not recorded, and the full accrual of property taxes, which are not reported as revenue in the governmental funds unless received within 60-days of year end. Inventories of supplies are budgeted as expenditures when purchased, and debt, accrued vacation, pension costs, and OPEB liabilities are expensed as paid instead of when incurred.

NOTE 4. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. CASH AND INVESTMENTS - Continued

Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2016, combined bank balances totaled \$6,274,406, of which \$256,921 was insured by FDIC and the remaining \$6,017,485 was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

INVESTMENTS

The types of investments that may be invested in are restricted by State of Oregon Revised Statutes. Authorized investments include general obligations of the United States government and its agencies, obligations of the States of Oregon, California, Idaho and Washington that have a rating of AA or better, A-1 rated commercial paper and banker's acceptances, corporate bonds rated Aa or better, time deposits, repurchase agreements and the Oregon State Treasurer's Local Government Investment Pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

The Board has established investment policies to approve only certain depositories and investment instruments and has limited investments to those with maturities of no more than 36 months. The District holds investments in Municipal Bonds, US Agency Securities and US Treasuries through an investment account with a depository approved by the Board. The fair value of these securities is determined based on a level 1 classification due to their availability on open markets. At June 30, 2016, the District appeared to be in compliance with all policies regarding depositories, instruments and maturities.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. CASH AND INVESTMENTS - Continued

INVESTMENTS (Continued)

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months from the date of anticipated use of the funds, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond 36 months, within the time frame of the anticipated use of funds.

Credit Risk

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated. Municipal bond investments held by the District are rated AA+/Aaa.

Concentration of Credit Risk

Oregon Revised Statutes require no more than 25 percent of the moneys of a local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2016, the District appeared to be in compliance with all percentage restrictions.

Cash and Investments at June 30, 2016 (recorded at fair value) consisted of:

Cash and cash equivalents	2016
Deposits with financial institutions	\$ 3,953,701
Oregon Local Government Investment Pool	17,531,011
Other Investments	<u>131,042,509</u>
Total Cash and Investments	<u><u>\$ 152,527,221</u></u>

There were the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
Oregon local government investment pool (LGIP)	\$ 17,531,011	\$17,531,011	\$ -	\$ -
Municipal Bonds	1,289,331		1,289,331	
US Agency Securities	119,304,104	10,908,642	73,301,897	35,093,565
US Treasuries	<u>10,449,074</u>			<u>10,449,074</u>
Total	<u><u>\$ 148,573,520</u></u>	<u><u>\$28,439,653</u></u>	<u><u>\$74,591,228</u></u>	<u><u>\$45,542,639</u></u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 occurred as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Construction in Process	\$ -	\$ 1,955,121	\$ -	\$ 1,955,121
Land	18,236,549	-	-	18,236,549
Total Capital Assets Not being Depreciated:	18,236,549	1,955,121	-	20,191,670
Capital Assets Being Depreciated:				
Buildings and Improvement	128,686,573	2,005,137	-	130,691,710
Vehicles and Equipment	11,153,259	1,425,587	(275,000)	12,303,846
Total Capital Assets Being Depreciated:	139,839,832	3,430,724	(275,000)	142,995,556
Accumulated Depreciation				
Buildings and Improvement	(61,997,122)	(2,349,373)		(64,346,495)
Vehicles and Equipment	(7,815,837)	(925,921)	275,000	(8,466,758)
Total Accumulated Depreciation	(69,812,959)	(3,275,294)	275,000	(72,813,253)
Total Capital Assets Being Depreciated, Net	70,026,873	155,430	-	70,182,303
Governmental Activities	\$ 88,263,422	\$ 2,110,551	\$ -	\$ 90,373,973

Current years depreciation expense is allocated to the functions as follows:

Instruction	\$ 2,498,117
Support Services	686,947
Community Services	90,230
	<u>\$ 3,275,294</u>

The cost value of \$275,000 was removed when the District disposed of eight buses.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. INTERFUND TRANSFERS AND INTERFUND RECEIVABLE/PAYABLES

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 1,785,538	\$ 630,000
Capital Projects Fund	-	1,100,538
Other Governmental Funds	-	55,000
	<u>\$ 1,785,538</u>	<u>\$ 1,785,538</u>

During the year ended June 30, 2016, \$1,785,538 was transferred to other funds including \$55,000 transferred to the Nutrition Services Fund to match free and reduced meal and free milk programs as required, \$1,100,538 transferred to the Capital Projects Fund for payment of Full Faith and Credit Refunding obligations and \$630,000 transferred to the Early Retirement Fund for payment of insurance benefits and stipends as required by negotiated contracts. The Early Retirement Fund is rolled into the General Fund for reporting purposes.

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,567,189	\$ 2,152,896
Federal Program Funds	48,366	1,697,498
Debt Service Fund	-	374,096
PERS Bond Fund	79,278	-
2015 GO Bond Debt Service Fund	-	130,665,786
2015 GO Bonds Projects Fund	130,582,834	-
Capital Projects Fund	196	-
Other Governmental Funds	3,189,496	1,595,129
Trust Funds	18,046	-
	<u>\$ 136,485,405</u>	<u>\$ 136,485,405</u>

NOTE 7. PENDING LEGAL ACTIONS

The District is a defendant in certain pending legal actions, including one action that could have a material effect on the District's financial position if the District has an adverse conclusion. It is too soon to determine any outcome. The District is vigorously defending itself.

NOTE 8. LONG-TERM DEBT

BONDS PAYABLE

General Obligation Bonds

In August 2015, \$137,881,332 of general obligation bonds, including premiums, were issued to fund the replacement of three elementary school buildings, construction and renovation at Reynolds High School and various renovation, construction and equipment improvements to all schools. Principal and interest payments are made semiannually on June 15 and December 15 with interest rates ranging from 2% to 5%.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT - Continued

BONDS PAYABLE - Continued

Pension Obligation Bonds

On April 21, 2003, \$80,978,772 of limited tax pension obligation bonds were issued to finance the unfunded actuarially accrued liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the UAL and resulted in an estimated present value savings of approximately \$20 million over the life of the bonds. The actual savings realized over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the future required contribution rate.

Advance Refunding Bonds

On March 1, 2005, \$32,500,000 in Series 2005 General Obligation Refunding Bonds were issued to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt services payments of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce total debt service payments by \$2,015,234 and resulted in an economic gain of \$1,542,768.

Qualified Zone Academy Bonds Series 2004

\$2,100,000 of Qualified Zone Academy bonds were issued on July 1, 2004. \$1,995,000 in proceeds were received after paying issuance costs, and annual payments totaling \$122,310 will be made through July 1, 2018.

Changes in bonds outstanding are as follows:

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2015</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 2016</u>
March 1, 2005	3.0-5.0	32,500,000	21,320,000		3,585,000	17,735,000
April 21, 2003	1.5-6.27	80,978,772	59,755,776		2,179,301	57,576,475
July 1, 2004	N/A	2,100,000	489,240		122,310	366,930
August 20, 2015	2.0-5.0	122,945,047	-	122,945,047	480,000	122,465,047
	Subtotal		184,450,032	122,945,047	6,366,611	198,143,452
Premium			196,385	14,936,285	750,530	14,382,140
Accretion on pension obligation bonds			(1,109,505)		(138,689)	(970,816)
	Total		\$ 80,651,896	\$ 137,881,332	\$ 6,978,452	\$ 211,554,776

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT - Continued

BONDS PAYABLE – Continued

The annual requirements to amortize all bonds outstanding at year end are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016-17	6,203,293	10,034,907	16,238,200
2017-18	6,583,985	10,219,215	16,803,200
2018-19	6,981,246	10,402,904	17,384,150
2019-20	7,332,822	10,579,967	17,912,789
2020-21	8,057,975	10,752,565	18,810,540
2021-26	68,864,084	35,925,841	104,789,925
2026-31	63,521,629	14,083,701	77,605,330
2031-36	30,598,418	37,661,581	68,259,999
	<u>\$ 198,143,452</u>	<u>\$ 139,660,681</u>	<u>\$ 337,804,133</u>

NOTES PAYABLE

Capital Lease Financing Agreements Payable

2011-2012 Capital Lease Financing Agreement Notes:

Instrument Acquisition:

During 2011-2012 a lease/purchase agreement to acquire computers was entered into. The lease is to be paid in 5 annual payments of \$3,391. Total obligation under the lease agreement is \$12,893 as well as \$4,061 which is attributable to interest.

Changes in capital lease financing agreement notes payable are as follows:

<u>Note Date</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Outstanding June 30, 2015</u>	<u>Principal Additions</u>	<u>Principal Reductions</u>	<u>Outstanding June 30, 2016</u>
2012 Note - Instruments	14.87%	12,893	<u>2,961</u>	<u>0</u>	<u>2,961</u>	<u>-</u>
	Total		<u>\$ 2,961</u>	<u>\$ -</u>	<u>\$ 2,961</u>	<u>\$ -</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT - Continued

NOTES PAYABLE – Continued

Full Faith & Credit Obligations (Bond Anticipation) Notes Payable

Series 2010 - Refunding

In June 2010, \$23,850,000 in Full Faith and Credit Obligations were issued. \$25,399,121, which includes the premium of \$1,549,121, was deposited into escrow. From the amount deposited, \$18,757,731 was used to purchase United States Treasury Securities and the remaining \$6,509,408 was held uninvested as cash. The amount in escrow was sufficient to retire the following securities: Series 2006 Full Faith and Credit Obligations, Series 2007 Full Faith and Credit Obligations, 2003 Financing Agreement Note and 2007 Financing Agreement Note. Principal payments are due annually on June 1, through 2035 with interest rates of ranging from 2-5%. The refunding resulted in an economic gain of \$1,542,768, but increased total debt service payments by \$245,157. All four refunded securities were considered defeased on June 3, 2010, the issuance date of the refunding bonds.

Changes in Full Faith & Credit obligations (BAN) notes payable are as follows:

<u>Full Faith & Credit Obligation</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2015</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 2016</u>
Series 2010	2-5%	\$ 23,850,000	\$ 20,760,000	\$ 0	\$ 670,000	\$ 20,090,000
	Sub-Total		20,760,000	-	670,000	20,090,000
Premium			1,239,296	-	61,965	1,177,331
	Total		\$ 21,999,296	\$ -	\$ 731,965	\$ 21,267,331

Following are the annual requirements to amortize all Full Faith & Credit (BAN) obligation notes payable outstanding at year end:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016-17	690,000	952,438	1,642,438
2017-18	720,000	918,388	1,638,388
2018-19	750,000	889,588	1,639,588
2019-20	780,000	859,588	1,639,588
2020-21	810,000	828,388	1,638,388
2021-26	4,675,000	3,584,400	8,259,400
2026-31	5,845,000	2,360,000	8,205,000
2031-35	5,820,000	745,500	6,565,500
	\$ 20,090,000	\$ 11,138,288	\$ 31,228,288

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT - Continued

NOTES PAYABLE (Continued)

Total long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 81,565,016	\$ 122,945,047	\$ 6,366,611	\$ 198,143,452	\$ 6,203,293
Premium	196,385	14,936,285	750,530	14,382,140	750,530
Accretion	(1,109,505)	-	(138,689)	(970,816)	(138,689)
Total	<u>80,651,896</u>	<u>137,881,332</u>	<u>6,978,452</u>	<u>211,554,776</u>	<u>6,815,134</u>
Capital Lease Payable	<u>2,961</u>	<u>-</u>	<u>2,961</u>	<u>-</u>	<u>-</u>
Full Faith & Credit (BAN) Obligation Notes Payable	20,760,000	-	670,000	20,090,000	690,000
Premium	<u>1,239,296</u>	<u>-</u>	<u>61,965</u>	<u>1,177,331</u>	<u>61,965</u>
Total	<u>21,999,296</u>	<u>-</u>	<u>731,965</u>	<u>21,267,331</u>	<u>751,965</u>
Subtotal of Debt	102,654,153	137,881,332	7,713,378	232,822,107	7,567,099
Net OPEB Obligation	6,366,362	1,510,329	-	7,876,691	-
Net Pension Obligation	<u>1,312,716</u>	<u>180,232</u>	<u>-</u>	<u>1,492,948</u>	<u>-</u>
Total long-term liabilities	\$ <u>110,333,231</u>	\$ <u>139,571,893</u>	\$ <u>7,713,378</u>	\$ <u>242,191,746</u>	\$ <u>7,567,099</u>

NOTE 9. RETIREMENT PLANS

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

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

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS – Continued

- i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS - Continued

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$2,804,304 excluding amounts to fund employer specific liabilities. In addition approximately \$3,862,996 in employee contributions were paid or picked up by the District in fiscal 2016.

Pension Asset or Liability - At June 30, 2016, the District reported a net pension liability of \$26,851,775 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was .47 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,447,984	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(5,628,741)
Changes in proportion and differences between District contributions and proportionate share of contributions	38,756	(374,487)
Subtotal - Amortized Deferrals (below)	1,486,740	(6,003,228)
District contributions subsequent to measurement date	2,804,304	-
Net deferred outflow (inflow) of resources	<u>\$ 4,291,044</u>	<u>\$ (6,003,228)</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS – Continued

Subtotal amounts related to pension as deferred outflows of resources, \$1,486,740 and deferred inflows of resources, \$(6,003,228) net to \$(4,516,488) and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ (2,430,922)
2017	(2,430,922)
2018	(2,430,922)
2019	2,678,686
2020	97,592
Thereafter	-
Total	<u>\$ (4,516,488)</u>

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

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

Actuarial Valuations – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

Actuarial Valuations, Continued For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS – Continued

Actuarial Methods and Assumptions:

Valuation date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS -Continued

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	<u>(6.75)%</u>	<u>(7.75)%</u>	<u>(8.75)%</u>
District's proportionate share of the net pension liability (asset)	\$ 64,805,761	\$ 26,851,775	\$ (5,133,463)

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The District makes this contribution on behalf of its employees. The District contributed approximately \$3,862,996 for the year ended June 30, 2016.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS -Continued

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

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

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

POST RETIREMENT HEALTH CARE

As a result of collective bargaining agreements, post-retirement health care benefits are offered to certain employees who retire with 15 years of service and have attained the age of 58, but are not yet eligible for Medicare. These benefits are available until age 62 to 65 and are fully paid by the District. Contributions are financed by the General Fund and recorded as expenditures on a pay as you go basis. The cost of these benefits in fiscal year 2016 and 2015 were \$410,306 and \$555,380.

Annual OPEB cost and Net OPEB Obligation for Implicit Benefit and District Contributions –

The annual OPEB cost and net OPEB obligation 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. The following table shows the components of the District's annual OPEB cost for the year ending June 30, 2016, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Required Contribution	\$ 3,333,597	\$ 3,193,509	\$ 3,204,356	\$3,044,544
Interest on prior year Net OPEB Obligation	222,823	169,063	108,760	54,579
Adjustment to Annual Required Contribution	<u>(765,499)</u>	<u>(580,809)</u>	<u>(207,162)</u>	<u>(103,960)</u>
Annual OPEB cost	2,790,921	2,781,763	3,105,954	2,995,163
Contributions made	<u>(1,280,592)</u>	<u>(1,245,769)</u>	<u>(1,383,017)</u>	<u>(1,447,129)</u>
Increase in Net OPEB obligation	1,510,329	1,535,994	1,722,937	1,548,034
Net OPEB Obligation at beginning of year	<u>6,366,362</u>	<u>4,830,368</u>	<u>3,107,431</u>	<u>1,559,397</u>
Net OPEB Obligation at end of year	<u>\$ 7,876,691</u>	<u>\$ 6,366,362</u>	<u>\$ 4,830,368</u>	<u>\$3,107,431</u>
Percentage of APC contributed	46%	45%	45%	48%

Actuarial Methods and Assumptions – The annual required contribution (ARC) for the current year was determined as part of the October 1, 2015 actuarial valuation using the projected unit credit cost method. 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. 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS - Continued

POST RETIREMENT HEALTH CARE – Continued

Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the normal cost for that active employee. The sum of these individual normal costs is the Plan's Normal Cost for the valuation year. The portion of the actuarial present value of all projected benefits (including benefits for non-active participants) that is not provided for at the valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

Inflation Rate	2.50 percent			
Investment rate of return	3.50 percent for unfunded liabilities, based on the expected long-term annual investment returns for Oregon's Local Government Investment Pool and comparable investment vehicles			
Projected salary increases	3.50 percent			
Post-retirement benefit increases	Not assumed to increase			
Health care cost trend	Medical and prescription drugs:	Year	Pre-65 Trend	
		2017	6.75%	
		2018-2030	5.25	
		2031-2032	5.50	
		2033	5.75	
		2034-2041	6.25	
		2042-2044	6.00	
		2045-2049	5.75	
	Dental and vision: 4.50 % for all years	2050-2060	5.50	
		2061+	5.25	

Funding Status and Funding Progress – As of October 1, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$14,539,070, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$14,539,070.

EARLY RETIREMENT PLAN

Annual Pension Cost and Net Pension Obligation of Early Retirement Plan:

The annual pension cost and net pension obligation is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statements 27 and 50. 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 liability (of funding excess) over a period not to exceed thirty years. The following table shows the components of the annual pension cost for the year ending June 30, 2016.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS - Continued

EARLY RETIREMENT PLAN – Continued

The following table shows the components of the annual pension cost for the year ending June 30, 2016:

	2016	2015	2014	2013
Annual Required Contribution	\$ 675,619	\$ 702,355	\$ 689,050	\$ 715,625
Interest on prior year Net Pension Obligation	45,945	38,720	27,899	13,794
Adjustment to Annual Required Contribution	<u>(357,392)</u>	<u>(301,189)</u>	<u>(217,014)</u>	<u>(107,296)</u>
Annual pension cost (APC)	364,172	439,886	499,935	622,123
Contributions made	<u>(183,940)</u>	<u>(233,451)</u>	<u>(190,757)</u>	<u>(219,124)</u>
Increase in net pension obligation	180,232	206,435	309,178	402,999
Net Pension Obligation at beginning of year	<u>1,312,716</u>	<u>1,106,281</u>	<u>797,103</u>	<u>394,104</u>
Net Pension Obligation at end of year	<u>\$ 1,492,948</u>	<u>\$ 1,312,716</u>	<u>\$ 1,106,281</u>	<u>\$ 797,103</u>
Percentage of APC contributed	51%	53%	38%	35%

Actuarial Methods and Assumptions – The annual required contribution (ARC) for the current year was determined as part of the October 1, 2015 actuarial valuation using the projected unit credit cost method. 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. 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.

Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level basis over the service of the active employee between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the normal cost for that active employee. The sum of these individual normal costs is the Plan's Normal Cost for the valuation year. The portion of the actuarial present value of all projected benefits (including benefits for non-active participants) that is not provided for at the valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

Inflation Rate	2.50 percent
Investment rate of return	3.50 percent for unfunded liabilities, based on the expected long-term annual investment returns for Oregon's Local Government Investment Pool and comparable investment vehicles
Projected salary increases	3.50 percent
Post-retirement benefit increases	Not assumed to increase

Funding Status and Funding Progress – As of October 1, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,139,789, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$2,139,789.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11. PROPERTY TAX LIMITATION

The voters of the State of Oregon approved ballot measure 5, a constitutional limit on property taxes for schools and nonschool government operations, in November 1990. School operations include community colleges, local school districts, and education service districts.

The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The voters of the State of Oregon passed ballot measure 50 in May 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available to the District for its 1997-98 fiscal year, and thereafter. This reduction was accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the property tax limitations. The measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to the school districts.

NOTE 12. COMMITMENTS AND CONTINGENCIES

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

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the District's operations cannot be determined.

The District has certain ongoing construction projects related to proceeds received from the 2015 GO Bond. Related outstanding contractual obligations amount to \$10.8 million for ongoing construction and projects not yet started at June 30, 2016.

NOTE 13. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which commercial insurance is purchased. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Also, the amounts of any settlements have not exceeded insurance coverage for the past three fiscal years.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14. JOINT VENTURE

The District has entered into an intergovernmental property agreement to build and operate a Center for Advanced Learning (CAL), a charter school. However, payment and ownership is shared with the following Districts along with their share of ownership: Reynolds School District No. 7, 19.305%; Centennial School District No. 28J, 16.369%; Mt. Hood Community College, 15.058%; and Gresham-Barlow School District No. 10J, 49.268%. The equity in CAL at June 30, 2016 was \$1,316,477.

The Center for Advanced Learning issues a publicly available financial report which may be obtained by writing: Administrator, The Center for Advanced Learning, 1484 NW Civic Drive, Gresham, OR 97030.

The District has entered into an agreement to a joint participation agreement to sponsor a charter school for the Academy for Architecture, Construction and Engineering, known as the ACE Academy. The participating school districts; Reynolds School District No. 7, Centennial School District No. 28J, Gresham-Barlow School District No. 10J and Parkrose School District No.3; agreed that each of them has an equal interest in and responsibility for the Charter Agreement. Unlike the Center for Advanced Learning where ownership is shared, the District only acts as a sponsor of ACE Academy, therefore no investment in ACE Academy is reported on the Statement of Net Position.

The ACE Academy issues a financial report which may be obtained by writing:
Administrator, ACE Academy, 422 NE 158th Avenue, Portland OR 97230

NOTE 15. 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 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. Receipts and expenditures for the year ended June 30, 2016 are as follows:

	Arts Tax Revenues	Arts Tax Expenditures	Music FTE Funded	Art FTE Funded	Total FTE
Alder Elementary	\$ 74,005	\$ 56,623	0.67	0.25	0.92
Glenfair Elementary	84,425	64,595	0.67	0.25	0.92
Margaret Scott Elementary	126,087	96,472	0.67	0.25	0.92
Wilkes Elementary	109,069	83,451	0.67	0.25	0.92
	<u>\$ 393,586</u>	<u>\$ 301,141</u>	<u>2.68</u>	<u>1</u>	<u>3.68</u>

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The prior period adjustment of \$268,918 shown in the State and Local Programs Fund is to include the student body funds which were previously reported separately. The prior period adjustment of \$98,511 shown on the Statement of Activities includes both the inclusion of student body funds and an adjustment to the value of the equity investment in the Center for Advanced Learning which was incorrectly recorded in the prior year.

NOTE 17. FUND DEFICIT

The Self-Insurance Fund had a deficit balance of \$1,122,766 which is expected to be eliminated next year with transfers from the General Fund and local revenues.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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**REYNOLDS SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2016

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.47 %	\$ 26,851,775	\$ 61,541,587	43.6 %	91.9 %
2015	0.48 %	(10,827,948)	57,457,850	(18.8)	103.6
2014	0.48 %	24,377,398	55,916,694	43.6	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 2,804,304	\$ 2,804,304	\$ -	\$ 64,947,816	4.3 %
2015	5,438,439	5,438,439	-	61,541,587	8.8
2014	5,136,148	5,136,148	-	57,457,850	8.9

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
Multnomah County, Oregon

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS
June 30, 2016

OPEB - POST RETIREMENT HEALTH CARE

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
10/1/2015	\$ -	\$ 14,539,070	\$ 14,539,070	0.00%	\$ 56,078,757	25.93%
10/1/2013	-	16,087,750	16,087,750	0.00%	54,569,165	29.48%
10/1/2011	-	19,280,101	19,280,101	0.00%	51,955,249	37.11%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2016	\$ 2,790,921	46%	\$ 7,876,691
2015	2,781,763	45%	6,366,362
2014	3,105,954	45%	4,830,368

OPEB - EARLY RETIREMENT PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
10/1/2015	\$ -	\$ 2,139,789	\$ 2,139,789	0.00%	\$ 55,018,089	3.89%
10/1/2013	-	2,064,810	2,064,810	0.00%	52,204,562	3.96%
10/1/2011	-	2,065,283	2,065,283	0.00%	50,393,064	4.10%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2016	\$ 364,172	51%	\$ 1,492,948
2015	439,886	53%	1,312,716
2014	499,935	38%	1,106,281

The above tables presents the most recent actuarial valuations for the District's post-retirement health insurance plan and early retirement plan and provide information that approximates the funding progress of the plans.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2016

<u>GENERAL FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources	\$ 25,484,417	\$ 25,484,417	\$ 24,961,741	\$ (522,676)
Intermediate Sources	2,028,737	2,028,737	2,414,887	386,150
State Sources	91,118,290	91,118,290	89,236,603	(1,881,687)
Debt Proceeds	-	-	175,000	175,000
Federal Sources	115,000	115,000	166,858	51,858
Total Revenue	118,746,444	118,746,444	116,955,089	(1,791,355)
EXPENDITURES:				
Instruction	71,815,672	72,809,195	(1) 72,484,132	325,063
Support Services	45,741,958	44,991,958	(1) 43,163,574	1,828,384
Community Services	130,966	130,966	(1) 130,208	758
Debt Service	122,310	122,310	(1) 122,310	-
Contingency	2,356,758	2,113,235	(1) -	2,113,235
Total Expenditures	120,167,664	120,167,664	115,900,223	4,267,441
Excess of Revenues Over (Under) Expenditures	(1,421,220)	(1,421,220)	1,054,866	(6,058,796)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,785,538)	(1,785,538)	(1) (1,785,538)	-
Total Other Financing Sources (Uses)	(1,785,538)	(1,785,538)	(1,785,538)	-
Net Change in Fund Balance	(3,206,758)	(3,206,758)	(730,672)	(6,058,796)
Beginning Fund Balance	9,625,348	9,625,348	8,738,268	887,080
Ending Fund Balance	\$ 6,418,590	\$ 6,418,590	8,007,595	\$ (5,171,715)
Reconciliation to Governmental Fund Balance as required by GASB 54:				
Ending Fund Balance Retirement Fund			263,428	
			\$ 8,271,023	

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2016

FEDERAL PROGRAMS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Federal Sources	\$ 12,207,868	\$ 12,207,868	\$ 8,777,030	\$ (3,430,838)
Total Revenues	<u>12,207,868</u>	<u>12,207,868</u>	<u>8,777,030</u>	<u>(3,430,838)</u>
EXPENDITURES:				
Instruction	8,398,659	8,398,659	5,593,939	2,804,720
Support Services	3,666,632	3,666,632	3,098,855	567,777
Community Services	<u>142,577</u>	<u>142,577</u>	<u>84,236</u>	<u>58,341</u>
Total Expenditures	<u>12,207,868</u>	<u>12,207,868</u>	(1) <u>8,777,030</u>	<u>3,430,838</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2016

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 4,541,000	\$ 4,541,000	\$ 4,594,461	\$ 53,461
Total Revenues	<u>4,541,000</u>	<u>4,541,000</u>	<u>4,594,461</u>	<u>53,461</u>
EXPENDITURES:				
Debt Service	<u>4,651,000</u>	<u>4,651,000</u>	<u>4,651,000</u>	<u>-</u>
Total Expenditures	<u>4,651,000</u>	<u>4,651,000 (1)</u>	<u>4,651,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(110,000)	(110,000)	(56,539)	53,461
Beginning Fund Balance	<u>110,000</u>	<u>110,000</u>	<u>2,295,228</u>	<u>2,185,228</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,238,689</u></u>	<u><u>\$ 2,238,689</u></u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2016

PERS BOND FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 6,990,490	\$ 6,990,490	\$ 6,996,541	\$ 6,051
Total Revenues	<u>6,990,490</u>	<u>6,990,490</u>	<u>6,996,541</u>	<u>6,051</u>
EXPENDITURES:				
Debt Service	<u>6,990,490</u>	<u>6,990,490</u>	<u>6,990,490</u>	<u>-</u>
Total Expenditures	<u>6,990,490</u>	<u>6,990,490 (1)</u>	<u>6,990,490</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	-	6,051	6,051
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>96,624</u>	<u>96,624</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 102,675</u></u>	<u><u>\$ 102,675</u></u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2016

2015 GO BOND DEBT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	<u>\$ 3,759,550</u>	<u>\$ 3,759,550</u>	<u>\$ 4,460,861</u>	<u>\$ 701,311</u>
Total Revenues	<u>3,759,550</u>	<u>3,759,550</u>	<u>4,460,861</u>	<u>701,311</u>
EXPENDITURES:				
Debt Service	<u>3,759,550</u>	<u>3,759,550</u>	<u>3,756,344</u>	<u>3,206</u>
Total Expenditures	<u>3,759,550</u>	<u>3,759,550 (1)</u>	<u>3,756,344</u>	<u>3,206</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>704,517</u>	<u>704,517</u>
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 704,517</u></u>	<u><u>\$ 704,517</u></u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET (BUDGETARY BASIS)
 For the Year Ended June 30, 2016

2015 GO BOND PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources	\$ -	\$ -	\$ 134,152	\$ 134,152
Bond Proceeds	131,707,623	131,707,623	137,706,332	5,998,709
Total Revenues	131,707,623	131,707,623	137,840,484	6,132,861
EXPENDITURES:				
Facilities Acquisition and Construction	39,512,287	39,512,287	2,908,147	36,604,140
Contingency	92,195,336	92,195,336	-	92,195,336
Total Expenditures	131,707,623	131,707,623 (1)	2,908,147	128,799,476
Excess of Revenues Over (Under) Expenditures	-	-	134,932,337	134,932,337
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 134,932,337	\$ 134,932,337

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2016

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources	\$ 2,000	\$ 2,000	\$ 9,599	\$ 7,599
Intermediate Sources	72,000	72,000	95,827	23,827
Total Revenues	74,000	74,000	105,426	31,426
EXPENDITURES:				
Facilities Acquisition and Construction	2,000	2,000	120	1,880
Debt Service	1,642,538	1,642,538	1,642,538	-
Total Expenditures	1,644,538	1,644,538 (1)	1,642,658	1,880
Excess of Revenues Over (Under) Expenditures	(1,570,538)	(1,570,538)	(1,537,232)	33,306
OTHER FINANCING SOURCES (USES):				
Transfers In	1,100,538	1,100,538	1,100,538	-
Net Change in Fund Balance	(470,000)	(470,000)	(436,694)	33,306
Beginning Fund Balance	470,000	470,000	686,060	216,060
Ending Fund Balance	\$ -	\$ -	\$ 249,366	\$ 249,366

(1) Appropriation Level

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	SPECIAL REVENUE FUNDS			
	NUTRITION SERVICE FUND	STATE AND LOCAL PROGRAMS FUND	SELF INSURANCE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:				
Cash	\$ 332,835	\$ 318,153	\$ -	\$ 650,988
Receivables:				
Accounts/Grants	1,060,709	387,160	33,530	1,481,399
Inter-Fund Receivable	1,148,013	2,041,483	-	3,189,496
Inventories	163,152	245,974	-	409,126
Total Assets	<u>2,704,709</u>	<u>2,992,770</u>	<u>33,530</u>	<u>5,731,009</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	186,265	32,446	5,634	224,345
Inter-Fund Payable	-	444,467	1,150,662	1,595,129
Unearned Revenue	66,992	8,164	-	75,156
Total Liabilities	<u>253,257</u>	<u>485,077</u>	<u>1,156,296</u>	<u>1,894,630</u>
Fund Balances:				
Nonspendable	-	245,974		245,974
Restricted	2,451,452	347,971		2,799,423
Committed	-	-	(1,122,766)	(1,122,766)
Assigned	-	1,913,748		1,913,748
Total Fund Balances	<u>2,451,452</u>	<u>2,507,693</u>	<u>(1,122,766)</u>	<u>3,836,379</u>
Total Liabilities and Fund Balances	<u>\$ 2,704,709</u>	<u>\$ 2,992,770</u>	<u>\$ 33,530</u>	<u>\$ 5,731,009</u>

* Note: State and Local Programs Fund includes Fund 260 which is the accounting for the ASB funds within District System.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	SPECIAL REVENUE FUNDS			
	NUTRITION SERVICE FUND	STATE AND LOCAL PROGRAMS FUND	SELF INSURANCE FUND	NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Local Sources	\$ 295,096	\$ 2,033,658	\$ 140,355	\$ 2,469,108
Intermediate Sources	5,000	812,227	-	817,227
State Sources	22,817	244,434	-	267,251
Federal Sources	5,996,275	-	-	5,996,275
Total Revenues	6,319,188	3,090,319	140,355	9,549,861
EXPENDITURES:				
Instruction	-	1,466,229	-	1,466,229
Support Service	-	812,926	1,324,311	2,137,237
Community Services	5,787,845	301,656	-	6,089,501
Total Expenditures	5,787,845	2,580,811	1,324,311	9,692,967
Excess of Revenues Over (Under) Expenditures	531,343	509,508	(1,183,956)	(143,106)
Other Financing Sources, -Uses:				
Transfers In	55,000	-	-	55,000
Total Other Financing Sources (Uses)	55,000	-	-	55,000
Net Change in Fund Balance	586,343	509,508	(1,183,956)	(88,106)
Beginning Fund Balance	1,865,109	1,729,267 *	61,190	3,655,566
Prior Period Adjustment	-	268,918	-	268,918
Ending Fund Balance	\$ 2,451,452	\$ 2,507,693	\$ (1,122,766)	\$ 3,836,379

* Note: State and Local Programs Fund includes Fund 260 which is the accounting for the ASB funds within District System.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2016

NUTRITION SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources	\$ 522,000	\$ 522,000	\$ 295,096	\$ (226,904)
Intermediate Sources	15,000	15,000	5,000	(10,000)
State Sources	-	-	22,817	22,817
Federal Sources	5,443,799	5,443,799	5,996,275 (2)	552,476
Total Revenues	5,980,799	5,980,799	6,319,188	338,389
EXPENDITURES:				
Support Services	-	-	-	-
Enterprise and Community Services	6,567,192	6,567,192	5,787,845	779,347
Contingencies	517,285	517,285	-	517,285
Total Expenditures	7,084,477	7,084,477 (1)	5,787,845	1,296,632
Excess of Revenues Over (Under) Expenditures	(1,103,678)	(1,103,678)	531,343	1,635,021
OTHER FINANCING SOURCES (USES):				
Transfers In	55,000	55,000	55,000 (2)	-
Total Other Financing Sources (Uses)	55,000	55,000	55,000	-
Net Change in Fund Balance	(1,048,678)	(1,048,678)	586,343	1,635,021
Beginning Fund Balance	1,048,678	1,048,678	1,865,109	816,431
Ending Fund Balance	\$ -	\$ -	\$ 2,451,452	\$ 2,451,452

(1) Appropriation Level

(2) Included in this transfer from the General Fund and the federal sources above is the required state appropriated general purpose revenues of \$57,150 the District must transfer to the Food Service Fund for National School Lunch Support in order to meet the general cash assistance match for 2015-2016

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2016

STATE AND LOCAL PROGRAMS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 2,028,449	\$ 2,028,449	\$ 2,033,658	\$ 5,209
Intermediate Sources	733,542	733,542	812,227	78,685
State Sources	815,979	815,979	244,434	(571,545)
Total Revenues	<u>3,577,970</u>	<u>3,577,970</u>	<u>3,090,319</u>	<u>(487,651)</u>
EXPENDITURES:				
Instruction	2,609,175	2,609,175 (1)	1,466,229	1,142,946
Support Services	1,452,476	1,452,476 (1)	812,926	639,550
Community Services	485,404	485,404 (1)	301,656	183,748
Contingencies	72,510	72,510	-	72,510
Total Expenditures	<u>4,619,565</u>	<u>4,619,565</u>	<u>2,580,811</u>	<u>2,038,754</u>
Excess of Revenues Over (Under) Expenditures	(1,041,595)	(1,041,595)	509,508	1,551,103
Beginning Fund Balance	2,082,013	2,082,013	1,729,267 *	(352,746)
Prior Period Adjustment 2			268,918	268,918
Ending Fund Balance	<u>\$ 1,040,418</u>	<u>\$ 1,040,418</u>	<u>\$ 2,507,693</u>	<u>\$ 1,467,275</u>

(1) Appropriation Level

* Note: State and Local Programs Fund includes Fund 260 which is accounting for the ASB funds within District System.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2016

	<u>SELF-INSURANCE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 486,318	\$ 486,318	\$ 140,355	\$ (345,963)
Total Revenues	<u>486,318</u>	<u>486,318</u>	<u>140,355</u>	<u>(345,963)</u>
EXPENDITURES:				
Support Services	<u>1,336,318</u>	<u>1,336,318</u>	(1) <u>1,324,311</u>	<u>12,007</u>
Total Expenditures	<u>1,336,318</u>	<u>1,336,318</u>	<u>1,324,311</u>	<u>12,007</u>
Excess of Revenues Over (Under) Expenditures	(850,000)	(850,000)	(1,183,956)	(333,956)
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>57,000</u>	<u>57,000</u>	<u>-</u>	<u>(57,000)</u>
Net Change in Fund Balance	(793,000)	(793,000)	(1,183,956)	(390,956)
Beginning Fund Balance	<u>793,000</u>	<u>793,000</u>	<u>61,190</u>	<u>(731,810)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,122,766)</u>	<u>\$ (1,122,766)</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET (BUDGETARY BASIS)
 For the Year Ended June 30, 2016

	<u>RETIREMENT FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
Support Services	\$ 875,000	\$ 875,000 (1)	\$ 649,234	\$ 225,766
Contingency	29,000	29,000 (1)	-	29,000
Total Enterprise and Comm. Services	<u>904,000</u>	<u>904,000</u>	<u>649,234</u>	<u>254,766</u>
Excess of Revenues Over (Under) Expenditures	(904,000)	(904,000)	(649,234)	(254,766)
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>630,000</u>	<u>630,000</u>	<u>630,000</u>	<u>-</u>
Net Change in Fund Balance	(274,000)	(274,000)	(19,234)	254,766
Beginning Fund Balance	<u>274,000</u>	<u>274,000</u>	<u>282,662</u>	<u>8,662</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,428</u>	<u>\$ 263,428</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54, due to its financing resources being derived primarily from General Fund transfers.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2016

	<u>Maria Reed Memorial Fund</u>	<u>R.S. Reynolds Scholarship Fund</u>	<u>Mark Whitehead Scholarship Fund</u>	<u>Skip Squires Scholarship Fund</u>	<u>Viskov Memorial Fund</u>	<u>Emilio Hoffman Memorial Fund</u>	<u>H. Anderson Fine Arts Scholarship Fund</u>	<u>RSD Avid Scholarship Fund</u>	<u>Total</u>
ASSETS:									
Due From Other Funds	\$ 15	\$ 6,465	\$ 3,807	\$ 766	\$ -	\$ -	\$ 4,055	\$ 2,938	\$ 18,046
LIABILITIES:									
Due to Student Organizations	12	-	-	-	-	-			12
NET POSITION:									
Reserved for Scholarship Programs	<u>\$ 3</u>	<u>\$ 6,465</u>	<u>\$ 3,807</u>	<u>\$ 766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,055</u>	<u>\$ 2,938</u>	<u>\$ 18,034</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Year Ended June 30, 2016

	Maria Reed Memorial Fund	R.S. Reynolds Scholarship Fund	Mark Whitehead Scholarship Fund	Skip Squires Scholarship Fund	Viskov Memorial Fund	Emilio Hoffman Memorial Fund	H. Anderson Fine Arts Scholarship Fund	RSD Avid Scholarship Fund	Total
ADDITIONS:									
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 1,388	\$ 3,388
DEDUCTIONS:									
Disbursements	602	-	-	-	-	-	37	-	639
Change in Net Position	(602)	-	-	-	-	-	1,963	1,388	2,749
Beginning Net Position	605	6,465	3,807	766	2,092	1,550	-	-	15,285
Prior Period Adjustment	-	-	-	-	(2,092)	(1,550)	2,092	1,550	-
Ending Net Position	<u>\$ 3</u>	<u>\$ 6,465</u>	<u>\$ 3,807</u>	<u>\$ 766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,055</u>	<u>\$ 2,938</u>	<u>\$ 18,034</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2015</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2016</u>
Current:						
2015-16	\$ 24,240,220	\$ 627,080	\$ (73,613)	\$ 8,356	\$ 23,018,453	\$ 529,429
Prior Years:						
2014-15	587,628	(546)	(46,593)	15,987	229,108	328,460
2013-14	235,443	(16)	85,363	15,700	83,074	253,448
2012-13	234,272	(10)	(10,918)	19,300	66,206	176,458
2011-12	216,578	(1)	(36,926)	12,827	35,544	156,936
Prior Years	199,501	-	(5,261)	4,418	7,051	191,607
Total Prior	1,473,422	(573)	(14,335)	68,232	420,983	1,106,909
Total All Years	<u>\$ 25,713,642</u>	<u>\$ 626,507</u>	<u>\$ (87,948)</u>	<u>\$ 76,587</u>	<u>\$ 23,439,436</u>	<u>\$ 1,636,338</u>

RECONCILIATION TO REVENUE:

	<u>TOTAL</u>
Cash Collections by County Treasurers Above	\$ 23,439,436
Accrual of Receivables:	
June 30, 2015	(182,082)
June 30, 2016	71,308
Taxes in lieu	208,323
Total Revenue	<u>\$ 23,536,986</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

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

DEBT SERVICE FUNDS

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2015</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2016</u>
Current:						
2015-16	\$ 8,411,994	\$ 217,613	\$ (25,546)	\$ 2,900	\$ 7,988,009	\$ 183,726
Prior Years:						
2014-15	153,952	(167)	9,941	4,887	70,035	98,912
2013-14	120,677	(6)	(7,569)	5,635	29,813	88,935
2012-13	76,785	(4)	(639)	6,786	23,279	59,657
2011-12	55,613	(0)	(2,791)	3,854	10,680	45,996
Prior Years	57,506	-	(6,559)	1,140	1,820	50,267
Total Prior	464,533	(177)	(7,617)	22,302	135,627	343,767
Total All Years	<u>\$ 8,876,527</u>	<u>\$ 217,437</u>	<u>\$ (33,163)</u>	<u>\$ 25,202</u>	<u>\$ 8,123,636</u>	<u>\$ 527,493</u>

RECONCILIATION TO REVENUE:

	<u>TOTAL</u>
Cash Collections by County Treasurers Above	\$ 8,123,636
Accrual of Receivables:	
June 30, 2015	(47,703)
June 30, 2016	24,371
Taxes in lieu	54,777
Total Revenue	<u>\$ 8,155,081</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Grantor	Program Title	Pass through Grantor	CFDA Number	Pass Through Entity Number	Grant Period	Expenditures	Passed Through to Subrecipients
US Department of Education - Special Revenue Fund:							
	Title IA YR 14/15	Oregon State Department of Education	84.010	32673	07/01/2014-09/30/2015	1,081,800	NA
	Title IA YR 15/16	Oregon State Department of Education	84.010	36064	07/01/2015-09/30/2016	4,384,383	NA
	2015-16 Focus Improvement - Alder	Oregon State Department of Education	84.010	37540	07/01/2015-09/30/2016	29,257	NA
	2015-16 Focus Improvement - Davis	Oregon State Department of Education	84.010	37541	07/01/2015-09/30/2016	19,183	NA
	2015-16 Focus Improvement - Glenfair	Oregon State Department of Education	84.010	37542	07/01/2015-09/30/2016	16,091	NA
	2015-16 Focus Improvement - Hartley	Oregon State Department of Education	84.010	37543	07/01/2015-09/30/2016	20,561	NA
	2014-15 Focus Improvement - Alder	Oregon State Department of Education	84.010	32760	07/01/2014-09/30/2015	21,507	NA
	2014-15 Focus Improvement - Glenfair	Oregon State Department of Education	84.010	32762	07/01/2014-09/30/2015	12,517	NA
	2014-15 Focus Improvement - Hartley	Oregon State Department of Education	84.010	32763	07/01/2014-09/30/2015	22,309	NA
	2014-15 Focus Improvement - Margaret Scott	Oregon State Department of Education	84.010	32764	07/01/2014-09/30/2015	30,911	NA
	2014-15 Focus Improvement - Davis	Oregon State Department of Education	84.010	32761	07/01/2014-09/30/2015	2,390	NA
					Total	5,640,911	
	Title IIA Improving Teacher Quality 14/15	Oregon State Department of Education	84.367	32997	07/01/2014-09/30/2015	163,890	NA
	Title IIA Improving Teacher Quality 15/16	Oregon State Department of Education	84.367	36261	07/01/2015-09/30/2016	145,447	NA
					Total	309,337	
	Title III English Language Acquisition 14/15	Oregon State Department of Education	84.365	32359	07/01/2014-09/30/2015	141,016	NA
	Title III English Language Acquisition 15/16	Oregon State Department of Education	84.365	36358	07/01/2015-09/30/2016	86,583	NA
					Total	227,599	
	IDEA Part B YR 14/15	Oregon State Department of Education	84.027	33371	07/01/2014-09/30/2016	585,399	NA
	IDEA Part B YR 15/16	Oregon State Department of Education	84.027	36958	07/01/2015-09/30/2017	1,579,955	NA
	SPR & I IDEA Part B	Oregon State Department of Education	84.027	32214	08/01/2015-06/30/2016	7,320	NA
	IDEA Enhancement 2015-16 Formula	Oregon State Department of Education	84.027	38420	10/01/2015-09/30/2016	12,731	NA
	IDEA Extended Assessment 2015-16 Formula	Oregon State Department of Education	84.027	35797	07/01/2015-06/30/2016	3,600	NA
					Total	2,189,004	
	IDEA Pre School Grant 2013-14	Oregon State Department of Education	84.173	28925	07/01/2013-09/30/2015	7,151	NA
	IDEA Pre School Grant 2014-15	Oregon State Department of Education	84.173	33526	07/01/2014-09/30/2016	11,606	NA
	IDEA Pre School Grant 2015-16	Oregon State Department of Education	84.173	37245	07/01/2015-09/30/2017	7,198	NA
					Total	25,955	
	SLP - NOVA Cohort V-2015 Mentor	Oregon State Department of Education	84.323	35145	04/01/2015-08/30/2015	4,029	NA
	SLP - NOVA Cohort V-2015 Scholarship	Oregon State Department of Education	84.323	35138	04/01/2015-08/30/2015	400	NA
	SPDG EBISS Depth 2014-15 Base	Oregon State Department of Education	84.323	37333	08/01/2015-07/30/2016	7,000	NA
					Total	11,429	
	Fresh Fruit and Vegetable Program - Alder	Oregon State Department of Education	10.582	36674	07/01/2015-09/30/2015	2,736	NA
	Fresh Fruit and Vegetable Program - Davis	Oregon State Department of Education	10.582	36675	07/01/2015-09/30/2015	2,438	NA
	Fresh Fruit and Vegetable Program - Fairview	Oregon State Department of Education	10.582	36676	07/01/2015-09/30/2015	2,304	NA
	Fresh Fruit and Vegetable Program - Glenfair	Oregon State Department of Education	10.582	36677	07/01/2015-09/30/2015	2,575	NA
	Fresh Fruit and Vegetable Program - Hartley	Oregon State Department of Education	10.582	36678	07/01/2015-09/30/2015	2,655	NA
	Fresh Fruit and Vegetable Program - Margaret Scott	Oregon State Department of Education	10.582	36679	07/01/2015-09/30/2015	2,635	NA
	Fresh Fruit and Vegetable Program - Salish Ponds	Oregon State Department of Education	10.582	36680	07/01/2015-09/30/2015	2,464	NA
	Fresh Fruit and Vegetable Program - Wilkes	Oregon State Department of Education	10.582	36681	07/01/2015-09/30/2015	2,374	NA
	Fresh Fruit and Vegetable Program - Woodland	Oregon State Department of Education	10.582	36682	07/01/2015-09/30/2015	2,501	NA
	Fresh Fruit and Vegetable Program - Alder	Oregon State Department of Education	10.582	38660	10/01/2015-06/30/2016	18,541	NA
	Fresh Fruit and Vegetable Program - Davis	Oregon State Department of Education	10.582	38661	10/01/2015-06/30/2016	16,792	NA
	Fresh Fruit and Vegetable Program - Fairview	Oregon State Department of Education	10.582	38662	10/01/2015-06/30/2016	14,005	NA
	Fresh Fruit and Vegetable Program - Glenfair	Oregon State Department of Education	10.582	38663	10/01/2015-06/30/2016	18,421	NA
	Fresh Fruit and Vegetable Program - Hartley	Oregon State Department of Education	10.582	38664	10/01/2015-06/30/2016	19,022	NA
	Fresh Fruit and Vegetable Program - Margaret Scott	Oregon State Department of Education	10.582	38665	10/01/2015-06/30/2016	17,677	NA
	Fresh Fruit and Vegetable Program - Salish Ponds	Oregon State Department of Education	10.582	38666	10/01/2015-06/30/2016	16,993	NA
	Fresh Fruit and Vegetable Program - Wilkes	Oregon State Department of Education	10.582	38667	10/01/2015-06/30/2016	16,381	NA
	Fresh Fruit and Vegetable Program - Woodland	Oregon State Department of Education	10.582	38668	10/01/2015-06/30/2016	18,563	NA
	Fresh Fruit and Vegetable Program - Alder	Oregon State Department of Education	10.582	39978	10/01/2015-06/30/2016	4,322	NA
	Fresh Fruit and Vegetable Program - Davis	Oregon State Department of Education	10.582	39977	10/01/2015-06/30/2016	3,840	NA
	Fresh Fruit and Vegetable Program - Fairview	Oregon State Department of Education	10.582	39976	10/01/2015-06/30/2016	3,953	NA
	Fresh Fruit and Vegetable Program - Glenfair	Oregon State Department of Education	10.582	39975	10/01/2015-06/30/2016	4,376	NA
	Fresh Fruit and Vegetable Program - Hartley	Oregon State Department of Education	10.582	39974	10/01/2015-06/30/2016	4,310	NA
	Fresh Fruit and Vegetable Program - Margaret Scott	Oregon State Department of Education	10.582	39973	10/01/2015-06/30/2016	4,615	NA
	Fresh Fruit and Vegetable Program - Salish Ponds	Oregon State Department of Education	10.582	39972	10/01/2015-06/30/2016	4,034	NA
	Fresh Fruit and Vegetable Program - Wilkes	Oregon State Department of Education	10.582	39971	10/01/2015-06/30/2016	4,049	NA
	Fresh Fruit and Vegetable Program - Woodland	Oregon State Department of Education	10.582	39970	10/01/2015-06/30/2016	4,351	NA
					Total	216,927	

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Grantor	Program Title	Pass through Grantor	CFDA Number	Pass Through Entity Number	Grant Period	Expenditures	Passed Through to Subrecipients
<u>US Department of Education - Special Revenue Fund: (Continued):</u>							
	School and Roads	Multnomah County Department of County Management	10.665	N/A	2014-2015	6,312	NA
	Title X - Education for Homeless Children & Youth	Oregon State Department of Education	84.196	36484	07/01/2015-09/30/2016	33,787	NA
						<u>33,787</u>	
	SIG Implementation 15/16	Oregon State Department of Education	84.377	35702	06/01/2015-09/30/2016	334,518	NA
						<u>334,518</u>	
<u>Direct Federal Grants</u>							
	Title VII Indian Education YR 15/16		84.060A	S060A152099	07/01/2015-09/30/2016	4,490	NA
					Total	<u>4,490</u>	
<u>US Department of Agriculture - Special Revenue Fund:</u>							
	USDA Commodities	Oregon State Department of Education	10.555	N/A	2015-2016	356,648	NA
	USDA Commodities	Oregon State Department of Education	10.559	N/A	2015-2016	-	NA
	National School Lunch Program	Oregon State Department of Education	10.555	N/A	2015-2016	3,709,181	NA
	Summer Feeding Program	Oregon State Department of Education	10.559	N/A	2015-2016	147,315	NA
	National School Breakfast	Oregon State Department of Education	10.553	N/A	2015-2016	1,286,645	NA
	Child Care	Oregon State Department of Education	10.558	N/A	2015-2016	279,560	NA
					Total	<u>5,779,348</u>	
Total Federal Financial Assistance						<u>\$ 14,779,617</u>	

Reconciliation to Federal Revenue
Total federal awards expended, above \$ 14,779,617
Accruals/Deferrals 160,545
Total federal revenue recognized \$ 14,940,162

STATISTICAL SECTION

This part of Multnomah County School District NO. 7'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 government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	61-64
Revenue Capacity These schedules contain information to help the reader assess the government's most significant locate revenue sources, the property tax.	65-66
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	66-67
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	68
Operating Information These Schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	69-76

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

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MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2015-2016</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>2012-2013</u>	<u>2011-2012</u>
Governmental activities:					
Net investment in capital assets	\$ (84,665,144)	\$ 44,378,505	36,972,412	\$ 32,698,203	\$ 30,190,718
Restricted	\$ 5,845,304	\$ 4,738,094	3,672,338	2,264,243	1,300,464
Unrestricted	\$ 51,699,747	\$ (58,747,877)	(3,522,531)	130,349	8,500,101
Total primary government net position	<u>\$ (27,120,093)</u>	<u>\$ (9,631,278)</u>	<u>\$ 37,122,219</u>	<u>\$ 35,092,795</u>	<u>\$ 39,991,283</u>

	<u>2010-2011</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>2007-2008</u>	<u>2006-2007</u>
Governmental activities:					
Net investment in capital assets	\$ 27,693,771	\$ 27,480,759	\$ 29,219,708	\$ 28,975,026	\$ (85,662,104)
Restricted	1,142,164	5,061,043	6,395,651	7,964,495	16,376,648
Unrestricted	12,370,361	6,936,460	(8,396,428)	(10,755,988)	66,762,275
Total primary government net position	<u>\$ 41,206,296</u>	<u>\$ 39,478,262</u>	<u>\$ 27,218,931</u>	<u>\$ 26,183,533</u>	<u>\$ (2,523,181)</u>

Source: Multnomah County School District No.7 financial records.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2015-16	2014-2015	2013-2014	2012-2013	2011-2012
Expenses					
Instruction	\$ 88,048,372	\$ 63,799,909	\$ 70,693,491	\$ 66,156,854	\$ 63,964,595
Support services	\$ 56,341,200	\$ 39,052,852	41,624,247	42,124,046	38,681,405
Enterprise and community services	\$ 6,946,986	\$ 5,145,985	5,993,003	5,210,975	4,389,777
Interest on long-term debt	\$ 10,281,714	\$ 6,993,654	6,734,328	6,697,698	6,644,672
Total primary government expenses	\$ 161,618,272	\$ 114,992,400	\$ 125,045,069	\$ 120,189,573	\$ 113,680,449
Program revenues					
Governmental activities:					
Charges for services	\$ 1,301,487	\$ 1,232,868	\$ 1,591,846	\$ 995,283	\$ 842,597
Operating grants and contributions	\$ 16,771,515	\$ 14,460,074	13,969,114	11,981,194	12,974,914
Total primary government revenues	\$ 18,073,002	\$ 15,692,942	\$ 15,560,960	\$ 12,976,477	\$ 13,817,511
Net (Expense)/Revenue					
Total primary government net expense	\$ 143,545,270	\$ 99,299,458	\$ 109,484,109	\$ 107,213,096	\$ 99,862,938
General revenues and Other Changes in Net Assets					
Property taxes	\$ 31,670,746	\$ 30,311,983	\$ 29,291,925	\$ 28,387,733	\$ 27,083,913
State support	\$ 88,200,553	\$ 83,521,907	80,213,848	70,391,258	69,601,801
Intermediate sources	\$ 2,802,777	\$ 2,183,826	1,344,766	1,071,491	230,292
Other federal revenue					35,611
Loss on equity interest in CAL	\$ (37,398)				(60,573)
Miscellaneous	\$ 2,259,886	\$ 1,813,136	1,186,346	1,765,972	1,014,390
Investment earnings	\$ 1,061,381	\$ 204,198	218,294	233,117	225,572
Total primary government	\$ 125,957,945	\$ 118,035,050	\$ 112,255,179	\$ 101,849,571	\$ 98,131,006
Change in Net Position					
Total primary government	\$ (17,587,325)	\$ 18,735,592	\$ 2,771,070	\$ (5,363,525)	\$ (1,731,932)

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Expenses					
Instruction	\$ 63,190,614	\$ 58,097,568	\$ 65,795,685	\$ 67,628,498	\$ 63,736,613
Support services	38,152,331	32,807,833	33,090,351	35,571,526	32,862,336
Enterprise and community services	4,866,276	4,653,983	4,160,324	4,157,409	4,435,911
Facilities acquisition and construction					2,373,130
Interest on long-term debt	6,623,305	6,705,030	6,628,988	6,497,711	5,992,062
Total primary government expenses	\$ 112,832,526	\$ 102,264,414	\$ 109,675,348	\$ 113,855,144	\$ 109,400,052
Program revenues					
Governmental activities:					
Charges for services	\$ 1,439,364	\$ 1,491,329	\$ 1,183,332	\$ 1,750,496	\$ 1,688,729
Operating grants and contributions	15,716,230	13,825,203	13,227,068	12,280,193	12,390,762
Total primary government revenues	\$ 17,155,594	\$ 15,316,532	\$ 14,410,400	\$ 14,030,689	\$ 14,079,491
Net (Expense)/Revenue					
Total primary government net expense	\$ 95,676,932	\$ 86,947,882	\$ 95,264,948	\$ 99,824,455	\$ 95,320,561
General revenues and Other Changes in Net Assets					
Property taxes	\$ 26,255,760	\$ 25,976,489	\$ 26,185,609	\$ 25,468,500	\$ 24,603,502
State support	61867057	66,164,872	68,147,596	71,117,781	64,894,583
Intermediate sources	1,120,472	1,041,417	1,078,653	393,948	527,623
Other federal revenue	6,843,229	5,139,732	349,300	635,921	1,064,314
Loss on equity interest in CAL	(43,976)	(42,545)	(59,483)	(29,796)	(43,030)
Miscellaneous					
Investment earnings	90,233	244,248	598,671	1,909,643	1,898,195
Total primary government	\$ 96,132,775	\$ 98,524,213	\$ 96,300,346	\$ 99,495,997	\$ 92,945,187
Change in Net Position					
Total primary government	\$ 455,843	\$ 11,576,331	\$ 1,035,398	\$ (328,458)	\$ (2,375,374)

Source: Multnomah County School District No.7 financial records.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2015-2016	2014-2015	2013-2014	2012-2013(1)	2011-2012(1)
General Fund (1)					
Non spendable	\$ 26,816	\$ 39,915	\$ 86,957	\$ 323,733	\$ 16,603
Unassigned	7,980,779	8,698,353	12,151,829	11,226,313	17,969,505
Unreserved					
Committed-Early retirement	263,428	282,662	665,660	962,023	894,447
Total general fund	<u>\$ 8,271,023</u>	<u>\$ 9,020,930</u>	<u>\$ 12,904,446</u>	<u>\$ 12,512,069</u>	<u>\$ 18,880,555</u>

All Other Government Funds (1)					
Nonspendable	\$ 245,974	\$ 242,871	\$ 240,372	\$ 237,464	\$ 222,567
Restricted for:					
Debt service	3,045,881	2,295,228	1,930,050	872,242	19,060
Pers bond	-	96,624	96,657	96,676	94,593
State & local programs	347,971	481,133	105,573	70,183	76,372
Food service	2,451,452	1,865,109	1,540,058	1,225,142	1,110,439
Committed:					
Self insurance	(1,122,766)	61,190	797,443	765,670	388,914
Assigned					
Capital projects(2)	135,181,703	686,060	534,346	1,076,289	1,708,440
Planning activities		1,005,263	1,413,919	1,045,559	786,104
State & local programs	1,913,748				
Reserved, Reported in:					
Debt service					
Capital projects(2)					
Unassigned			(240,371)	(115,244)	(206,702)
Unreserved, reported in:					
Debt service					
Capital projects					
Special revenue funds					
Total all other governmental funds	<u>\$ 142,063,963</u>	<u>\$ 6,733,478</u>	<u>\$ 6,418,047</u>	<u>\$ 5,273,981</u>	<u>\$ 4,199,787</u>

	2010-2011(1)	2009-2010	2008-2009	2007-2008	2006-2007
General Fund (1)					
Non spendable					
Unassigned	\$ 18,618,115				
Unreserved		\$ 16,005,498	\$ 5,272,624	\$ 3,609,326	\$ 4,901,385
Committed-Early retirement	888,238				
Total general fund	<u>\$ 19,506,353</u>	<u>\$ 16,005,498</u>	<u>\$ 5,272,624</u>	<u>\$ 3,609,326</u>	<u>\$ 4,901,385</u>

All Other Government Funds (1)					
Nonspendable	\$ 222,567				
Restricted for:					
Debt service	122,608				
Pers bond	92,967				
State & local programs	59,265				
Food service	816,199				
Committed:					
Self insurance	329,121				
Assigned					
Capital projects(2)	2,692,076				
Planning activities					
State & local programs	443,570				
Reserved, Reported in:					
Debt service		1,216,120			
Capital projects(2)		3,844,923			
Unassigned	(354,144)				
Unreserved, reported in:					
Debt service			2,172,846	2,342,923	1,331,209
Capital projects			4,222,805	634,179	15,045,439
Special revenue funds		1,773,754	792,179	5,621,572	269,941
Total all other governmental funds	<u>\$ 4,424,229</u>	<u>\$ 6,834,797</u>	<u>\$ 7,187,830</u>	<u>\$ 8,598,674</u>	<u>\$ 16,646,589</u>

(1) GASB 54 implemented-requiring new fund balance categories. Over time all fund balances will be reported under new GASB 54 fund balance categories.

(2) Assigned/Reserved for capital project fluctuate from years when bonds are sold in anticipation of capital construction to years where capital expenditures are made

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

REVENUES:	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Local sources	\$ 43,626,462	\$ 39,991,516	\$ 38,530,637	\$ 37,487,290	\$ 34,668,929
Intermediate sources	3,327,941	2,568,301	1,685,151	1,331,199	428,478
State sources	89,503,854	83,521,907	80,213,848	70,391,258	69,601,801
Federal sources	14,940,162	14,460,075	13,969,114	11,981,194	13,010,525
Miscellaneous					
Total Revenues	\$ 151,398,420	\$ 140,541,799	134,398,750	121,190,941	117,709,733
EXPENDITURES:					
Current:					
Instruction	79,544,300	75,464,346	69,220,002	64,303,986	61,648,389
Support services	49,048,899	46,931,640	42,520,086	41,892,511	38,209,858
Community services	6,303,944	6,205,011	6,064,330	5,219,134	5,001,905
Facilities acquisition	2,908,147				
Capital outlay	120	395,299	395,077	1,310,707	428,706
Debt service	17,162,681	15,113,588	14,662,812	14,223,932	13,804,988
Contingency					
Total Expenditures	154,968,091	144,109,884	132,862,307	126,950,270	119,093,846
Excess of revenues over(under)expenditures	(3,569,671)	3,568,085	1,536,442	(5,759,329)	(1,384,113)
Other Financing Sources(uses)					
Bond proceeds - Principal	122,918,047				
Bond proceeds - Premium	14,963,285				
Transfer in	1,785,538	2,104,038	1,512,000	1,221,612	905,000
Transfer out	(1,785,538)	(2,104,038)	(1,512,000)	(1,221,612)	(905,000)
Total other financing sources(uses)	137,881,332	-	-	-	16,954
Net Change in Fund Balance	\$ 134,311,661	\$ (3,568,085)	\$ 1,536,442	\$ (5,759,329)	\$ (1,367,159)
Debt services as a percentage of noncapital expenditures	11.47%	10.81%	11.13%	11.32%	11.63%
REVENUES:	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Local sources	\$ 34,290,748	\$ 33,450,417			
Property taxes			\$ 25,898,533	\$ 25,400,022	\$ 24,600,447
Charges for services			6,141,718	6,204,192	1,203,885
Earnings from investments			598,671	1,909,643	1,898,195
Intergovernmental-state and intermediate			70,527,736	73,585,725	68,419,043
Intermediate sources	551,164	1,076,439		10,805,664	
State sources	63,381,118	68,993,853			
Federal sources	20,928,492	15,624,530	11,925,581		10,075,405
Miscellaneous			349,300	604,892	5,413,459
Total Revenues	119,151,522	119,145,239	115,441,539	118,510,138	111,610,434
EXPENDITURES:					
Current:					
Instruction	62,119,506	57,087,964	64,290,514	66,352,257	64,623,934
Support services	38,437,385	33,096,862	32,791,304	35,479,276	33,158,352
Community services	5,307,455	4,474,238	4,051,309	4,141,187	4,497,666
Facilities acquisition	151	6,620	52,215	860,860	241,092
Capital outlay	146,432	85,669	196,711	14,273,870	2,132,038
Debt service	13,558,060	14,212,045	13,807,032	12,828,193	11,970,919
Contingency					399,706
Total Expenditures	119,568,989	108,963,398	115,189,085	133,935,643	117,023,707
Excess of revenues over(under)expenditures	(417,467)	10,181,841	252,454	(15,425,505)	(5,413,273)
Other Financing Sources(uses)					
Sale of fixed assets				35,577	1,224
Bond proceeds					
Loan proceeds				5,758,500	3,045,121
Payment to escrow agent					
Payment to PERS UAL					
Lease purchase receipt					
Interfund loan					399,706
Transfer in	1,361,230	1,907,415	1,023,669	811,280	926,570
Transfer out	(1,125,667)	(1,907,415)	(1,023,669)	(811,280)	(1,126,570)
Total other financing sources(uses)	235,563	-	-	5,794,077	3,246,051
Net Change in Fund Balance	\$ (181,904)	\$ 10,181,841	\$ 252,454	\$ (9,631,428)	\$ (2,167,222)
Debt services as a percentage of noncapital expenditures	11.37%	13.05%	11.99%	10.96%	10.23%

(1) Revenues are recognized when susceptible to accrual.

(2) Includes state replacement/transportation reimbursement and basic school support.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL	YEAR	PROPERTY VALUE ASSESSED VALUATION(1)					TOTAL DIRECT TAX RATE(2)
		REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY	TOTAL	
	2015-2016	\$ 5,241,684,480	\$ 346,408,946	\$ 147,579,800	\$ 30,494,280	\$ 5,766,167,506	5.97
	2014-2015	5,124,794,780	336,867,935	143,189,250	26,341,960	5,631,193,925	5.81
	2013-2014	4,843,711,490	287,376,223	136,396,360	26,695,760	5,294,179,833	6.02
	2012-2013	4,725,916,280	281,603,418	137,325,400	25,628,140	5,170,473,238	5.99
	2011-2012	4,690,143,800	269,291,585	133,792,203	31,264,220	5,124,491,808	5.78
	2010-2011	4,641,108,010	270,473,980	121,268,200	32,171,640	5,065,021,830	5.60
	2009-2010	4,546,180,850	270,767,097	116,049,620	38,752,020	4,971,749,587	5.60
	2008-2009	4,375,850,630	291,601,913	115,561,620	33,919,420	4,816,933,583	5.81
	2007-2008	4,170,795,650	289,615,970	102,359,580	34,678,370	4,597,449,270	5.83
	2006-2007	3,961,223,040	263,644,745	94,683,000	35,475,530	4,355,026,315	5.95

FISCAL	YEAR	PROPERTY VALUE TRUE CASH VALUATION(1)					RATIO OF ASSESSED VALUATION TO TRUE CASH VALUATION
		REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY	TOTAL	
	2015-2016	\$ 7,118,441,620	\$ 362,161,236	\$ 181,041,855	\$ 39,130,860	\$ 7,700,775,571	74.88%
	2014-2015	7,778,266,940	367,587,665	162,477,988	34,599,530	8,342,932,123	67.50%
	2013-2014	7,114,104,950	352,281,346	155,652,905	34,858,930	7,656,898,131	69.14%
	2012-2013	7,025,130,990	351,525,375	154,246,934	33,603,270	7,564,506,569	68.35%
	2011-2012	7,093,887,970	339,389,202	142,223,180	39,619,160	7,615,119,512	67.29%
	2010-2011	7,512,693,890	311,255,620	123,448,708	40,609,810	7,988,008,028	63.41%
	2009-2010	7,871,198,630	308,896,717	118,390,975	41,836,890	8,340,323,212	59.61%
	2008-2009	8,055,719,350	321,793,544	118,523,384	36,103,760	8,532,140,038	56.46%
	2007-2008	7,510,611,920	322,561,097	107,781,849	36,849,650	7,977,804,516	57.63%
	2006-2007	6,662,751,820	274,616,035	97,726,674	37,171,890	7,072,266,419	61.58%

(1) Source: Multnomah County.

(2) per \$1,000 of assessed value.

NA=not available

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7

**LARGEST TAXPAYERS WITHIN DISTRICT
CURRENT AND TEN YEARS AGO**

	2015-2016		2005	
	ASSESSED VALUATION	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION	ASSESSED VALUATION	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION
PRIVATE ENTERPRISES				
ABS OR-O DC LLC	47,369,350	0.82%	-	0.00%
Albertson's Inc	-	0.00%	52,880,260	1.28%
American Honda Motor Co. Inc	16,342,650	0.28%	14,295,620	0.35%
Boeing Co	164,065,080	2.85%	157,468,910	3.81%
Boyd Coffee Co	13,600,380	0.24%	16,091,570	0.39%
Calwest Industrial	-	0.00%	14,982,680	0.36%
Cascade Corporation	27,609,490	0.48%	28,237,250	0.68%
Catellus Development Corp	-	0.00%	16,647,780	0.40%
Chelsea Financing Partnership LP	22,257,710	0.39%	16,575,140	0.40%
Comcast of Illinois/Ohio/Oregon, LLC	33,923,200	0.59%	11,111,130	0.27%
Eastern Western Corporation	-	0.00%	10,617,760	0.26%
Evergreen Industrial LLC	-	0.00%	9,583,420	0.23%
Fedes Ground Package System Inc	90,796,360	1.57%	-	0.00%
Fred Meyer Stores Inc	-	0.00%	10,443,630	0.25%
Henningsen Cold Storage Co	23,298,670	0.40%	-	0.00%
Icon Owner Pool 1 West LLC	20,177,060	0.35%	-	0.00%
IIT Southshore CC LLC	25,130,640	0.44%	-	0.00%
IP Eat One LLC	24,720,930	0.43%	-	-
Merix Corp	-	0.00%	23,880,260	-
MIREF Gateway LLC	19,696,850	0.34%	-	0.00%
NACCO Materials Handling	15,567,900	0.27%	14,928,270	0.36%
Owens Corning Foam	24,862,610	0.43%	-	0.00%
PLDAB LLC	23,200,530	0.40%	-	0.00%
Prologis Trust	-	0.00%	9,737,190	0.24%
RR Donnelley Norwest Inc	21,850,490	0.38%	30,036,390	0.73%
Salish Lake LLC	-	-	10,272,180	-
Sandy Cascade LLC	16,476,890	-	-	-
Stag Gresham LLC	13,338,940	-	-	-
The Boeing Company Inc	52,412,510	-	26,152,580	-
Townsend Farms Inc	32,593,130	-	21,313,380	-
Townsend Distribution LP	21,297,000	-	-	-
Toyo Tanso USA Inc	16,651,070	-	14,824,540	-
Trader Publishing Company	-	-	12,750,120	-
U S Nat'l Bak of Oregon	41,597,530	-	42,988,280	-
US Bancorp	23,089,600	-	13,271,770	-
Weyrhaeuser Co Inc	-	-	22,266,100	-
Winco Foods	-	-	10,702,610	-
Wood Village GARP LLC	14,509,290	-	-	-
PUBLIC UTILITIES				
Portland General Electric Co.	45,683,000	0.79%	41,681,000	1.01%
Northwest Natural Gas Co	13,881,500	0.24%	13,299,300	0.32%
Verizon Northwest INC	-	-	13,166,800	0.32%
SUB TOTAL	906,000,360		680,205,920	
ALL OTHER TAXPAYERS	4,860,167,146	84.29%	3,448,832,367	83.53%
TOTAL	<u>\$ 5,766,167,506</u>	<u>90.93%</u>	<u>\$ 4,129,038,287</u>	<u>95.19%</u>

Source: Multnomah County Department of Assessment and Taxation

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

Dollars per \$1,000 True Cash Value					
	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
DIRECT:					
Reynolds School District #7 Permanent Rate	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46
Reynolds School District #7 Bond	1.51	1.35	1.56	1.52	1.32
Weighted Average Direct (1)	\$ 5.97	\$ 5.81	\$ 6.02	\$ 5.99	\$ 5.78
Overlapping:					
City of Fairview	3.49	3.49	3.49	3.49	3.49
City of Gresham	3.61	3.61	3.61	3.61	3.61
City of Portland	4.58	4.58	4.58	4.58	4.58
City of Troutdale	3.77	3.77	3.77	3.77	3.77
Metro	0.1	0.10	0.10	0.10	0.10
Mt Hood Community College	0.49	0.49	0.49	0.05	0.49
Multnomah County	4.34	4.34	4.34	4.34	4.34
Multnomah ESD	0.46	0.46	0.46	0.46	0.46
Port of Portland	0.07	0.07	0.07	0.07	0.07
Rockwood Water PUD	0.00	0.00	0.00	0.00	0.00
	20.91	20.90	20.90	20.46	20.90
Totals*	\$ 26.88	\$ 26.71	\$ 26.92	\$ 26.45	\$ 26.68

Dollars per \$1,000 True Cash Value					
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
DIRECT:					
Reynolds School District #7 Permanent Rate	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46
Reynolds School District #7 Bond	1.13	1.14	1.35	1.37	1.49
Weighted Average Direct (1)	\$ 5.60	\$ 5.60	\$ 5.81	\$ 5.83	\$ 5.95
Overlapping:					
City of Fairview	3.49	3.49	3.49	3.49	3.49
City of Gresham	3.61	3.61	3.61	3.61	3.61
City of Portland	4.58	4.58	4.58	4.58	4.58
City of Troutdale	3.77	3.77	3.77	3.77	3.77
Metro	0.10	0.10	0.10	0.10	0.10
Mt Hood Community College	0.49	0.49	0.49	0.49	0.49
Multnomah County	4.34	4.34	4.34	4.34	4.34
Multnomah ESD	0.46	0.46	0.46	0.46	0.46
Port of Portland	0.07	0.07	0.07	0.07	0.07
Rockwood Water PUD	0.00	0.00	0.00	0.00	0.00
	20.90	20.90	20.90	20.90	20.90
Totals*	\$ 26.50	\$ 26.51	\$ 26.72	\$ 26.74	\$ 26.85

*Numbers in totals do not reflect the actual tax rate for any one property, but are the results of the potential combination of taxing units within District boundaries.

(1) This is a weighted average rate as limited by ballot measure 5. Actual rates may vary by tax codes and lots because of differing compression.

NA=not available

Source: Multnomah County Departments of Assessment and Taxation.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
PROPERTY TAX LEVIES AND COLLECTION
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30	TOTAL TAX LEVY FOR FISCAL YEAR			COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
	GENERAL FUND	DEBT SERVICE FUND	TOTAL	CURRENT YEAR	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2015-2016	\$ 24,240,220	\$ 8,411,994	\$ 32,652,214	\$ 31,006,462	95%	\$ 560,200	\$ 31,566,662	97%
2014-2015	\$ 23,714,617	\$ 7,231,597	\$ 30,946,214	\$ 29,341,706	95%	586,645	\$ 29,928,351	97%
2013-2014	\$ 22,161,422	\$ 7,843,056	\$ 30,004,478	\$ 28,383,146	95%	641,201	\$ 29,024,347	97%
2012-2013	21,561,091	7,511,441	29,072,532	27,448,672	94%	693,388	28,142,060	97%
2011-2012	21,528,899	6,468,756	27,997,655	26,284,880	94%	480,176	26,765,056	96%
2010-2011	21,544,198	5,492,395	27,036,593	25,522,290	94%	760,380	26,282,670	97%
2009-2010	21,238,822	5,451,587	26,690,409	25,083,658	94%	783,862	25,867,520	97%
2008-2009	20,716,015	6,283,421	26,999,436	25,227,436	93%	631,178	25,858,614	96%
2007-2008	20,029,573	6,129,692	26,159,265	24,694,585	94%	717,556	25,412,141	97%
2006-2007	18,860,285	6,314,129	25,174,414	23,956,291	95%	610,661	24,566,952	98%

Source: Multnomah County Departments of Assessment and Taxation

(1) Tax collections include discounts, interest and other adjustments.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING							RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUATION(3)	RATIO OF NET GENERAL BONDED DEBT TO TRUE CASH VALUE(3)
	GENERAL OBLIGATION BONDS	PENSION OBLIGATION BONDS	FULL FAITH & CREDIT OBLIGATION BOND	TOTAL	LESS GO BOND DEBT SERVICE FUNDS	LESS PERS BOND FUND	NET GENERAL BONDED DEBT		
2015-2016	\$ 140,566,977	\$ 57,576,475	\$ 20,090	\$ 198,163,542	\$ 2,943,206	\$ 102,675	\$ 214,923,316	3.73%	2.79%
2014-2015	\$ 21,320,000	\$ 59,755,777	\$ 20,760,000	\$ 101,835,777	\$ 2,295,228	\$ 96,624	\$ 99,443,925	1.77%	1.19%
2013-2014	26,685,000	61,933,567	21,410,000	\$ 110,028,567	1,930,050	96,657	108,001,860	2.04%	1.41%
2012-2013	31,665,000	64,106,549	22,040,000	117,811,549	872,242	96,676	116,842,631	2.26%	1.54%
2011-2012	36,280,000	66,253,579	22,655,000	125,188,579	19,060	94,593	125,074,926	2.44%	1.64%
2010-2011	40,580,000	68,360,186	23,260,000	132,200,186	122,608	92,967	131,984,611	2.61%	1.65%
2009-2010	44,720,000	70,416,051	-	115,136,051	1,119,385	96,735	113,919,931	2.29%	1.37%
2008-2009	48,525,000	72,413,450	-	120,938,450	1,969,964	125,467	118,843,019	2.47%	1.39%
2007-2008	52,060,000	74,334,185	-	126,394,185	1,965,363	177,835	124,250,987	2.70%	1.56%
2006-2007	55,340,000	76,171,657	-	131,511,657	1,240,706	90,503	130,180,448	2.99%	1.84%

Legal Debt Margin Calculation for Fiscal Year 2015-2016:

Real Market Value	\$ 7,700,775,571
Debt Limit (7.95%)(1)	612,211,658
Amount of Debt Applicable to Debt Limit	(214,923,316)
Legal Debt Margin	<u>\$ 397,288,342</u>

FISCAL YEAR	RATIO OF TOTAL GENERAL BONDED DEBT TO PERSONAL INCOME(3)	TOTAL GENERAL BONDED DEBT PER CAPITA	NET GENERAL BONDED DEBT PER CAPITA	LEGAL DEBT LIMIT(1)	LEGAL DEBT MARGIN(2)	RATIO OF LEGAL DEBT MARGIN TO DEBT LIMIT
2015-2016	12.25%	2,598	\$ 2,818	\$ 612,211,658	\$ 397,288,342	64.89%
2014-2015	5.96%	1,353	\$ 1,321	663,263,104	563,819,179	85.01%
2013-2014	7.03%	1,504	\$ 1,476	608,723,401	500,721,541	82.26%
2012-2013	7.72%	1,495	\$ 1,482	601,378,272	484,535,641	80.57%
2011-2012	8.90%	1,681	\$ 1,679	605,402,001	480,327,075	79.34%
2010-2011	9.03%	1,841	\$ 1,838	635,046,638	503,062,027	79.22%
2009-2010	7.26%	1,548	\$ 1,532	663,055,695	549,135,764	82.82%
2008-2009	8.27%	1,709	\$ 1,680	678,305,133	559,462,114	82.48%
2007-2008	8.19%	1,748	\$ 1,718	634,235,459	509,984,472	80.41%
2006-2007	NA	NA	NA	562,245,180	432,064,732	76.85%

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements

(1) ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values of all taxable properties within the District bases on the following: (A) For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one of one percent(.0055) of 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 real market value. Allowable percent of real market value: (A)Kindergarten through eighth grade, 9*.0055=4.95% (B) Ninth through twelfth grade, 4*.0075=3.00% or 7.95% of real market value. Real market value data can be found on Table of Assessed Value and Actual Value of Taxable Property.

(2) The legal debt margin is the District's available borrowing authority under ORS 328.245 and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.

(3) Demographic and Economic Statistics can be found on Personal Income and Population and Assessed Value and True Cash Value Pages.

Sources: U.S. Census Bureau, American Community Survey and Multnomah Counties Department of Assessment and Taxation.

NA=not available

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
OVERLAPPING GROSS BONDED DEBT
June 30, 2016

REYNOLDS SCHOOL DISTRICT			
Real Market Value of Subject Issuer is: \$7,712,996,851 as of 1/1/2015			
Net Property-tax Backed Debt of Subject Issuer is:	\$ 217,866,522	Ratio of Net Property-tax Backed Debt to Real Market Value is:	2.82%
Net Property-tax Backed Debt of Overlapping Issuers is:	\$ 44,915,836	Ratio of Total Net Property-tax Backed Debt to Real Market Value is:	3.41%

OVERLAPPING GOVERNMENT	2014-2014 REAL MARKET VALUATION	GROSS(1) BONDED DEBT	NET(2) DIRECT DEBT	PERCENT WITHIN SCHOOL DISTRICT(3)	OVERLAPPING	
					GROSS(1) BONDED DEBT	NET(2) DIRECT DEBT
City Of Fairview	\$912,658,074	\$526,335	\$526,335	100.00%	\$526,335	\$526,335
City Of Gresham	\$10,148,318,295	\$79,706,567	\$34,907,567	27.44%	\$21,869,569	\$9,577,799
City Of Portland	\$105,293,841,403	\$663,337,916	\$194,580,568	1.66%	\$11,039,933	\$3,238,404
City Of Troutdale	\$1,740,566,741	\$9,378,000	\$9,378,000	97.47%	\$9,140,455	\$9,140,455
Corbett Water District	\$387,674,524	\$1,107,325	\$1,107,325	4.47%	\$49,474	\$49,474
Metro	\$238,253,176,805	\$228,690,000	\$199,855,000	3.24%	\$7,403,381	\$6,469,906
Mt Hood Community College	\$34,669,758,499	\$62,842,792	\$23,735,000	22.25%	\$13,980,636	\$5,280,325
Multnomah County	\$122,513,328,372	\$271,758,135	\$160,509,766	6.30%	\$17,108,805	\$10,105,053
Multnomah Cty RFPD 10	\$873,896,884	\$3,560,538	\$3,560,538	14.83%	\$528,085	\$528,085
Multnomah ESD	\$124,400,452,166	\$29,870,000	\$0	6.20%	\$1,851,970	\$0
Port Of Portland	\$259,090,246,916	\$63,760,760	\$0	2.98%	\$1,898,158	\$0
Rockwood Water PUD	\$4,934,227,363	\$5,425,000	\$0	59.29%	\$3,216,504	\$0
TOTAL OVERLAPPING	903,218,146,042	1,419,963,368	628,160,099		88,613,305	44,915,836
TOTAL	\$ 903,218,146,042	\$ 1,419,963,368	\$ 628,160,099		\$ 88,613,305	\$ 44,915,836

Source: Municipal Debt Advisory Commission, State of Oregon.

- (1) Gross bonded debt includes all bonds backed by a general obligation pledge including self-supporting general obligation bonds and limited tax debt.
(2) Net direct debt including all tax-supported bonds. Self-supporting bonds are excluded.

(3) The percentage of overlapping debt is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping district's taxable assessed value that is within the school district's boundaries and dividing it by the overlapping district's total taxable assessed value. These percentages are calculated by the State of Oregon Municipal Debt Advisory Commission.

Note: 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

FISCAL YEAR	POPULATION	PERSONAL INCOME	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2015-2016	76,277	\$ 1,617,072,400	\$ 21,200	6.70%
2014-2015	75,257	\$ 1,707,470,487	\$ 25,419	5.20%
2013-2014	73,151	\$ 1,565,594,000	\$ 21,402	15.50%
2012-2013	78,825	\$ 1,525,331,600	\$ 19,351	15.40%
2011-2012	74,478	\$ 1,407,321,600	\$ 18,896	10.10%
2010-2011	71,796	\$ 1,463,413,700	\$ 20,956	14.30%
2009-2010	74,358	\$ 1,585,006,500	\$ 21,316	15.90%
2008-2009	70,756	\$ 1,462,963,200	\$ 20,676	9.80%
2007-2008	72,326	\$ 1,543,269,400	\$ 21,338	6.80%
2006-2007	NA	NA	NA	6.40%

Source: U.S. Census Bureau, American Community Survey

NA=not available

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7

PRINCIPAL EMPLOYERS CURRENT AND NINE YEARS AGO

EMPLOYER	2015-2016			2006		
	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment
Boeing Portland	2,009	1	32.93%	NA	1	NA
Reynolds School District	1,200	2	19.67%	1,030	2	80%
Costco Portland	510	3	8.36%	NA	3	NA
Townsend Farm, Inc.	430	4	7.05%	NA	4	NA
Albertsons Distribution Center	357	5	5.85%	NA	5	NA
McMenamins Edgefield Troutdale	360	6	5.90%		6	
Walmart Wood Village	375	7	6.15%	NA	7	NA
NMHG Oregon, LLC	275	8	4.51%	265	8	20%
Knight Transportation	150	10	2.46%	NA	10	NA
Home Depot Troutdale	167	11	2.74%	NA	11	NA
Lowe Wood Village	143	12	2.34%	NA	12	NA
Target Store T-406	125	13	2.05%	NA	13	NA
Total	6,101		100.00%	1,295		100.00%

Sources: Business directory report from City of Fairview, and Human Resources Department from companies.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION - General Fund
LAST TEN FISCAL YEARS

	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Instruction:										
Primary K-5	195.92	200.42	187.24	177.5	178.73	114.1	104	142.4	151.34	143.55
Intermediate program 4-5	0.00					55.8	54.5	73.95	71.48	72.7
Middle/Junior high programs	93.00	90.5	94.71	88	87.26	84.96	77.5	112.69	108.29	103.2
High school programs	99.83	98.83	96.51	91.5	92.49	89.21	82.2	106.81	110.4	110.5
High school programs extracurricular	1.00	1	1	1	1	1	1	1	2	2
Programs for the talented and gifted	0.50	0.5	0.5	0.5	0.5	1.7	2.5	2.5	1.5	1.5
Restrictive programs for student with disabilities	38.16	38.94	35.47	32.19	72.56	109.54	103.95	117.95	128.4	109.25
Transition programs	9.19	10.13	11.71	13.25						
Life skills	28.63	30.97	38.36	40.19						
Functional living skills	8.89	9.5	8.5	4.25						
Less restrictive programs for students with disabilities	57.84	50.86	42.09	38.8	98.85	76.95	85.94	91.74	93.05	54.62
Less restrictive charter schools	4.10	4.2	3.6	3.6						
Student & family services	0.00									0.25
Alternative Education	18.60	18.6	17.75	2	6	6	6	4	6.5	3
Reynolds learning academy west	0.00			21.12	12.2	12	11	11	11.25	10
English second language programs	77.68	68.21	53.12	45.13	45.12	49.75	52.89	62.89	65.61	60.19
Total Instruction	633.34	622.66	590.56	559.03	594.71	601.01	581.48	726.93	749.82	670.76
Support services										
Attendance and social work services	2.50	2.5	2.5	3	1	1	0.5	1.6	2.5	2
Student Safety	15.84	15.09	15.2	12.64	14.5	13.89	14.06	15.06	15	14.06
Guidance services	27.10	27	27.9	27	31	27.5	28.15	33.9	32.9	30.5
Health services	1.63	0	1.9	1		2				
Psychological services	9.30	9.3	9.29	9.3	3	3	3	6.8	6.4	7
Speech pathology and audiology services	18.48	18.38	17.97	16.1	16.81	18.65	18.9	13.9	20.8	13.10
Other student treatment services	8.14	8.14	7.93	8.88	6.6	7.02				
Service Direction - Student Support Services	7.75	8.75	8.31	8.31	2.6	7.1	6.95	6.85	11.2	9.25
Director of instruction	-					3	2	5.5	12.5	10.5
Teaching and Learning	4.75	4.75	4.5	4.5	4.5					
Educational media services	14.25	14.19	14.18	13.59	13.11	11.3	12.22	24.87	23.93	23.92
Assessment & Testing	5.00	5.5	3	1		2				
Board of education services	0.50	0.5	0.5							
Executive administration services	-						3.19			
Office of the Superintendent	1.50	1.5	1.5	2	2	2		3.19	3.18	3.19
Building Administration	97.42	96.23	89.08	83.62	80.04	76.57	78.4	81.4	79.88	77.75
Direction of Business Services	-					4.5	2.5	2.5	1.5	1.5
Fiscal services	11.20	10.7	10.4	10.69	9.86	5	4	6	7	6
Operation and maintenance of plant services	-	12.2	10.2	11	11	11	11	11	11	10
Grounds maintenance	5.00	5	5	4.5	4.5	4	4	5	6	6
Building fixed costs	-			45	45	45	46	54	55.5	51.6
Facilities Direction	3.95									
Custodial Services	-	43.25	46							
Transportation	73.37	86.12	83.55	85.5	90.5	90.5	90.5	91.78	86.1	70.56
Transportation - Special Education	12.28	0.28	0.28	0.71	0.71	0.71			0.75	0.94
Distributive services	1.00	1	1	1	1	1	1	1	1	1
Print, publish, duplication services	1.50	1.5	1.5	1	1	1	1	1	1	1
Grant/Development	1.00	1								
Cummunication	1.50	1.5	1.5	1	1	1		1.17	2.5	1.5
Staff services	7.90	6.9	6.5	6	6	5	5	6	6	5
Technology services	9.45	9.7	8.2	9	11.83	9.83	8.13	8.63	5.5	4.5
Facilities Upkeep	53.00									
Safety Program	1.00									
Total Support Services	396.31	390.98	377.89	366.34	357.56	353.57	340.5	381.15	392.14	350.87
Community services										
Community services	0							2.81	2	2
Custody and care of children services	3	2	2	2	2			4.5	4.5	4.5
Total Community Services	3	2	2	2	2	0	0	7.31	6.5	6.5
Total FTE	1032.65	1015.64	970.45	927.37	954.27	954.58	921.98	1115.39	1148.46	1028.13

Source: Reynolds School District Adopted Budget

FTE: Full Time Equivalent staff. One FTE is defined as a regular position scheduled to work eight hours per day.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7

LICENSED PROFESSIONAL SALARY PLAN

YEAR ENDED JUNE 30, 2016

LEVEL	BACHELORS	BACHELORS +20	BACHELORS+40	BA+60 MASTERS	BA+90 MASTERS+24	BA+120 MASTERS+45
0	\$ 39,645	\$ 40,787	\$ 41,700	\$ 44,321	\$ 45,914	\$ 47,023
1	41,320	42,545	43,460	46,293	47,908	49,079
2	43,013	44,320	45,248	48,290	49,924	51,156
3	44,784	46,180	47,110	50,382	52,031	53,327
4	46,523	47,998	48,943	52,428	54,096	55,460
5	48,286	49,853	50,797	54,512	56,196	57,628
6	50,053	51,707	52,657	56,594	58,301	59,980
7	51,848	53,597	54,550	58,717	60,439	62,003
8	53,684	55,504	56,466	60,862	62,599	64,237
9	55,418	57,429	58,406	63,030	64,797	66,494
10		58,767	61,378	65,227	67,007	68,783
11			62,808	67,421	69,226	71,064
12				69,681	71,520	73,427
13				71,304	73,900	75,799
						77,565

LICENCED STAFF PER LEVEL AND EDUCATION IN FULL-TIME EQUIVALENT EMPLOYEES-JUNE 2016

LEVEL	BACHELORS	BACHELORS +20	BACHELORS+40	BA+60 MASTERS	BA+90 MASTERS+24	BA+120 MASTERS+45	TOTAL
0	1	2	2	3	0	6	14
1	1	1	1	16	0	5	24
2	7	0	0	22	3	2	34
3	5	1	1	19	9	2	37
4	5	3	3	15	7	2	35
5	1	3	3	18	5	7	37
6	3	1	1	14	1	10	30
7	1	1	1	15	3	7	28
8	3	1	1	10	4	8	27
9	2	0	0	14	6	5	27
10	1	0	0	17	6	7	31
11	1	0	0	18	5	6	30
12	1	1	1	11	3	7	24
13	0	0	0	17	10	12	39
14	2	2	2	77	81	141	305
Total	34	16	16	286	143	227	722

Source: Reynolds School District 2013-2014 Adopted Budget.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7

OPERATING STATISTICS

LAST TEN FISCAL YEARS

FISCAL YEAR	STUDENT ENROLLMENT(1)	COST PER PUPIL(1)	LICENSED STAFF	PUPIL- TEACHER RATIO	Number of students graduated	
					Reynolds High School	Reynolds Learning Academy
2015-2016	11,677	\$ 9,915	665.67	17.54	484	59
2014-2015	11,124	11,618	654.71	16.99	460	63
2013-2014	11,124	10,590	617.12	18.03	461	62
2012-2013	10,735	10,379	587.83	18.26	363	28
2011-2012	10,735	9,768	564.18	19.03	451	32
2010-2011	10,591	9,996	563.9	18.78	373	17
2009-2010	10,800	8,765	583	18.52	457	23
2008-2009	10,511	9,627	671.7	15.65	458	31
2007-2008	10,506	10,169	687.79	15.28	NA	NA
2006-2007	10,409	9,888	616	16.90	NA	NA
2005-2006	10,409	9,400	618	16.84	NA	NA

FISCAL YEAR	NUMBER OF TYPE A LUNCHES SERVED			NUMBER OF BREAKFASTS SERVED		
	PAID	FREE	REDUCED PRICE	PAID	FREE	REDUCED PRICE
2015-2016	82,399	1,087,797	43,038	11,906	615,507	14,204
2014-2015	155,314	997,287	82,964	54,295	536,811	38,012
2013-2014	149,208	988,894	82,264	53,939	526,816	37,933
2012-2013	159,531	950,443	85,141	39,314	513,836	37,871
2011-2012	159,423	939,127	78,322	32,463	511,679	34,465
2010-2011	184,563	926,037	84,385	23,713	401,643	29,344
2009-2010	203,683	851,957	111,098	23,345	354,058	35,934
2008-2009	224,941	722,602	106,444	23,338	289,486	25,927
2007-2008	NA	NA	NA	NA	NA	NA
2006-2007	NA	NA	NA	NA	NA	NA
2005-2006	NA	NA	NA	NA	NA	NA

(1) Cost per pupil is calculated by the District using total expenditures on the Statement of revenues, expenditures and changes in fund balances, excluding capital outlay and debt services.

NA=Not Available

Sources: Reynolds School District, Food Service Department and 2015-2016 Adopted Budget.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7

CAPITAL ASSET INFORMATION

LAST TEN FISCAL YEARS

	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
SCHOOLS					
ELEMENTARY					
Buildings	11	11	11	11	11
SQUARE FEET	599,731	599,731	599,731	599,731	599,731
CAPACITY	5,599	568	606	606	606
ENROLLMENT	4,670	4,670	4,670	4,580	4,579
MIDDLE					
Buildings	3	3	3	3	3
SQUARE FEET	411,811	411,811	411,811	411,881	411,881
CAPACITY	2,416	2,416	2,416	2,416	2,416
ENROLLMENT	2,431	2,431	2,431	2,424	2,425
HIGH					
Buildings	2	2	2	2	2
SQUARE FEET	334,837	334,837	334,837	334,837	334,837
CAPACITY	2,745	2,495	2,495	2,495	2,495
ENROLLMENT	2,938	2,938	2,938	2,799	2,821
AMINISTRATIVE					
Buildings	1	1	1	1	1
SQUARE FEET	12,500	12,500	12,500	12,500	12,500

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
SCHOOLS					
ELEMENTARY					
Buildings	11	11	11	11	11
SQUARE FEET	599,731	599,731	599,731	599,731	599,731
CAPACITY	606	606	606	606	606
ENROLLMENT	4,595	4,676	N/A	N/A	N/A
MIDDLE					
Buildings	3	3	3	3	3
SQUARE FEET	411,881	411,881	411,881	411,881	411,881
CAPACITY	2,416	2,416	2,416	2,416	2,416
ENROLLMENT	2,446	2,457	N/A	N/A	N/A
HIGH					
Buildings	2	2	2	2	2
SQUARE FEET	334,837	334,837	334,837	334,837	334,837
CAPACITY	2,495	2,495	2,495	2,495	2,495
ENROLLMENT	2,708	2,762	N/A	N/A	N/A
AMINISTRATIVE					
Buildings	1	1	1	1	1
SQUARE FEET	12,500	12,500	12,500	12,500	12,500

Sources: Reynolds School District Facilities Services Department

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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December 6, 2016

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Multnomah County School District No. 7 as of and for the year ended June 30, 2016, and have issued our report thereon dated December 6, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of the basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **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.**

In connection with our testing nothing came to our attention that caused us to believe Multnomah County School District No. 7 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

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

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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December 6, 2016

To the Board of Directors
Multnomah County School District No. 7
Multnomah County, Oregon

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 7 as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

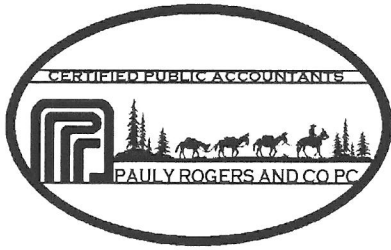
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Roy R Rogers".

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.



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December 6, 2016

To the Board of Directors
Multnomah County School District No. 7
Multnomah County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited Multnomah County School District No. 7's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2016. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, Multnomah County School District No. 7, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose

of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Roy R Rogers".

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

For the Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported in
accordance with section 515(d)(2) of the Uniform Guidance?

☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance
with section 200.516(a) of the Uniform Guidance?

☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER **NAME OF FEDERAL PROGRAM CLUSTER**

10.553, 10.555, Child Nutrition Cluster
10.559

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

For the Year Ended June 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. BASIS OF PRESENTATION

The schedule of expenditures of federal awards in this report includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.