

**MULTNOMAH COUNTY SCHOOL DISTRICT #7**  
**MULTNOMAH COUNTY, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7**  
**MULTNOMAH COUNTY, OREGON**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

\*\*\*\*\*

This Page Intentionally Left Blank

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
MULTNOMAH COUNTY, OREGON  
 TABLE OF CONTENTS  
 \*\*\*\*\*

	<u>PAGE</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Letter of Transmittal	i
Organizational Chart	viii
Elected Officials	ix
GFOA Certificate of Achievement	x
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	1
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Management's Discussion and Analysis	4a-4k
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7-8
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10-11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	12
Fiduciary Financial Statements:	
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
Notes to Basic Financial Statements	15
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Proportionate Share of the Net Pension Liability (PERS)	42
Schedule of Contributions (PERS)	42
Schedule of Funding Progress and Employer Contributions – Other Post-Employment Benefits (Healthcare)	43
Schedule of Changes in Total Pension Liability and Related Ratios – Stipends	44
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund	45
Federal Programs Fund	46

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
MULTNOMAH COUNTY, OREGON  
 TABLE OF CONTENTS (CONTINUED)  
 \*\*\*\*\*

	<u>PAGE</u>
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Continued):	
Debt Service Fund	47
PERS Bond Fund	48
2015 GO Bond Debt Service Fund	49
2015 GO Bond Projects Fund	50
Capital Projects Fund	51
2016 School Improvement Projects Fund	52
 <b><u>SUPPLEMENTARY INFORMATION</u></b>	
Nonmajor Governmental Funds Combining Statements:	
Combining Balance Sheet – Non Major Funds	53
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	54
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Nutrition Service Fund	55
State and Local Programs Fund	56
Self-Insurance Fund	57
Retirement Fund	58
Fiduciary Fund Combining Statements:	
Combining Statement of Fiduciary Net Position	59
Combining Statement of Changes in Fiduciary Net Position	60
Schedule of Property Tax Transactions and Balances of Taxes Uncollected – General Fund	61
Schedule of Property Tax Transactions and Balances of Taxes Uncollected – Debt Service Fund	62
Schedule of Expenditures of Federal Awards	63
 <b><u>STATISTICAL SECTION</u></b>	
Net Position by Component	65
Changes in Net Position	66
Fund Balances, Governmental Funds	67
Changes in Fund Balances	68
Assessed Value and Actual Value of Taxable Property	69
Largest Taxpayers Within District	70
Property Tax Rates – Direct and Overlapping Governments	71
Property Tax Levies and Collection	72
Ratios of General Bonded Debt Outstanding and Legal Debt Margin	73
Direct and Overlapping Gross Bonded Debt	74
Demographic and Economic Statistics	75
Principal Employers	76
Full-Time Equivalent District Employees by Function	77
Licensed Professional Salary Plan	78
Operating Statistics	79
Capital Asset Information	80

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
MULTNOMAH COUNTY, OREGON  
TABLE OF CONTENTS (CONTINUED)  
\*\*\*\*\*

PAGE

**REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS**

Independent Auditors' Report Required by Oregon State Regulations 81

**GRANT COMPLIANCE REVIEW**

Report on Internal Control Structure over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards* 83

Report on Compliance with Requirements Applicable to each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance 85

Schedule of Findings and Questioned Costs 87

**This Page Intentionally Left Blank**



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

December 19, 2017

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, 2017. 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, 2017. The independent auditor's report is located at the front of the financial section of this report.

The Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 require state and local governments that expend \$750,000 or more in federal assistance in a year have a special form of audit conducted for that year. Reynolds School District has issued a report on these requirements and the requirements of the implementing circular, U.S. Office of Management and Budget's Circular A-133, Audits of State and Local Government. Pauly, Rogers and Company, P.C. has also provided various required reports. These reports are located 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 auditor's 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 confirmed 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 10,107 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 1,003.89 full-time equivalent (FTE) 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 141<sup>st</sup> 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 govern 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.

### **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 3 – 3.5 percent job growth and the forecast calls for peak growth of 2.1 percent over the 2017-19-time frame. Importantly, such gains remain strong enough to hold unemployment down and account for ongoing population growth.

## Economic Forecast Summary

		Quarterly					Annual				
		2017:1	2017:2	2017:3	2017:4	2018:1	2016	2017	2018	2019	2020
<b>Personal Income, Nominal</b>	U.S.	3.9	5.1	4.8	4.8	5.5	3.6	4.5	5.1	5.4	5.1
<i>% change</i>	Oregon	5.5	6.0	5.5	5.6	6.0	4.5	5.1	5.7	5.7	5.5
<b>Wages and Salaries, Nominal</b>	U.S.	4.6	5.3	5.3	5.3	5.8	4.3	5.0	5.5	5.4	5.2
<i>% change</i>	Oregon	7.4	6.9	6.7	6.5	6.6	6.2	6.3	6.4	5.8	5.4
<b>Population</b>	U.S.	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
<i>% change</i>	Oregon	1.3	1.5	1.7	1.3	1.2	1.5	1.5	1.4	1.3	1.3
<b>Housing Starts</b>	U.S.	1.25	1.25	1.26	1.27	1.29	1.18	1.26	1.32	1.38	1.45
<i>U.S. millions, Oregon thousands</i>	Oregon	18.7	21.1	21.5	22.1	22.4	19.1	20.8	22.8	23.1	24.0
<b>Unemployment Rate</b>	U.S.	4.7	4.6	4.5	4.4	4.3	4.9	4.5	4.2	4.0	4.1
	Oregon	4.0	3.9	4.1	4.2	4.3	4.9	4.1	4.4	4.5	4.7
<b>Total Nonfarm Employment</b>	U.S.	1.7	1.5	1.4	1.3	1.4	1.8	1.6	1.4	1.1	0.9
<i>% change</i>	Oregon	2.1	2.6	2.6	2.5	2.5	2.8	2.0	2.4	1.6	1.0
<b>Private Sector Employment</b>	U.S.	2.0	1.8	1.8	1.6	1.7	1.9	1.8	1.6	1.2	0.9
<i>% change</i>	Oregon	2.4	2.6	2.7	2.6	2.6	3.0	2.2	2.5	1.6	0.9

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

## K-12 Revenue

Although Oregon has an improving economy, K-12 is far from stable. The 2017-19 proposed budgets from Governor Kate Brown at \$8.01 Billion, the Budget Framework prepared by the Legislative Budget Co-Chairs at \$7.8 Billion, and finally in June the Full Ways and Means Committee approved a 8.2 Billion simply do not meet the needs of the State's K-12 Education System. At this funding level, Reynolds School District forced to reduce its operating budget by cutting staff, non-salary areas and five furlough days.

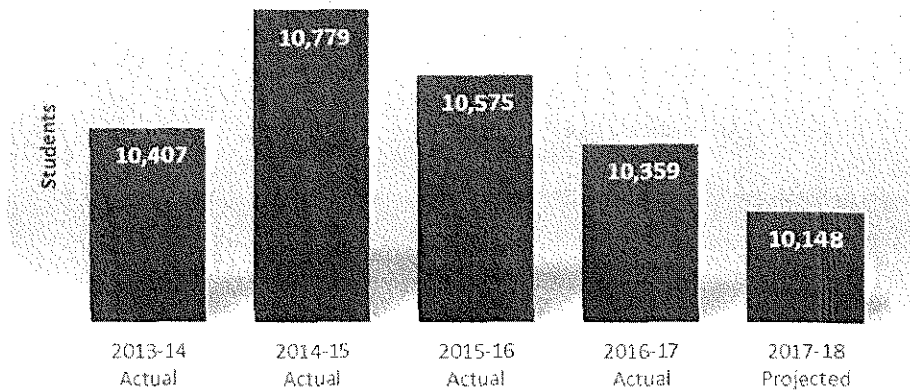
The Legislature must deal with the long-term funding of the Public Employees Retirement System (PERS). For Reynolds that means an annual increase of \$3.53 million beginning 2017-18. This is not a short-term problem. Funding PERS obligations will affect public agencies and schools for at least the next six years.

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.

Enrollment in our schools has been declining in recent years, and the projected enrollment for 2017-18 anticipates a further decline in enrollment overall and an increase in charter school enrollment. The following chart displays student population for four years based on actual enrollment as of October each year and projected enrollment for 2017-18:

## Student Enrollment



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.

On May 19, 2015, the Reynolds School District successfully passed their \$125 Million general obligation bond thanks to the votes of devoted citizens. A bond premium was realized during the bond sale that increased the project budget by another \$14 Million.

A major component of this bond program will include the construction of three new elementary schools at the existing sites of Fairview Elementary, Troutdale Elementary, and Wilkes Elementary. The bond program also includes additions & renovations to be constructed at Reynolds High School. The final element of the Bond Program is the design and construction of secure vestibules in 12 other schools within the District. These secure vestibules projects will be scheduled for completion during the summer months. All projects are set to have a completion date of September 2019.

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 2017-2018 Adopted Budget. All facility improvements moving forward will align with the Facility Master Plan.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Reynolds School District for its CAFR for the fiscal year ended June 30, 2016. This was the second consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the district must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy 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 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to 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: Deputy CEO

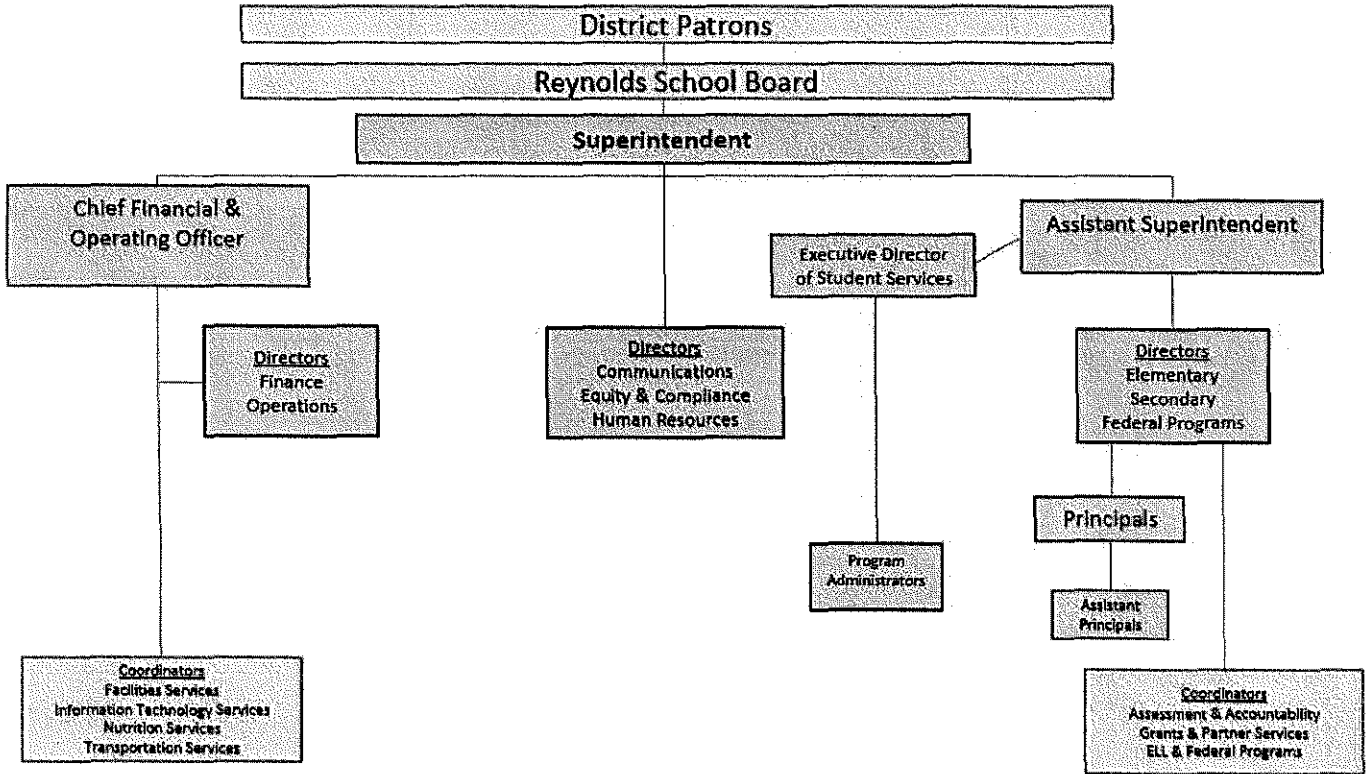
Signed: 

Title: Director of Finance

*A great place for learning.*

[www.reynolds.k12.or.us/schools/](http://www.reynolds.k12.or.us/schools/)

**REYNOLDS SCHOOL DISTRICT  
ORGANIZATIONAL CHART**



MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
MULTNOMAH COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2017

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

The above Board Members receive mail at the address below:

Linda Florence, Superintendent

Administrative Office  
1204 N.E. 201<sup>st</sup> Avenue  
Fairview, Oregon 97024





Government Finance Officers Association

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

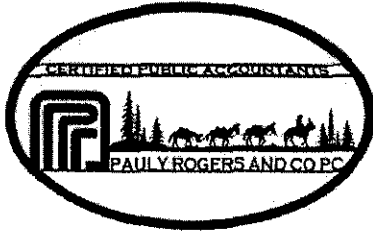
Presented to

**Reynolds School District #7  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
[www.paulyrogersandcocpas.com](http://www.paulyrogersandcocpas.com)

December 19, 2017

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, fiduciary funds, and the aggregate remaining fund information and fiduciary funds of Multnomah County School District No. 7, as of and for the year ended June 30, 2017, 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, fiduciary funds, each major fund, and the aggregate remaining fund information and fiduciary funds 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 Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and GASB Statement No. 77 *Tax Abatement Disclosures* for the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

## **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 schedule of funding progress and employer contributions for post-employment benefits (Healthcare), the schedule of changes in total pension liability and related ratios for stipends, the schedules of net pension liability and contributions for PERS, 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 19, 2017 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 19, 2017, 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.

**This Page Intentionally Left Blank**



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

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017.

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 73, *Accounting, and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68* (GASB No. 73) and Statement 77 *Tax Abatement Disclosures* (GASB No. 77) in fiscal year 2016-17.

GASB 73, *Accounting, and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68* establishes new accounting and financial reporting requirements related to pensions provided by governments that either do not have any dedicated assets associated with them or have assets that are not in a trust meeting certain requirements. Due to the implementation of GASB Statement 73, beginning net position was restated as of July 1, 2016 which is detailed in Note 17 of the Notes to Basic Financial Statements on page 41 of the report.

GASB 77, *Tax Abatement Disclosures* requires governments that enter into tax abatement agreements to disclose a brief description of the abatement agreement, the amount being abated and any further commitments made in association with said abatement. The District has one material abatement which is disclosed in Note 16 of the Notes to Basic Financial Statements on page 41 of the report.

Prior year comparative information has been presented in the same manner as it was in last year's report. Comparative data will be provided in future years.

### FINANCIAL HIGHLIGHTS

At June 30, 2017, 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 (\$24.96) million (net position). This is because the Net Pension Liability and Net Other Post Employment Benefit Obligation increased. There is still volatility in GASB 68 from PERS, and this year there was a partial restatement due to the District's OPEB's that also effected the Net Position, similarly to GASB 68.

- At June 30, 2017, the District's total net position increased by \$2.75 million for the fiscal year, a 10% increase in the District's financial position as compared to the prior year. In another word, the gap between Assets and Liabilities in 15-16 was larger and the gap reduced in the current year.

- At June 30, 2017, the District's governmental funds reported combined ending fund balances of \$139.98 million. This represents a decrease of \$10.36 million from the prior year, a 7% decrease of in the District's financial position as compared to the prior year. Approximately 6.8% of this total amount, \$9.5 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: \$3.9 million for debt service, \$3.0 million for Food Service, and the balance of \$123.6 million for other purposes.
- At June 30, 2017, the unassigned fund balance for the General Fund was \$9.5 million, an increase of \$1.2 million (18.6%) from the prior year. This is primarily due to a one-time loan issuance of \$2.0 million for the transportation capital project.
- Total cost of all the District's programs was \$144.6 million for the fiscal year, a decrease of \$17 million (-10.5%) from the prior year. This is due to the changes in GASB reporting requirements for both PERS and OPEB.
- The District's total debt decreased by \$427,583 during fiscal year 2016-17. This is due to the restatement of the beginning outstanding liability of the District's Pension Stipend Liability benefit due to the implementation of GASB Statement No. 73 and principal paid on the existing General Obligations and Pension Obligation bonds.

## 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 5 and 6 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 eight 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, (7) Capital Projects Fund and (8) 2016 School Improvement Project Fund. The District classifies these eight 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 7-12 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 13 – 14 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 15 to 41 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 42-62 of this report.

Additionally, the Federal Government and the State of Oregon require Governmental entities to include additional auditor reports and schedules. 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. This schedule can be found on pages 63-64 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 (\$24.96) million at June 30, 2017.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 41% 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 93%, 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 7% 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 \$24.96 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 (\$64.7 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 (\$3.9 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 8 of this report.
- Restricted for Special Projects (\$3.4 million) are the State and Local Programs and Food Service Fund Balances added together. These amounts can be seen on pages 7 and 8 of this report.

The remaining balance in net position (\$32.5 million) is unrestricted. Net Position at June 30, 2017 as compared to June 30, 2016:

<b>Governmental Activities</b>			
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase/ Decrease</u>
<b>ASSETS</b>			
Current and Other Assets	158,389,732	161,117,082	(2,727,350)
Net Capital Assets	107,968,796	90,373,973	17,594,823
Total Assets	<u>266,358,528</u>	<u>251,491,055</u>	<u>14,867,473</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Deferrals	51,341,727	4,291,044	47,050,683
<b>TOTAL ASSETS AND PENSION RELATED DEFERRALS</b>	<u>317,700,255</u>	<u>255,782,099</u>	<u>61,918,156</u>
<b>LIABILITIES</b>			
Other Liabilities	23,614,430	15,422,540	8,191,890
Long-Term Liabilities	316,835,746	262,066,550	54,769,196
Total Liabilities	<u>340,450,176</u>	<u>277,489,090</u>	<u>62,961,086</u>
<b>DEFERRED INTFLOWS OF RESOURCES</b>			
Pension Related Deferrals	2,210,719	6,003,228	(3,792,509)
<b>TOTAL LIABILITIES AND PENSION RELATED DEFERRALS</b>	<u>342,660,895</u>	<u>283,492,318</u>	<u>59,168,577</u>
<b>NET POSITION</b>			
Investment in Capital Assets, Net of related debt	(64,722,847)	(84,665,144)	19,942,297
Restricted	7,284,100	5,845,304	1,438,796
Unrestricted	32,478,107	51,109,620	(18,631,513)
<b>Total Net Obligation</b>	<u>(24,960,640)</u>	<u>(27,710,220)</u>	<u>2,749,580</u>

- During the current fiscal year, the District's overall financial position changed as indicated by an increase of \$2.75 million in net position. In another word, the gap between Assets and Liabilities in 15-16 was larger and the gap reduced in the current year.
- At the same time, the District's investment in capital assets, net of related debt, increased by \$20 million due to a one-time loan for the transportation capital project and principal paid on the existing General Obligations and Pension Obligation bonds.

## Governmental Activities

Some key elements of change in the governmental activities net position for the year ending June 30, 2017 and 2016 are as follows:

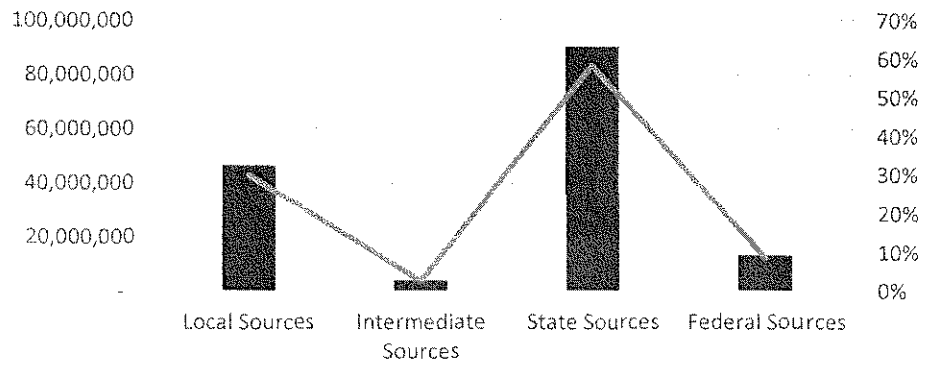
<b>Statement of Activities</b>			
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase/ Decrease</u>
<b>REVENUES</b>			
Program Revenues			
Charges for Services	659,163	1,301,487	(642,324)
Operating Grants and Contributions	15,007,967	16,771,515	(1,763,548)
General Revenues			
Property Taxes	33,668,002	31,670,746	1,997,256
State Support	89,658,290	88,200,553	1,457,737
Intermediate Sources	3,253,805	2,802,777	451,028
Miscellaneous	5,112,839	3,283,869	1,828,970
Total Revenues	<u>147,360,066</u>	<u>144,030,947</u>	<u>3,329,119</u>
<b>EXPENSES</b>			
Instruction	68,365,815	88,048,372	(19,682,557)
Support Services	59,636,859	56,341,199	3,295,660
Enterprise and Community Services	5,508,594	6,946,986	(1,438,392)
Interest on Long-Term Debt	11,099,218	10,281,714	817,504
Total Expenses	<u>144,610,486</u>	<u>161,618,271</u>	<u>(17,007,785)</u>
<b>Increase (decrease) in net position</b>	2,749,580	(17,587,324)	20,336,904
<b>NET POSITION, BEGINNING</b>	(27,710,220)	(9,631,279)	(18,078,941)
<b>Prior Period Adjustment</b>	-	98,511	(98,511)
<b>Restatement</b>	-	(590,128)	590,128
<b>NET POSITION, ENDING</b>	<u>(24,960,640)</u>	<u>(27,710,220)</u>	<u>2,749,580</u>

### Revenues

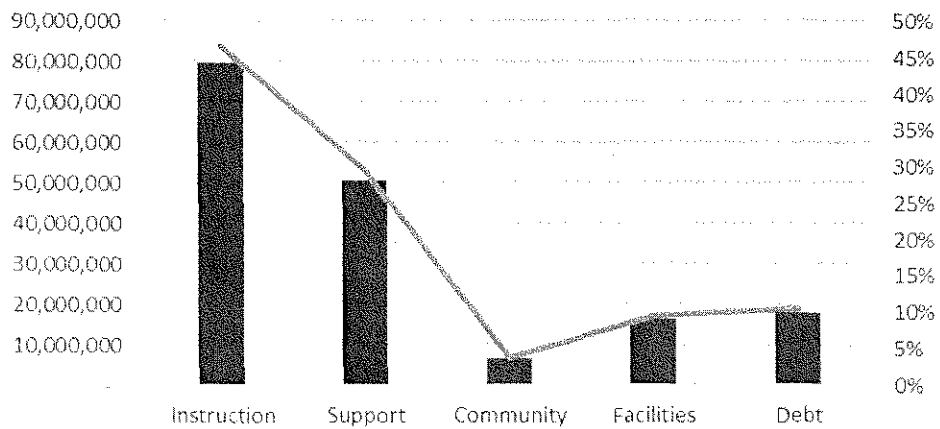
Total revenues increased \$3.3 million from the prior year, is a net result in an increase in the: Property Taxes, State Support, Intermediate Sources and Miscellaneous.

**General Fund** revenues account for approximately 76% 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 \$90 million or 76% 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.

**OPERATING REVENUES BY SOURCE -  
GOVERNMENTAL ACTIVITIES  
\$154,835,414**



**EXPENDITURES BY FUNCTION - GOVERNMENTAL  
ACTIVITIES -  
\$171,200,131**



## **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 \$140 million, a decrease of \$10.3 million in comparison with the prior year. Approximately \$130.5 million or 93% 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 \$9.5 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, \$3.9 million is designated for debt service obligations, as authorized by voters and the Board.

### **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 \$9.5 million. 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 7% of total all funds balance, and 8% of General Fund revenues.

General Fund ending fund balance increased \$1.2 million from the prior year. This is primarily due to a one-time loan issuance of \$2.0 million for the transportation capital project.

### **Debt Service Funds**

The Debt Service Funds include the G.O. Bonds for improvement of school facilities (funds 300 and 315) and for unfunded actuarial liability to benefit lower in Districts' PERS employer rates (fund 350). This fund has a total fund balance of \$3.86 million, all of which is set aside for the payment of debt service. The net increase in fund balance during the current year was \$.8 million primarily due to the 2015 G.O. Bonds has only interest payments in the current fiscal year.

### **Capital Project Fund**

The Capital Projects Fund has a total fund balance of \$.07 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 \$6.4 million, or an increase of 66% from prior year, primarily due an increase in the state contracts the District received during the year.

## General Fund Budgetary Highlights

### Original budget compared to final budget.

During the year, there were supplemental budget with additional appropriations that were adopted for 2016-17.

### Final budget compared to actual results.

The most significant difference between estimated revenues of \$121,131,024 and the actual revenues of \$120,918,212, a difference of \$212,812, were in the state and federal sources received, which were over budgeted.

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, 2017, the District had approximately \$108 million net investment in capital assets, as shown in the following table:

	June 30, 2017	June 30, 2016	Increase/ Decrease
Land	\$ 18,236,549	\$ 18,236,549	-
Construction in Process	22,836,919	1,955,121	20,881,798
Building and Improvements	63,959,225	66,345,215	(2,385,990)
Vehicles and Equipment	2,936,103	3,837,088	(900,985)
	\$ 107,968,796	\$ 90,373,973	\$ 17,594,823

Additional information on the District's capital assets can be found in note 6 on page 25 of this report

### Long-term debt.

At the end of the fiscal year, the District had a total outstanding long-term debt of \$242,354,291 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.

	June 30, 2017	June 30, 2016	Increase/ Decrease
Bonds Payables	\$ 208,739,642	\$ 211,554,776	\$ (2,815,134)
Notes Payables	22,515,366	21,267,331	1,248,035
Net OPEB Obligation	8,832,698	7,876,691	956,007
Net Pension Obligation	2,266,585	2,083,076	183,509
	<u>\$ 242,354,291</u>	<u>\$ 242,781,874</u>	<u>\$ (427,583)</u>

Additional information on the District's long-term debt can be found in note 11 on pages 27 to 30 of this report

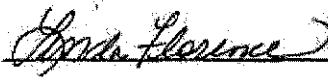
### Economic Factors and Next Year's Budgets

- 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.
- Enrollment in our schools has been declining in recent years, and the projected enrollment for 2017-18 anticipates a further decline in enrollment overall and an increase in charter school enrollment.
- Oregon has averaged 3.0 to 3.5 percent job growth and the forecast calls for peak growth of 2.1 percent over the 2017-19-time frame. Importantly, such gains remain strong enough to hold unemployment down and account for ongoing population growth.
- K-12 funding at 8.2 Billion from the State for 2017-19 biennium simply do not meet the needs of the school system. At this funding level, Reynolds School District forced to reduce its 2017-18 operating budget by cutting staff, non-salary areas and five furlough days.
- The Public Employees Retirement System (PERS) rates continue to increase. For Reynolds that means an annual increase of 3.53 million beginning 2017-18.
- 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 financial position that 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 201<sup>st</sup> 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: Deputy CEO

Signed:   
Title: Director of Finance



**This Page Intentionally Left Blank**

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7**  
MULTNOMAH COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7**  
**MULTNOMAH COUNTY, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2017**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 147,084,266
Receivables:	
Accounts and Grants	7,626,740
Property Taxes	2,381,603
Other Prepaid Expenses	18,043
Equity in CAL	1,279,080
Capital Assets, Non-Depreciable	41,073,468
Capital Assets, Depreciable, Net	<u>66,895,328</u>
Total Assets	<u>266,358,528</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related Deferrals - PERS	50,717,089
Pension Related Deferrals - Stipends	624,638
Total Deferred Outflows	<u>51,341,727</u>
<b>TOTAL ASSETS AND PENSION RELATED DEFERRALS</b>	<u>317,700,255</u>
<b>LIABILITIES</b>	
Accounts Payable	9,029,747
Accrued Salaries and Benefits	5,294,070
Unearned Revenue	726,514
Accrued Vacation Payable	105,578
Bond & Note Interest Payable	195,017
Noncurrent liabilities:	
Due within one year	8,263,504
Due in more than one year	222,991,504
Proportionate share of Net Pension Liability (PERS)	82,744,959
Net Pension Obligation (Stipends)	2,266,585
Net Other Post Employment Benefit Obligation (Healthcare)	<u>8,832,698</u>
Total Liabilities	340,450,176
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related Deferrals	<u>2,210,719</u>
<b>TOTAL LIABILITIES AND PENSION RELATED DEFERRALS</b>	<u>342,660,895</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(64,722,847)
Restricted for Debt Service	3,861,213
Restricted for State & Local Programs	426,170
Restricted for Food Service	2,996,717
Unrestricted	<u>32,478,107</u>
Total Net Position	<u>\$ (24,960,640)</u>

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, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Instruction	\$ 68,365,815	\$ 150,788	\$ 1,369,302	\$ (66,845,725)
Support Services	59,636,859	177,820	706,694	(58,752,345)
Community Services	5,508,594	330,555	12,931,971	7,753,932
Interest on Long-Term Debt	11,099,218	-	-	(11,099,218)
Total Governmental Activities	<u>\$ 144,610,486</u>	<u>\$ 659,163</u>	<u>\$ 15,007,967</u>	<u>(128,943,356)</u>
General Revenues:				
				24,687,910
				8,980,092
				46,603
				89,658,290
				3,253,805
				6,019
				(37,397)
				5,097,614
Total General Revenues				<u>131,692,936</u>
		Change in Net Position		2,749,580
		Net Position - Beginning, Restated		<u>(27,710,220)</u>
		Net Position - Ending		<u>\$ (24,960,640)</u>

See accompanying notes to the basic financial statements

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7**  
**MULTNOMAH COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2017

	GENERAL FUND	FEDERAL PROGRAMS FUND	DEBT SERVICE FUND	PERS BOND FUND	2015 GO BOND DEBT SERVICE FUND
<b>ASSETS:</b>					
Cash & Equity in Pooled Cash	\$ 12,720,716	\$ -	\$ 7,413,034	\$ 42,473	\$ 113,401,585
Receivables:					
Accounts and Grants	1,033,360	3,426,723	-	-	322,272
Property Taxes	1,633,897	-	416,661	-	128,667
Cash with County	149,151	-	33,035	-	20,192
Interfund Receivable	5,215,162	42,257	-	79,278	-
Prepaid	16,880	-	-	-	-
<b>Total Assets</b>	<b>\$ 20,769,166</b>	<b>\$ 3,468,980</b>	<b>\$ 7,862,730</b>	<b>\$ 121,751</b>	<b>\$ 113,872,716</b>
<b>LIABILITIES, AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	\$ 2,016,604	\$ 35,678	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	5,294,070	-	-	-	-
Interfund Payable	1,801,751	3,330,645	5,064,745	-	112,410,813
<b>Total Liabilities</b>	<b>9,112,425</b>	<b>3,366,323</b>	<b>5,064,745</b>	<b>-</b>	<b>112,410,813</b>
Deferred Inflows of Resources:					
Deferred Grants	599,438	102,657.00	-	-	-
Unavailable Revenue:					
Property Taxes	1,563,607	-	399,304	-	121,122
<b>Fund Balances (Deficit):</b>					
Nonspendable	16,880	-	-	-	-
Restricted:					
Debt Service	-	-	2,398,681	121,751	1,340,781
State & Local Programs	-	-	-	-	-
Food Service	-	-	-	-	-
Committed:					
Self Insurance	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	9,476,816	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>9,493,696</b>	<b>-</b>	<b>2,398,681</b>	<b>121,751</b>	<b>1,340,781</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 20,769,166</b>	<b>\$ 3,468,980</b>	<b>\$ 7,862,730</b>	<b>\$ 121,751</b>	<b>\$ 113,872,716</b>

See accompanying notes to the basic financial statements

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7**  
**MULTNOMAH COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2017

	2015 GO BONDS PROJECTS FUND	CAPITAL PROJECTS FUND	2016 SCHOOL IMPROVEMENT PROJECT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash & Equity in Pooled Cash	\$ 12,552,102	\$ 395,213	-	\$ 559,143	\$ 147,084,266
Receivables:					
Accounts and Grants	-	975	-	2,843,410	7,626,740
Property Taxes	-	-	-	-	2,179,225
Cash with County	-	-	-	-	202,378
Interfund Receivable	112,694,746	-	1,329,904	4,404,080	123,765,427
Prepaid	-	-	-	1,163	18,043
<b>Total Assets</b>	<b>\$ 125,246,848</b>	<b>\$ 396,188</b>	<b>\$ 1,329,904</b>	<b>\$ 7,807,796</b>	<b>\$ 280,876,079</b>
<b>LIABILITIES, AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 6,407,109	\$ -	\$ -	\$ 556,036	\$ 9,015,427
Accrued Salaries and Benefits	-	-	-	-	5,294,070
Interfund Payable	-	329,554	-	842,239	123,779,747
<b>Total Liabilities</b>	<b>6,407,109</b>	<b>329,554</b>	<b>-</b>	<b>1,398,275</b>	<b>138,089,244</b>
<b>Deferred Inflows of Resources:</b>					
Deferred Grants	-	-	-	24,419	726,514
Unavailable Revenue:					
Property Taxes	-	-	-	-	2,084,033
<b>Fund Balances (Deficit):</b>					
Nonspendable	-	-	-	1,163	18,043
Restricted:					
Debt Service	-	-	-	-	3,861,213
State & Local Programs	-	-	-	426,170	426,170
Food Service	-	-	-	2,996,717	2,996,717
Committed:					
Self Insurance	-	-	-	170,959	170,959
Assigned	118,839,739	66,634	1,329,904	2,790,093	123,026,370
Unassigned	-	-	-	-	9,476,816
<b>Total Fund Balances (Deficit)</b>	<b>118,839,739</b>	<b>66,634</b>	<b>1,329,904</b>	<b>6,385,102</b>	<b>139,976,288</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 125,246,848</b>	<b>\$ 396,188</b>	<b>\$ 1,329,904</b>	<b>\$ 7,807,796</b>	<b>\$ 280,876,079</b>

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, 2017**

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS	\$	139,976,288
Capital assets are not financial resources and therefore are not reported in the governmental funds.		
Cost	\$	184,108,824
Accumulated Depreciation	<u>(76,140,028)</u>	107,968,796
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.		
		2,084,033
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.		
		(82,744,959)
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	51,341,727	
Deferred Inflows	<u>(2,210,719)</u>	49,131,008
Equity interest in the Center for Advanced Learning (CAL) is not reported in the governmental funds:		
		1,279,080
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	(105,578)	
Bond & Note Interest Payable	(195,017)	
Other Post Employment Benefit Obligations (Healthcare)	(8,832,698)	
Pension Obligation (Stipends)	(2,266,585)	
Debt Obligations	<u>(231,255,008)</u>	<u>(242,654,886)</u>
TOTAL NET POSITION	\$	<u><u>(24,960,640)</u></u>

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, 2017

REVENUES:	GENERAL FUND	FEDERAL PROGRAMS FUND	DEBT SERVICE FUND	PERS BOND FUND	2015 GO BOND DEBT SERVICE FUND
Local Sources	\$ 25,909,312	\$ -	\$ 4,946,742	\$ 7,359,565	\$ 4,624,913
Intermediate Sources	2,629,116	-	-	-	-
State Sources	90,320,271	-	-	-	-
Federal Sources	59,513	7,570,071	-	-	-
Total Revenues	<u>118,918,212</u>	<u>7,570,071</u>	<u>4,946,742</u>	<u>7,359,565</u>	<u>4,624,913</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction	73,998,697	4,581,211	-	-	-
Support Services	43,969,881	2,853,091	-	-	-
Community Services	100,001	135,769	-	-	-
Facilities Acquisition	-	-	-	-	-
Debt Service	242,310	-	4,786,750	7,340,489	3,988,649
Total Expenditures	<u>118,310,889</u>	<u>7,570,071</u>	<u>4,786,750</u>	<u>7,340,489</u>	<u>3,988,649</u>
Revenues over (under) expenditures	607,323	-	159,992	19,076	636,264
<b>Other Financing Sources, (Uses):</b>					
Sale of fixed assets	-	-	-	-	-
Loan Issuance	2,000,000	-	-	-	-
Bond Issuance - Principal	-	-	-	-	-
Transfers In	255,388	-	-	-	-
Transfers Out	(1,640,038)	-	-	-	-
Total other financing sources (Uses)	<u>615,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,222,673	-	159,992	19,076	636,264
Fund balance, beginning	<u>8,271,023</u>	<u>-</u>	<u>2,238,689</u>	<u>102,675</u>	<u>704,517</u>
Fund balance, ending	<u>\$ 9,493,696</u>	<u>\$ -</u>	<u>\$ 2,398,681</u>	<u>\$ 121,751</u>	<u>\$ 1,340,781</u>

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, 2017

REVENUES:	2015 GO BOND PROJECTS FUND	CAPITAL PROJECTS FUND	2016 SCHOOL IMPROVEMENT PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Local Sources	\$ 95,727	\$ 854	\$ 19,800	\$ 3,665,290	\$ 46,622,203
Intermediate Sources	-	146,775	-	1,441,951	4,217,842
State Sources	-	-	-	178,709	90,498,980
Federal Sources	-	-	-	5,866,805	13,496,389
Total Revenues	<u>95,727</u>	<u>147,629</u>	<u>19,800</u>	<u>11,152,755</u>	<u>154,835,414</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction	-	-	-	1,258,586	79,838,494
Support Services	-	-	2,689,896	1,226,210	50,739,078
Community Services	-	-	-	6,197,237	6,433,007
Facilities Acquisition	16,188,325	591	-	-	16,188,916
Debt Service	-	1,642,438	-	-	18,000,636
Total Expenditures	<u>16,188,325</u>	<u>1,643,029</u>	<u>2,689,896</u>	<u>8,682,033</u>	<u>171,200,131</u>
Revenues over (under) expenditures	(16,092,598)	(1,495,400)	(2,670,096)	2,470,722	(16,364,717)
<b>Other Financing Sources, (Uses):</b>					
Sale of fixed assets	-	-	-	6,019	6,019
Loan Proceeds	-	-	-	-	2,000,000
Bond Issuance - Principal	-	-	4,000,000	-	4,000,000
Transfers In	-	1,312,668	-	71,982	1,640,038
Transfers Out	-	-	-	-	(1,640,038)
Total other financing sources (Uses)	<u>-</u>	<u>1,312,668</u>	<u>4,000,000</u>	<u>78,001</u>	<u>6,006,019</u>
Net Change in Fund Balance	(16,092,598)	(182,732)	1,329,904	2,548,723	(10,358,698)
Fund balance, beginning	<u>134,932,337</u>	<u>249,366</u>	<u>-</u>	<u>3,836,379</u>	<u>150,334,986</u>
Fund balance, ending	<u>\$ 118,839,739</u>	<u>\$ 66,634</u>	<u>\$ 1,329,904</u>	<u>\$ 6,385,102</u>	<u>\$ 139,976,288</u>

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, 2017**

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS	\$	(10,358,698)
<p>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:</p>		
Expenditures for capital assets	\$ 20,921,598	
Less current year depreciation	<u>(3,326,775)</u>	17,594,823
<p>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.</p>		
Issuance of New Debt	(6,000,000)	
Principal Payments on Long-Term-Debt	<u>6,893,293</u>	893,293
<p>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.</p>		
Amortization of bond premiums	812,495	
Accretion of discount on pension obligation bonds	<u>(138,689)</u>	673,806
Change in net pension obligation		441,130
Change in net OPEB obligation		(956,007)
<p>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.</p>		
		8,125
<p>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.</p>		
		120,187
<p>Changes in equity in the Center for Advanced Learning (CAL) is not reported in the governmental funds:</p>		
		(37,397)
<p>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.</p>		
		(5,674,630)
<p>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.</p>		
		<u>44,948</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>2,749,580</u></u>

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, 2017

---

	<u>Private Purpose Trust Funds</u>
<b>ASSETS:</b>	
Due From Other Funds	\$ <u>14,320</u>
<b>LIABILITIES:</b>	
Due to Student Organizations	<u>2,266</u>
<b>NET POSITION:</b>	
Reserved for Scholarship Programs	<u>\$ 12,054</u>

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, 2017

---

	<u>Private Purpose Trust Funds</u>
Additions:	
Receipts	\$ 5,553
Deductions:	
Disbursements	<u>11,533</u>
Change in Net Position	(5,980)
Beginning Net Position	<u>18,034</u>
Ending Net Position	<u><u>\$ 12,054</u></u>

See accompanying notes to the basic financial statements

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7**  
MULTNOMAH COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

**This Page Intentionally Left Blank**

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 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.

**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 trust 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.



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**

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, pension costs, 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.

**2015 GO BOND DEBT SERVICE FUND**

This fund accounts for the payment of principal and interest for the two general obligation bonds the District received in 2015 and are to be used to finance several specific capital projects as dictated by the bonds' ballot measure. The principal revenue source is the proceeds from the bond and associated interest.

**2015 GO BOND PROJECTS FUND**

This fund accounts for major capital outlay expenditures relating to the acquisition, construction and remodeling of facilities as authorized in the 2015 general obligation bonds' ballot measure. Principal financing sources include the proceeds from the issuance of debt and earnings from investments which are accounted for in the 2015 Go Bond Debt Service fund.

**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

2016 SCHOOL IMPROVEMNT PROJECTS FUND

This fund accounts for major capital outlay expenditures relating to the acquisition, construction and rehabilitation of Qualified Zone Academy Bond eligible facilities. Principal financing sources include the proceeds from the issuance of debt.

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 basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. At June 30, 2017 there were deferred outflows of \$51,341,727 representing pension related deferrals reported in the statement of net position.

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2017, there were deferred inflows of \$2,210,719 representing pension related deferrals reported in the statement of net position. The governmental funds balance sheet reports unavailable revenues of \$2,810,547 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.

*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.

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*

*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, 2017 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.

*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.

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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition 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

*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 (HEALTHCARE)*

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.

*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.

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

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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.

**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.

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

---

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED**

*BUDGETARY INFORMATION - CONTINUED*

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. 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, 2017 was \$1,279,080.

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.

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

---

**NOTE 5. 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.

**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, 2017, combined bank balances totaled \$7,568,904, of which \$256,921 was insured by FDIC with the remaining amount 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's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

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

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

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, 2017, 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 5. 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, 2017, the District appeared to be in compliance with all percentage restrictions.

Cash and Investments at June 30, 2017 (recorded at fair value) consisted of:

	2017
Cash and cash equivalents	
Deposits with financial institutions	\$ 3,802,312
Oregon Local Government Investment Pool	29,880,369
Other Investments	113,401,585
Total Cash and Investments	\$ 147,084,266

There were the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
Oregon local government investment pool (LGIP)	\$ 29,880,369	\$29,880,369	\$ -	\$ -
Municipal Bonds	1,011,130	-	1,011,130	-
US Agency Securities	102,016,565	21,797,877	56,761,776	23,456,912
US Treasuries	10,373,890	-	10,373,890	-
Total	\$ 143,281,954	\$51,678,246	\$68,146,796	\$23,456,912

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

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 occurred as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Construction in Process	\$ 1,955,121	\$ 20,881,798	\$ -	\$ 22,836,919
Land	<u>18,236,549</u>	<u>-</u>	<u>-</u>	<u>18,236,549</u>
Total Capital Assets Not being Depreciated:	<u>20,191,670</u>	<u>20,881,798</u>	<u>-</u>	<u>41,073,468</u>
Capital Assets Being Depreciated:				
Buildings and Improvement	130,691,710	-	-	130,691,710
Vehicles and Equipment	<u>12,303,846</u>	<u>39,800</u>	<u>-</u>	<u>12,343,646</u>
Total Capital Assets Being Depreciated:	<u>142,995,556</u>	<u>39,800</u>	<u>-</u>	<u>143,035,356</u>
Accumulated Depreciation				
Buildings and Improvement	(64,346,495)	(2,385,990)	-	(66,732,485)
Vehicles and Equipment	<u>(8,466,758)</u>	<u>(940,785)</u>	<u>-</u>	<u>(9,407,543)</u>
Total Accumulated Depreciation	<u>(72,813,253)</u>	<u>(3,326,775)</u>	<u>-</u>	<u>(76,140,028)</u>
Total Capital Assets Being Depreciated, Net	<u>70,182,303</u>	<u>(3,286,975)</u>	<u>-</u>	<u>66,895,328</u>
Governmental Activities	<u>\$ 90,373,973</u>	<u>\$ 17,594,823</u>	<u>\$ -</u>	<u>\$ 107,968,796</u>

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

Instruction	\$ 1,938,571
Support Services	1,232,003
Community Services	<u>156,201</u>
	<u>\$ 3,326,775</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.

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

**NOTE 8. INTERFUND TRANSFERS AND INTERFUND RECEIVABLE/PAYABLES**

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 1,640,038	\$ 255,388
Capital Projects	-	1,312,668
Other Governmental Funds	-	71,982
	\$ 1,640,038	\$ 1,640,038

During the year ended June 30, 2017, \$1,640,038 was transferred to other funds including \$53,528 transferred to the Nutrition Services Fund to match free and reduced meal and free milk programs as required, \$1,312,668 transferred to the Capital Projects Fund for payment of Full Faith and Credit Refunding obligations and \$255,388 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	\$ 5,215,162	\$ 1,801,751
Federal Program Funds	42,257	3,330,645
Debt Service Fund	-	5,064,745
2015 GO Bond Debt Fund	-	112,410,813
PERS Bond Fund	79,278	-
Capital Improvement Fund	-	329,554
2015 GO Bond Project Fund	112,694,746	-
2016 School Improvements Fund	1,329,904	-
Other Governmental Funds	4,404,080	842,239
Trust Funds	14,320	-
	\$ 123,779,747	\$ 123,779,747

**NOTE 9. 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, 2017 are as follows:

	<u>Arts Tax Revenues</u>	<u>Arts Tax Expenditures</u>	<u>Music FTE Funded</u>	<u>Art FTE Funded</u>	<u>Total FTE</u>
Alder Elementary	\$ 74,650	\$ 58,216	0.67	0.25	0.92
Glenfair Elementary	121,474	94,732	0.67	0.25	0.92
Margaret Scott Elementary	89,173	69,542	0.67	0.25	0.92
Wilkes Elementary	93,996	73,303	0.67	0.25	0.92
	\$ 379,293	\$ 295,793	2.68	1	3.68

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

---

**NOTE 10. 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.

**NOTE 11. 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%.

**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.

**Qualified Zone Academy Bonds Series 2016**

\$4,000,000 of Qualified Zone Academy bonds were issued on August 4, 2016. \$3,920,000 in proceeds were received after paying issuance costs, and annual payments totaling \$285,714 will be made through July 1, 2030.

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

**NOTE 11. LONG-TERM DEBT - CONTINUED**

**BONDS PAYABLE - CONTINUED**

Changes in bonds outstanding are as follows:

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2016</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 2017</u>
March 1, 2005	3.0-5.0	\$ 32,500,000	\$ 17,735,000	\$ -	\$ 3,900,000	\$ 13,835,000
April 21, 2003	1.5-6.27	80,978,772	57,576,475	-	2,180,983	55,395,492
July 1, 2004	N/A	2,100,000	366,930	-	122,310	244,620
August 20, 2015	2.0-5.0	122,945,047	122,465,047	-	-	122,465,047
August 4, 2016	N/A	4,000,000	-	4,000,000	-	4,000,000
	Subtotal		198,143,452	4,000,000	6,203,293	195,940,159
	Premium		14,382,140	-	750,530	13,631,610
	Accretion on pension obligation bonds		(970,816)	-	(138,689)	(832,127)
	Total		<u>\$ 211,554,776</u>	<u>\$ 4,000,000</u>	<u>\$ 6,815,134</u>	<u>\$ 208,739,642</u>

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>
2018	\$ 6,869,699	\$ 10,219,215	\$ 17,088,914
2019	7,266,960	10,402,904	17,669,864
2020	7,618,536	10,579,967	18,198,503
2021	8,343,689	10,752,565	19,096,254
2022	8,865,321	10,912,383	19,777,704
2023-27	82,198,049	27,825,700	110,023,749
2028-32	50,665,365	17,770,582	68,435,947
2033-36	24,112,540	31,162,459	55,274,999
	<u>\$ 195,940,159</u>	<u>\$ 129,625,774</u>	<u>\$ 325,565,933</u>

**NOTES PAYABLE**

**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 \$6,599,408 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.

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

**NOTE 11. LONG-TERM DEBT - CONTINUED**

NOTES PAYABLE - CONTINUED

2017 Financing Agreement Notes Payable

In June 2017 the District entered a \$2,000,000 financing agreement with US Bank National Association to finance capital costs for furnishing, equipping and performing site improvements for the District's transportation facility. The note is to be paid biannually with the principal of \$285,714 and the first installment of interest due in July and the remainder paid in January, totaling \$2,201,528 with the first payment made in January 2018. The last payment will be made in July 2024.

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

Name	Interest Rates	Original Issue	Outstanding June 30, 2016	Issued	Matured and Redeemed	Outstanding June 30, 2017
Full Faith and Credit Obligation	2-5%	\$ 23,850,000	\$ 20,090,000	\$ -	\$ 690,000	\$ 19,400,000
Financing Agreement	2.5%	2,000,000	-	2,000,000	-	2,000,000
	Sub-Total		20,090,000	2,000,000	690,000	21,400,000
	Premium		1,177,331	-	61,965	1,115,366
	Total		<u>\$ 21,267,331</u>	<u>\$ 2,000,000</u>	<u>\$ 751,965</u>	<u>\$ 22,515,366</u>

Following are the annual requirements to amortize all notes payable outstanding at year end:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2018	\$ 720,000	\$ 944,916	\$ 1,664,916
2019	1,035,714	936,017	1,971,731
2020	1,065,714	898,874	1,964,588
2021	1,095,714	860,531	1,956,245
2022	1,185,714	820,988	2,006,702
2023-27	5,692,144	3,403,804	9,095,948
2028-32	6,135,000	2,067,750	8,202,750
2033-35	4,470,000	454,500	4,924,500
	<u>\$ 21,400,000</u>	<u>\$ 10,387,380</u>	<u>\$ 31,787,380</u>

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

**NOTE 11. LONG-TERM DEBT - CONTINUED**

Total long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	198,143,452	4,000,000	6,203,293	195,940,159	6,869,699
Premium	14,382,140	-	750,530	13,631,610	750,529
Accretion	(970,816)	-	(138,689)	(832,127)	(138,689)
Total	<u>211,554,776</u>	<u>4,000,000</u>	<u>6,815,134</u>	<u>208,739,642</u>	<u>7,481,539</u>
Notes Payable	20,090,000	2,000,000	690,000	21,400,000	720,000
Premium	<u>1,177,331</u>	<u>-</u>	<u>61,965</u>	<u>1,115,366</u>	<u>61,965</u>
Total	<u>21,267,331</u>	<u>2,000,000</u>	<u>751,965</u>	<u>22,515,366</u>	<u>781,965</u>
Subtotal of Debt	232,822,107	6,000,000	7,567,099	231,255,008	8,263,504
Net OPEB Obligation (Healthcare)	7,876,691	956,007	-	8,832,698	-
Net Pension Obligation (Stipends)	<u>2,083,076</u>	<u>183,509</u>	<u>-</u>	<u>2,266,585</u>	<u>-</u>
Total long-term liabilities	<u>242,781,874</u>	<u>7,139,516</u>	<u>7,567,099</u>	<u>242,354,291</u>	<u>8,263,504</u>

**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 that were started in the current fiscal year.

**NOTE 13. DEFINED BENEFIT PENSION PLAN**

**PLAN DESCRIPTION**

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

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

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

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

---

**NOTE 13. DEFINED BENEFIT PENSION PLAN - CONTINUED**

**PLAN DESCRIPTION - CONTINUED**

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
  - 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  
MULTNOMAH COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

**NOTE 13. DEFINED BENEFIT PENSION PLAN - CONTINUED**

PLAN DESCRIPTION - 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, 2017 were \$9,462,011, excluding amounts to fund employer specific liabilities. In addition approximately \$3,819,833 in employee contributions were paid by the District during 2016-17.

PENSION ASSET OR LIABILITY

At June 30, 2017, the District reported a net pension liability of \$82,744,959 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The District's proportion of the net pension liability was based on 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, 2016, the District's proportion was .55 percent.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 2,737,565	\$ -
Changes in assumptions	17,647,511	-
Net difference between projected and actual earnings on pension plan investments	16,346,932	-
Net changes in proportionate share and differences between College contributions and proportionate share of contributions	<u>4,523,070</u>	<u>(2,210,719)</u>
Subtotal - Amortized Deferrals (below)	41,255,078	(2,210,719)
District contributions subsequent to measurement date	<u>9,462,011</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 50,717,089</u>	<u>\$ (2,210,719)</u>

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

---

**NOTE 13. DEFINED BENEFIT PENSION PLAN - CONTINUED**

FUNDING POLICY

Subtotal amounts related to pension as deferred outflows of resources, \$41,255,078, and deferred inflows of resources, (\$2,210,719), net to \$39,044,359 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 7,134,800
2019	7,134,800
2020	13,157,429
2021	10,107,551
2022	1,509,780
Thereafter	-
Total	<u>\$ 39,044,359</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 8, 2017. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.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.

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 13. DEFINED BENEFIT PENSION PLAN - CONTINUED**

**ACTUARIAL VALUATIONS - CONTINUED**

**Actuarial Methods and Assumptions:**

Valuation date	December 31, 2014 rolled forward to June 30, 2016
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	2.50 percent (reduced from 2.75%)
Investment rate of return	7.50 percent (reduced from 7.75%)
Projected salary increase	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service (reduced from 3.75%). 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 BB (changed from 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 (70% for males and 95% for females; changed from 65% for males and 90% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table (changed from 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, 2014.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50 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.

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

**NOTE 13. DEFINED BENEFIT PENSION PLAN – CONTINUED**

ACTUARIAL VALUATIONS - CONTINUED

**Assumed Asset Allocation:**

<b>Asset Class/Strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
<b>Total</b>			<b>100%</b>

*Source: June 30, 2014 PERS CAFR; p. 54 – 55)*

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

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<b>Asset Class</b>	<b>Target</b>	<b>Compound Annual Return (Geometric)</b>
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
<i>Assumed Inflation</i>		<i>2.75%</i>

*Source: June 30, 2014 PERS CAFR; p. 54 – 55)*

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

---

**NOTE 13. DEFINED BENEFIT PENSION PLAN - CONTINUED**

**ACTUARIAL VALUATIONS – CONTINUED**

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	(6.50%)	(7.50%)	(8.50%)
District's proportionate share of the net pension liability (asset)	\$ 133,605,520	\$ 82,744,959	\$ 40,234,430

**Changes Subsequent to the Measurement Date:**

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

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016. The actuarial effect of this change on the net pension liability has not yet been determined.

As reflected in the December 31, 2014 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 passed by the 2013 Oregon Legislature, which increased the benefits projected to be paid by Employers compared to those previously developed and consequently increased plan liabilities. The employers’ projected long-term contribution effort reflects the estimated impact of the Moro Decision. Following the completion of the December 31, 2014 actuarial valuation, the PERS Board adopted several assumption changes, including lowering the investment return assumption from 7.75% to 7.50%.

**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.

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

**NOTE 13. DEFINED BENEFIT PENSION PLAN - CONTINUED**

**ACTUARIAL VALUATIONS – CONTINUED**

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

<http://www.oregon.gov/pers/EMP/Documents/GASB/2014/GASB-Disclosure-Information.pdf>

**NOTE 14. OTHER POST EMPLOYMENT BENEFITS**

**POST RETIREMENT HEALTH CARE**

As a result of collective bargaining agreements, the District has a single-employer run post-retirement health care benefit plan, which is 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 2017 and 2016 were \$271,917 and \$410,306.

**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, 2017, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Required Contribution	\$ 2,902,033	\$ 3,333,597	\$ 3,193,509	\$ 3,204,356	\$3,044,544
Interest on prior year Net OPEB Obligation	275,684	222,823	169,063	108,760	54,579
Adjustment to Annual Required Contribution	<u>(947,103)</u>	<u>(765,499)</u>	<u>(580,809)</u>	<u>(207,162)</u>	<u>(103,960)</u>
Annual OPEB cost	2,230,614	2,790,921	2,781,763	3,105,954	2,995,163
Contributions made	<u>(1,274,607)</u>	<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	956,007	1,510,329	1,535,994	1,722,937	1,548,034
Net OPEB Obligation at beginning of year	<u>7,876,691</u>	<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>\$ 8,832,698</u>	<u>\$ 7,876,691</u>	<u>\$ 6,366,362</u>	<u>\$ 4,830,368</u>	<u>\$3,107,431</u>
Percentage of APC contributed	57%	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. The unfunded accrued liability is amortized over an open period of 10 years as a percentage of payroll, and is still open. 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 14. 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% per year		
Investment rate of return	3.50% 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%		
Post-retirement benefit increases	Not assumed to increase		
Healthcare cost trend	Medical and prescription drugs:	Year	Pre-65 Trend
		2018-2030	5.25%
		2031-2032	5.50
		2033	5.75
		2034-2041	6.25
		2042-2044	6.00
		2045-2049	5.75
		2050-2060	5.50
	2061+	5.25	
	Dental and vision:	All	4.50

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. See page 43 for funding progress information presented in multi-year trend information.

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

**NOTE 14. OTHER POST EMPLOYMENT BENEFITS - CONTINUED**

**EARLY RETIREMENT PLAN - STIPENDS**

The District also operates a single-employer early retirement stipend plan.

The following table shows the changes in total pension liability for the year ending June 30, 2017:

Total Pension Liability at June 30, 2016		\$ 2,083,076
Changes for the year:		
Service Cost		118,075
Interest		82,194
Changes of Benefit Terms		-
Changes from economic/demographic gains or losses		-
Changes of assumptions or other inputs		116,961
Benefit Payments		<u>(133,721)</u>
Net Changes		<u>183,509</u>
Total Pension Liability at June 30, 2017		<u>\$ 2,266,585</u>

**Actuarial Methods and Assumptions:**

The total pension liability above was determined by an actuarial valuation as of the valuation date calculated based on the discount rate and actuarial assumptions listed below, and was then projected forward/backwards to the measurement date. The unfunded accrued liability is amortized over an open period of 4 years as a percentage of payroll, and is still open.

Valuation Date	October 1, 2015
Mesurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Level Percent of Pay
Investment return assumption (interest discount)	2.85% per year
Demographic Assumptions	Based on Oregon PERS valuation assumptions as of December 31, 2014
Inflation Rate	2.5% per year
Salary Scale	3.5% per year

**Sensitivity Analysis:**

The following presents the total pension liability of the plan, calculated using the discount rate as of the measurement date, as well as what the plan's total pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	1.85%	2.85%	3.85%
Total Pension Liability	\$ 2,389,018	\$ 2,266,585	\$ 2,145,887



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

**NOTE 14. OTHER POST EMPLOYMENT BENEFITS - CONTINUED**

*EARLY RETIREMENT PLAN – CONTINUED*

For the year ended June 30, 2017, the District recognized a negative pension expense of \$441,130. At June 30, 2017, the District reported deferred outflows of resources related to the early retirement plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	105,822	-
Contributions made subsequent to measurement date	518,816	-
Net deferred outflow (inflow) of resources	\$ 624,638	\$ -

Amounts currently reported as deferred outflows of resources related to other post-employment benefits will be recognized in pension expense as follows:

Year ending June 30,	Amount
2018	\$ 11,139
2019	11,139
2020	11,139
2021	11,139
2022	11,139
Thereafter	50,127
Total	\$ 105,822

**NOTE 15. 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.

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

---

**NOTE 16. TAX ABATEMENTS**

As of June 30, 2017, the District had tax abatements through eleven programs, the largest and only material one is the Enterprise Zone that impacted its levied taxes.

**Enterprise Zone (ORS 285C.175):**

The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the fiscal year ended June 30, 2017, the District had abated \$980,591 property taxes under the Enterprise Zone program.

**NOTE 17. RESTATEMENT OF NET POSITION**

Due to the implementation of GASB Statement No. 73, a restatement of the prior year net position was required.

The Restatement is as follows:

Net Position - Beginning as previously reported	\$	(27,120,092)
Beginning net position for pension stipend liability obligation, as previously reported		1,492,948
Restated beginning net position for pension stipend liability obligation under GASB Statement No. 73		<u>(2,083,076)</u>
Net Postion - Beginning as restated	\$	<u>(27,710,220)</u>

**This Page Intentionally Left Blank**

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7**  
**MULTNOMAH COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**This Page Intentionally Left Blank**

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2017

**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
2017	0.55 %	\$ 82,744,959	\$ 64,947,816	127.4 %	80.5 %
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 actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

**SCHEDULE OF CONTRIBUTIONS**

Year	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
2017	\$ 9,462,011	\$ 9,462,011	\$ -	\$ 63,884,244	14.8 %
2016	8,727,974	8,727,974	-	64,947,816	13.4
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 actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

**MULTNOMAH COUNTY SCHOOL DISTRICT NO.7**  
**Multnomah County, Oregon**

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**OTHER POST EMPLOYMENT BENEFITS**  
**June 30, 2017**

**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
2017	\$ 2,230,614	57%	\$ 8,832,698
2016	2,790,921	46%	7,876,691
2015	2,781,763	45%	6,366,362
2014	3,105,954	45%	4,830,368
2013	2,995,163	48%	3,107,431

The district will adopt GASB 75 in the next fiscal year.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.7  
Multnomah County, Oregon

SCHEDULE OF CHANGES IN TOTAL PENSION LIABAILTY AND RELATED RATIOS  
 STIPENDS  
 June 30, 2017

OPEB - PENSION LIABILITY (STIPEND)

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS - STIPENDS

Year Ended June 30,	Total Pension Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	Total Pension Liability - End of Year	Estimated Covered Payroll	Total Pension Liability as a % of Covered Payroll
2017	\$ 2,083,076	\$ 118,075	\$ 82,194	\$ -	\$ 116,961	\$ (133,721)	\$ 2,266,585	\$ TBD	TBD

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, 2017**

**GENERAL FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Local Sources	\$ 25,870,107	\$ 25,870,107	\$ 25,909,312	\$ 39,205
Intermediate Sources	2,275,652	2,275,652	2,629,116	353,464
State Sources	90,870,265	90,870,265	90,320,271	(549,994)
Federal Sources	115,000	115,000	59,513	(55,487)
<b>Total Revenue</b>	<b>119,131,024</b>	<b>119,131,024</b>	<b>118,918,212</b>	<b>(212,812)</b>
<b>EXPENDITURES:</b>				
Instruction	75,713,901	75,713,901 (1)	73,998,697	1,715,204
Support Services	46,145,576	45,705,476 (1)	43,451,065	2,254,411
Community Services	146,636	146,636 (1)	100,001	46,635
Debt Service	122,310	242,310 (1)	242,310	-
Contingency	1,000,000	1,000,000 (1)	-	1,000,000
<b>Total Expenditures</b>	<b>123,128,423</b>	<b>122,808,323</b>	<b>117,792,073</b>	<b>5,016,250</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,997,399)</b>	<b>(3,677,299)</b>	<b>1,126,139</b>	<b>4,803,438</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan Issuance	2,000,000	2,000,000	2,000,000	-
Transfers Out	(1,319,938)	(1,640,038) (1)	(1,640,038)	-
<b>Total Other Financing Sources (Uses)</b>	<b>680,062</b>	<b>359,962</b>	<b>359,962</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(3,317,337)</b>	<b>(3,317,337)</b>	<b>1,486,101</b>	<b>4,803,438</b>
<b>Beginning Fund Balance</b>	<b>8,288,303</b>	<b>8,288,303</b>	<b>8,007,595</b>	<b>(280,708)</b>
<b>Ending Fund Balance</b>	<b>\$ 4,970,966</b>	<b>\$ 4,970,966</b>	<b>9,493,696</b>	<b>\$ 4,522,730</b>
Reconciliation to Governmental Fund Balance as required by GASB 54:				
Ending Fund Balance Retirement Fund			-	
			<u>\$ 9,493,696</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, 2017**

**FEDERAL PROGRAMS FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Federal Sources	\$ 8,581,421	\$ 8,581,421	\$ 7,570,071	\$ (1,011,350)
Total Revenues	<u>8,581,421</u>	<u>8,581,421</u>	<u>7,570,071</u>	<u>(1,011,350)</u>
<b>EXPENDITURES:</b>				
Instruction	4,972,771	4,972,771 (1)	4,581,211	391,560
Support Services	3,353,480	3,353,480 (1)	2,853,091	500,389
Community Services	255,170	255,170 (1)	135,769	119,401
Total Expenditures	<u>8,581,421</u>	<u>8,581,421</u>	<u>7,570,071</u>	<u>1,011,350</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, 2017**

**DEBT SERVICE FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Local Sources	\$ 3,486,750	\$ 3,486,750	\$ 4,946,742	\$ 1,459,992
Total Revenues	<u>3,486,750</u>	<u>3,486,750</u>	<u>4,946,742</u>	<u>1,459,992</u>
<b>EXPENDITURES:</b>				
Debt Service	4,786,750	4,786,750 (1)	4,786,750	-
Contingency	<u>200,000</u>	<u>200,000 (1)</u>	<u>-</u>	<u>200,000</u>
Total Expenditures	<u>4,986,750</u>	<u>4,986,750</u>	<u>4,786,750</u>	<u>200,000</u>
Excess of Revenues Over (Under) Expenditures	(1,500,000)	(1,500,000)	159,992	1,659,992
Beginning Fund Balance	<u>1,500,000</u>	<u>1,500,000</u>	<u>2,238,689</u>	<u>738,689</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,398,681</u>	<u>\$ 2,398,681</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, 2017**

**PERS BOND FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Local Sources	\$ 7,340,489	\$ 7,340,489	\$ 7,359,565	\$ 19,076
Total Revenues	<u>7,340,489</u>	<u>7,340,489</u>	<u>7,359,565</u>	<u>19,076</u>
<b>EXPENDITURES:</b>				
Debt Service	<u>7,340,489</u>	<u>7,340,489 (1)</u>	<u>7,340,489</u>	<u>-</u>
Total Expenditures	<u>7,340,489</u>	<u>7,340,489</u>	<u>7,340,489</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	-	19,076	19,076
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>102,675</u>	<u>102,675</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,751</u>	<u>\$ 121,751</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, 2017**

**2015 GO BOND DEBT FUND**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
Local Sources	\$ 4,288,650	\$ 4,288,650	\$ 4,624,913	\$ 336,263
Total Revenues	4,288,650	4,288,650	4,624,913	336,263
<b>EXPENDITURES:</b>				
Debt Service	3,988,650	3,988,650 (1)	3,988,649	1
Contingency	300,000	300,000 (1)	-	300,000
Total Expenditures	4,288,650	4,288,650	3,988,649	300,001
Excess of Revenues Over (Under) Expenditures	-	-	636,264	636,264
Beginning Fund Balance	-	-	704,517	704,517
Ending Fund Balance	\$ -	\$ -	\$ 1,340,781	\$ 1,340,781

(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, 2017**

**2015 GO BOND PROJECTS FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Local Sources	\$ 125,000	\$ 125,000	\$ 95,727	\$ (29,273)
Total Revenues	<u>125,000</u>	<u>125,000</u>	<u>95,727</u>	<u>(29,273)</u>
<b>EXPENDITURES:</b>				
Facilities Acquisition and Construction	32,574,089	32,574,089 (1)	16,188,325	16,385,764
Contingency	<u>102,448,086</u>	<u>102,448,086 (1)</u>	<u>-</u>	<u>102,448,086</u>
Total Expenditures	<u>135,022,175</u>	<u>135,022,175</u>	<u>16,188,325</u>	<u>118,833,850</u>
Excess of Revenues Over (Under) Expenditures	(134,897,175)	(134,897,175)	(16,092,598)	118,804,577
Beginning Fund Balance	<u>134,897,175</u>	<u>134,897,175</u>	<u>134,932,337</u>	<u>35,162</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,839,739</u>	<u>\$ 118,839,739</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, 2017**

**CAPITAL PROJECTS FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Local Sources	\$ 6,500	\$ 6,500	\$ 854	\$ (5,646)
Intermediate Sources	100,000	100,000	146,775	46,775
<b>Total Revenues</b>	<b>106,500</b>	<b>106,500</b>	<b>147,629</b>	<b>41,129</b>
<b>EXPENDITURES:</b>				
Facilities Acquisition and Construction	1,000	1,000 (1)	591	409
Debt Service	1,642,438	1,642,438 (1)	1,642,438	-
<b>Total Expenditures</b>	<b>1,643,438</b>	<b>1,643,438</b>	<b>1,643,029</b>	<b>409</b>
Excess of Revenues Over (Under) Expenditures	(1,536,938)	(1,536,938)	(1,495,400)	41,538
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,319,938	1,319,938	1,312,668	(7,270)
<b>Net Change in Fund Balance</b>	<b>(217,000)</b>	<b>(217,000)</b>	<b>(182,732)</b>	<b>34,268</b>
Beginning Fund Balance	217,000	217,000	249,366	32,366
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,634</b>	<b>\$ 66,634</b>

(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, 2017**

**2016 SCHOOL IMPROVEMENT PROJECTS FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Local Sources	\$ -	\$ -	\$ 19,800	\$ 19,800
Total Revenues	<u>-</u>	<u>-</u>	<u>19,800</u>	<u>19,800</u>
<b>EXPENDITURES:</b>				
Support Services	-	4,000,000 (1)	2,689,896	1,310,104
Facilities Acquisition and Construction	4,000,000	-	-	-
Total Expenditures	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,689,896</u>	<u>1,310,104</u>
Excess of Revenues Over (Under) Expenditures	(4,000,000)	(4,000,000)	(2,670,096)	1,329,904
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance - Principal	4,000,000	4,000,000	4,000,000	-
Total Other Financing Sources (Uses)	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	1,329,904	1,329,904
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,329,904</u>	<u>\$ 1,329,904</u>

(1) Appropriation Level



**This Page Intentionally Left Blank**

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7**  
MULTNOMAH COUNTY, OREGON

SUPPLEMENTARY INFORMATION

**This Page Intentionally Left Blank**

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
MULTNOMAH COUNTY, OREGON**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2017

	SPECIAL REVENUE FUNDS			
	NUTRITION SERVICE FUND	STATE AND LOCAL PROGRAMS FUND	SELF INSURANCE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash	\$ 221,547	\$ 337,596	\$ -	\$ 559,143
Receivables:				
Accounts/Grants	1,229,306	961,964	652,140	2,843,410
Inter-Fund Receivable	1,777,068	2,627,012	-	4,404,080
Prepaid Expenses	-	1,163	-	1,163
<b>Total Assets</b>	<b>3,227,921</b>	<b>3,927,735</b>	<b>652,140</b>	<b>7,807,796</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	215,261	340,568	207	556,036
Inter-Fund Payable	-	361,265	480,974	842,239
Unearned Revenue	15,943	8,476	-	24,419
<b>Total Liabilities</b>	<b>231,204</b>	<b>710,309</b>	<b>481,181</b>	<b>1,422,694</b>
<b>Fund Balances:</b>				
Nonspendable	-	1,163	-	1,163
Restricted	2,996,717	426,170	-	3,422,887
Committed	-	-	170,959	170,959
Assigned	-	2,790,093	-	2,790,093
<b>Total Fund Balances</b>	<b>2,996,717</b>	<b>3,217,426</b>	<b>170,959</b>	<b>6,385,102</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,227,921</b>	<b>\$ 3,927,735</b>	<b>\$ 652,140</b>	<b>\$ 7,807,796</b>

\* 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, 2017**

SPECIAL REVENUE FUNDS

	NUTRITION SERVICE FUND	STATE AND LOCAL PROGRAMS FUND	SELF INSURANCE FUND	NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Local Sources	\$ 450,483	\$ 1,929,220	\$ 1,285,587	\$ 3,665,290
Intermediate Sources	-	1,441,951	-	1,441,951
State Sources	28,026	150,683	-	178,709
Federal Sources	5,820,202	-	46,603	5,866,805
Total Revenues	<u>6,298,711</u>	<u>3,521,854</u>	<u>1,332,190</u>	<u>11,152,755</u>
<b>EXPENDITURES:</b>				
Instruction	-	1,258,586	-	1,258,586
Support Service	-	1,187,745	38,465	1,226,210
Community Services	5,806,974	390,263	-	6,197,237
Total Expenditures	<u>5,806,974</u>	<u>2,836,594</u>	<u>38,465</u>	<u>8,682,033</u>
Excess of Revenues Over (Under) Expenditures	<u>491,737</u>	<u>685,260</u>	<u>1,293,725</u>	<u>2,470,722</u>
<b>Other Financing Sources, -Uses:</b>				
Sale of Assets	-	6,019	-	6,019
Transfers In	53,528	18,454	-	71,982
Total Other Financing Sources (Uses)	<u>53,528</u>	<u>24,473</u>	<u>-</u>	<u>78,001</u>
Net Change in Fund Balance	545,265	709,733	1,293,725	2,548,723
Beginning Fund Balance	<u>2,451,452</u>	<u>2,507,693</u> *	<u>(1,122,766)</u>	<u>3,836,379</u>
Ending Fund Balance	<u>\$ 2,996,717</u>	<u>\$ 3,217,426</u>	<u>\$ 170,959</u>	<u>\$ 6,385,102</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**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET (BUDGETARY BASIS)**  
**For the Year Ended June 30, 2017**

**NUTRITION SERVICE FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Local Sources	\$ 522,000	\$ 522,000	\$ 450,483	\$ (71,517)
State Sources	-	-	28,026	28,026
Federal Sources	<u>5,833,317</u>	<u>5,833,317</u>	<u>5,820,202</u> (2)	<u>(13,115)</u>
Total Revenues	<u>6,355,317</u>	<u>6,355,317</u>	<u>6,298,711</u>	<u>(56,606)</u>
<b>EXPENDITURES:</b>				
Enterprise and Community Services	<u>7,058,058</u>	<u>7,058,058</u> (1)	<u>5,806,974</u>	<u>1,251,084</u>
Total Expenditures	<u>7,058,058</u>	<u>7,058,058</u>	<u>5,806,974</u>	<u>1,251,084</u>
Excess of Revenues Over (Under) Expenditures	(702,741)	(702,741)	491,737	1,194,478
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>55,000</u>	<u>55,000</u>	<u>53,528</u> (2)	<u>(1,472)</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>55,000</u>	<u>53,528</u>	<u>(1,472)</u>
Net Change in Fund Balance	(647,741)	(647,741)	545,265	1,193,006
Beginning Fund Balance	<u>647,741</u>	<u>647,741</u>	<u>2,451,452</u>	<u>1,803,711</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,996,717</u>	<u>\$ 2,996,717</u>

(1) Appropriation Level

(2) Included in this transfer from the General Fund is the required state appropriated general purpose revenues of \$53,528 the District must transfer to the Food Service Fund for National School Lunch Support in order to meet the general cash assistance match for 2016-2017

**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, 2017**

**STATE AND LOCAL PROGRAMS FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Local Sources	\$ 1,885,286	\$ 1,885,286	\$ 1,929,220	\$ 43,934
Intermediate Sources	2,706,692	2,706,692	1,441,951	(1,264,741)
State Sources	329,210	329,210	150,683	(178,527)
<b>Total Revenues</b>	<b>4,921,188</b>	<b>4,921,188</b>	<b>3,521,854</b>	<b>(1,399,334)</b>
<b>EXPENDITURES:</b>				
Instruction	1,720,141	1,720,141 (1)	1,258,586	461,555
Support Services	4,837,328	4,837,328 (1)	1,187,745	3,649,583
Community Services	614,502	614,502 (1)	390,263	224,239
Contingencies	56,670	56,670 (1)	-	56,670
<b>Total Expenditures</b>	<b>7,228,641</b>	<b>7,228,641</b>	<b>2,836,594</b>	<b>4,392,047</b>
Excess of Revenues Over (Under) Expenditures	(2,307,453)	(2,307,453)	685,260	2,992,713
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Asset	-	-	6,019	(6,019)
Transfers In	-	-	18,454	(18,454)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>24,473</b>	<b>(24,473)</b>
Net Change in Fund Balance	(2,307,453)	(2,307,453)	709,733	2,968,240
Beginning Fund Balance	2,527,871	2,527,871	2,507,693 *	(20,178)
Ending Fund Balance	<u>\$ 220,418</u>	<u>\$ 220,418</u>	<u>\$ 3,217,426</u>	<u>\$ 2,948,062</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, 2017**

**SELF-INSURANCE FUND**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Local Sources	\$ 496,518	\$ 496,518	\$ 1,285,587	\$ 789,069
Federal Sources	-	-	46,603	46,603
Total Revenues	<u>496,518</u>	<u>496,518</u>	<u>1,332,190</u>	<u>835,672</u>
<b>EXPENDITURES:</b>				
Support Services	<u>496,518</u>	<u>496,518</u>	(1) 38,465	<u>458,053</u>
Total Expenditures	<u>496,518</u>	<u>496,518</u>	<u>38,465</u>	<u>458,053</u>
Excess of Revenues Over (Under) Expenditures	-	-	1,293,725	1,293,725
Beginning Fund Balance	-	-	(1,122,766)	(1,122,766)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,959</u>	<u>\$ 170,959</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, 2017**

	<u>RETIREMENT FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>EXPENDITURES:</b>				
Support Services	\$ 891,508	\$ 891,508 (1)	\$ 518,816	\$ 372,692
Total Enterprise and Comm. Services	<u>891,508</u>	<u>891,508</u>	<u>518,816</u>	<u>372,692</u>
Excess of Revenues Over (Under) Expenditures	(891,508)	(891,508)	(518,816)	(372,692)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>630,000</u>	<u>630,000</u>	<u>255,388</u>	<u>(374,612)</u>
Net Change in Fund Balance	(261,508)	(261,508)	(263,428)	(1,920)
Beginning Fund Balance	<u>261,508</u>	<u>261,508</u>	<u>263,428</u>	<u>1,920</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017

	Maria Reed Memorial Fund	R.S. Reynolds Scholarship Fund	Mark Whitehead Scholarship Fund	Skip Squires Scholarship Fund
<b>ASSETS:</b>				
Due From Other Funds	\$ 3	\$ 6,465	\$ 7	\$ 766
<b>LIABILITIES:</b>				
Due to Student Organizations	-	-	-	766
<b>NET POSITION:</b>				
Reserved for Scholarship Programs	\$ 3	\$ 6,465	\$ 7	\$ -

*Continued on 59B*

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7

MULTNOMAH COUNTY, OREGON

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUNDS

June 30, 2017

	<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>
<b>ASSETS:</b>					
Due From Other Funds	\$ 2,917	\$ 1,550	\$ 1,500	\$ 1,112	\$ 14,320
<b>LIABILITIES:</b>					
Due to Student Organizations	-		1,500		2,266
<b>NET POSITION:</b>					
Reserved for Scholarship Programs	\$ 2,917	\$ 1,550	\$ -	\$ 1,112	\$ 12,054

Continued from 59A

**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, 2017**

	<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>
<b>ADDITIONS:</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
<b>DEDUCTIONS:</b>				
Disbursements	<u>-</u>	<u>-</u>	<u>3,800</u>	<u>766</u>
Change in Net Position	-	-	(3,800)	(766)
Beginning Net Position	<u>3</u>	<u>6,465</u>	<u>3,807</u>	<u>766</u>
Ending Net Position	<u>\$ 3</u>	<u>\$ 6,465</u>	<u>\$ 7</u>	<u>\$ -</u>

*Continued on 60B*

**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, 2017**

	<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>
<b>ADDITIONS:</b>					
Receipts	\$ 2,980	\$ 1,550	\$ -	\$ 1,023	\$ 5,553
<b>DEDUCTIONS:</b>					
Disbursements	<u>62</u>	<u>-</u>	<u>4,055</u>	<u>2,850</u>	<u>11,533</u>
Change in Net Position	2,918	1,550	(4,055)	(1,827)	(5,980)
Beginning Net Position	<u>-</u>	<u>-</u>	<u>4,055</u>	<u>2,938</u>	<u>18,034</u>
Ending Net Position	<u>\$ 2,918</u>	<u>\$ 1,550</u>	<u>\$ -</u>	<u>\$ 1,111</u>	<u>\$ 12,054</u>

*Continued from 60A*

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, 2017

GENERAL FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2016	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2017
Current:						
2016-17	\$ 25,270,192	\$ 658,655	\$ (90,578)	\$ 7,858	\$ 24,042,105	\$ 486,712
Prior Years:						
2015-16	529,429	(526)	(34,958)	14,107	205,803	303,301
2014-15	328,460	(76)	(35,893)	13,479	73,770	232,352
2013-14	253,448	(35)	(40,433)	17,516	61,340	169,226
2012-13	176,458	-	(36,516)	10,081	29,269	120,754
Prior Years	348,543	(1)	(24,831)	5,301	7,462	321,552
Total Prior	1,636,338	(638)	(172,631)	60,484	377,644	1,147,185
Total All Years	<u>\$ 26,906,530</u>	<u>\$ 658,017</u>	<u>\$ (263,209)</u>	<u>\$ 68,342</u>	<u>\$ 24,419,749</u>	<u>\$ 1,633,897</u>

RECONCILIATION TO REVENUE:

	<u>TOTAL</u>
Cash Collections by County Treasurers Above	\$ 24,419,749
Accrual of Receivables:	
June 30, 2016	(71,308)
June 30, 2017	70,118
Taxes in lieu	269,351
Total Revenue	<u>\$ 24,687,910</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, 2017

DEBT SERVICE FUNDS

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2016	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/2017
Current:						
2016-17	\$ 9,346,815	\$ 243,620	\$ (33,502)	\$ 2,906	\$ 8,892,576	\$ 180,023
Prior Years:						
2015-16	183,726	(183)	(13,120)	4,896	71,419	104,266
2014-15	98,912	(23)	(10,089)	4,120	22,551	70,415
2013-14	88,935	(13)	(12,489)	6,286	22,013	60,732
2012-13	59,657	-	(10,452)	3,544	10,291	42,458
Prior Years	96,263	-	(8,241)	1,441	2,029	87,434
Total Prior	527,493	(219)	(54,391)	20,287	128,303	365,305
Total All Years	\$ 9,874,308	\$ 243,401	\$ (87,893)	\$ 23,193	\$ 9,020,879	\$ 545,328

RECONCILIATION TO REVENUE:

	TOTAL
Cash Collections by County Treasurers Above	\$ 9,020,879
Accrual of Receivables:	
June 30, 2016	(24,371)
June 30, 2017	25,074
Taxes in lieu	(41,490)
Total Revenue	\$ 8,980,092

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7  
MULTNOMAH COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

Federal Grantor	Program Title	Pass through Grantor	CFDA Number	Pass Through Entity Number	Grant Period	Expenditures	Passed Through to Subrecipients
<b>US Department of Education - Special Revenue Fund:</b>							
	Title IA YR 16/17	Oregon State Department of Education	84.010	41148	07/01/2016-09/30/2017	3,908,556	NA
	Title IA YR 15/16	Oregon State Department of Education	84.010	36064	07/01/2015-09/30/2016	773,941	NA
	2015-16 Focus Improvement - Alder	Oregon State Department of Education	84.010	37540	07/01/2015-09/30/2016	19,452	NA
	2015-16 Focus Improvement - Davis	Oregon State Department of Education	84.010	37541	07/01/2015-09/30/2016	11,065	NA
	2015-16 Focus Improvement - Glenfair	Oregon State Department of Education	84.010	37542	07/01/2015-09/30/2016	17,523	NA
	2015-16 Focus Improvement - Hartley	Oregon State Department of Education	84.010	37543	07/01/2015-09/30/2016	17,916	NA
	2016-17 Focus Improvement - Alder	Oregon State Department of Education	84.010	41852	07/01/2016-09/30/2017	44,029	NA
	2016-17 Focus Improvement - Glenfair	Oregon State Department of Education	84.010	41856	07/01/2016-09/30/2017	15,316	NA
	2016-17 Focus Improvement - Hartley	Oregon State Department of Education	84.010	41837	07/01/2016-09/30/2017	36,553	NA
	2016-17 Focus Improvement - Davis	Oregon State Department of Education	84.010	41853	07/01/2016-09/30/2017	35,340	NA
					Total	4,879,690	
	Title IIA Improving Teacher Quality 16/17	Oregon State Department of Education	84.367	41403	07/01/2016-09/30/2017	31,865	NA
	Title IIA Improving Teacher Quality 15/16	Oregon State Department of Education	84.367	36261	07/01/2015-09/30/2016	138,874	NA
					Total	170,739	
	Title III English Language Acquisition 14/15	Oregon State Department of Education	84.365	32359	07/01/2014-09/30/2015	41,499	NA
	Title III English Language Acquisition 16/17	Oregon State Department of Education	84.365	41794	07/01/2016-09/30/2017	56,549	NA
	Title III English Language Acquisition 15/16	Oregon State Department of Education	84.365	36358	07/01/2015-09/30/2016	324,302	NA
					Total	422,350	
	IDEA Part B YR 16/17	Oregon State Department of Education	84.027	41612	07/01/2016-09/30/2018	1,432,487	NA
	IDEA Part B YR 15/16	Oregon State Department of Education	84.027	36958	07/01/2015-09/30/2017	129,561	NA
	SPR & I IDEA Part B	Oregon State Department of Education	84.027	40941	07/01/2016-06/30/2017	3,954	NA
	IDEA Enhancement 2016-17 Formula	Oregon State Department of Education	84.027	42744	10/01/2016-09/30/2016	639	NA
	IDEA Extended Assessment 2016-17 Formula	Oregon State Department of Education	84.027	42065	07/01/2016-06/30/2017	2,907	NA
					Total	1,569,548	
	IDEA Pre School Grant 2015-16	Oregon State Department of Education	84.173	37245	07/01/2015-09/30/2017	3,258	NA
	IDEA Pre School Grant 2016-17	Oregon State Department of Education	84.173	40672	07/01/2016-09/30/2018	1,992	NA
					Total	5,249	
	Fresh Fruit and Vegetable Program - Alder	Oregon State Department of Education	10.582	38660	10/01/2015-09/30/2016	2,819	NA
	Fresh Fruit and Vegetable Program - Davis	Oregon State Department of Education	10.582	38661	10/01/2015-09/30/2016	2,720	NA
	Fresh Fruit and Vegetable Program - Fairview	Oregon State Department of Education	10.582	38662	10/01/2015-09/30/2016	2,278	NA
	Fresh Fruit and Vegetable Program - Glenfair	Oregon State Department of Education	10.582	38663	10/01/2015-09/30/2016	2,816	NA
	Fresh Fruit and Vegetable Program - Hartley	Oregon State Department of Education	10.582	38664	10/01/2015-09/30/2016	2,917	NA
	Fresh Fruit and Vegetable Program - Margaret Scott	Oregon State Department of Education	10.582	38665	10/01/2015-09/30/2016	2,746	NA
	Fresh Fruit and Vegetable Program - Salish Ponds	Oregon State Department of Education	10.582	38666	10/01/2015-09/30/2016	2,757	NA
	Fresh Fruit and Vegetable Program - Wilkes	Oregon State Department of Education	10.582	38667	10/01/2015-09/30/2016	2,595	NA
	Fresh Fruit and Vegetable Program - Woodland	Oregon State Department of Education	10.582	38668	10/01/2015-09/30/2016	2,460	NA
	Fresh Fruit and Vegetable Program - Alder	Oregon State Department of Education	10.582	43015	10/01/2016-06/30/2017	23,757	NA
	Fresh Fruit and Vegetable Program - Davis	Oregon State Department of Education	10.582	43090	10/01/2016-06/30/2017	22,843	NA
	Fresh Fruit and Vegetable Program - Fairview	Oregon State Department of Education	10.582	43091	10/01/2016-06/30/2017	19,097	NA
	Fresh Fruit and Vegetable Program - Glenfair	Oregon State Department of Education	10.582	43092	10/01/2016-06/30/2017	25,657	NA
	Fresh Fruit and Vegetable Program - Hartley	Oregon State Department of Education	10.582	43093	10/01/2016-06/30/2017	24,396	NA
	Fresh Fruit and Vegetable Program - Margaret Scott	Oregon State Department of Education	10.582	43094	10/01/2016-06/30/2017	23,139	NA
	Fresh Fruit and Vegetable Program - Salish Ponds	Oregon State Department of Education	10.582	43095	10/01/2016-06/30/2017	23,964	NA
	Fresh Fruit and Vegetable Program - Wilkes	Oregon State Department of Education	10.582	43096	10/01/2016-06/30/2017	22,879	NA
	Fresh Fruit and Vegetable Program - Woodland	Oregon State Department of Education	10.582	43097	10/01/2016-06/30/2017	24,623	NA
					Total	234,461	
	School and Roads	Multnomah County Department of County Management	10.665	N/A	2015-2016	1,755	NA
	Title X - Education for Homeless Children & Youth	Oregon State Department of Education	84.196	36484	07/01/2015-09/30/2016	25,904	NA
	Title X - Education for Homeless Children & Youth	Oregon State Department of Education	84.196	40512	07/01/2015-09/30/2016	14,301	NA
						40,205	
	SIG Cohort 4 Year 2 SB	Oregon State Department of Education	84.377	43335	1/1/2017-9/30/2017	11,125	NA
	SIG Implementation 15/16	Oregon State Department of Education	84.377	35702	06/01/2015-09/30/2016	67,043	NA
	SIG Implementation 16/17	Oregon State Department of Education	84.377	41875	06/01/2016-09/30/2017	337,344	NA
						415,511	
	Juvenile Accountability Block Grant	Oregon State Department of Education	16.523	43178	1/1/2017-8/31/2017	64,247	NA



Direct Federal Grants

Title VII Indian Education YR 16/17	84.060A	S060A162099	07/01/2016-09/30/2017	4,895	NA
			Total	<u>4,895</u>	

US Department of Agriculture - Special Revenue Fund:

USDA Commodities	Oregon State Department of Education	10.555	N/A	2016-2017	330,659	NA
USDA Commodities	Oregon State Department of Education	10.559	N/A	2016-2017	-	NA
National School Lunch Program	Oregon State Department of Education	10.555	N/A	2016-2017	3,612,506	NA
Summer Feeding Program	Oregon State Department of Education	10.559	N/A	2016-2017	117,999	NA
National School Breakfast	Oregon State Department of Education	10.553	N/A	2016-2017	1,267,784	NA
Child Care	Oregon State Department of Education	10.558	N/A	2016-2017	<u>256,793</u>	NA
			Total		<u>5,585,741</u>	

Total Federal Financial Assistance

\$ 13,394,391

Total federal awards expended, above	\$ 13,394,391
Accruals/Deferrals	<u>101,998</u>
Total federal revenue recognized	<u>\$ 13,496,389</u>

# 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.

<b>Contents</b>	<b>Page</b>
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.	65
Revenue Capacity These schedules contain information to help the reader assess the government's most significant locate revenue sources, the property tax.	69
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.	73
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.	75
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.	79

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

**This Page Intentionally Left Blank**

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

	<u>2016-17</u>	<u>2015-16 *</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Governmental activities:					
Invested in capital assets, net or related debt	\$ (64,722,847)	(84,665,144)	\$ 44,378,505	\$ 36,972,412	\$ 32,698,203
Restricted	7,284,100	5,845,304	4,738,094	3,672,338	2,264,243
Unrestricted	32,478,107	51,109,620	(58,747,877)	(3,522,531)	130,349
Total primary government net position	<u>\$ (24,960,640)</u>	<u>\$ (27,710,220)</u>	<u>\$ (9,631,278)</u>	<u>\$ 37,122,219</u>	<u>\$ 35,092,795</u>

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-10</u>	<u>2007-08</u>
Governmental activities:					
Invested in capital assets, net or related debt	\$ 30,190,718	27,693,771	\$ 27,480,759	\$ 29,219,708	\$ 28,975,026
Restricted	\$ 1,300,464	1,142,164	5,061,043	6,395,651	7,964,495
Unrestricted	\$ 8,500,101	12,370,361	6,936,460	(8,396,428)	(10,755,988)
Total primary government net position	<u>\$ 39,991,283</u>	<u>\$ 41,206,296</u>	<u>\$ 39,478,262</u>	<u>\$ 27,218,931</u>	<u>\$ 26,183,533</u>

Source: Multnomah County School District No.7 financial records.  
\* Restated due to implementation of GASB Statement No. 73 in Fiscal Year 2016-2017

**MULTNOMAH COUNTY SCHOOL DISTRICT NO.7**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
<b>Expenses</b>					
Instruction	\$ 68,365,815	\$ 88,048,372	\$ 63,799,909	\$ 70,693,491	\$ 66,156,854
Support services	59,636,859	56,341,200	39,052,852	41,624,247	42,124,046
Enterprise and community services	5,508,594	6,946,986	5,145,985	5,993,003	5,210,975
Interest on long-term debt	11,099,218	10,281,714	6,993,654	6,734,328	6,697,698
Total primary government expenses	144,610,486	161,618,272	114,992,400	125,045,069	120,189,573
<b>Program revenues</b>					
Governmental activities:					
Charges for services	659,163	1,301,487	1,232,868	1,591,846	995,283
Operating grants and contributions	15,007,967	16,771,515	14,460,074	13,969,114	11,981,194
Total primary government revenues	15,667,130	18,073,002	15,692,942	15,560,960	12,976,477
<b>Net (Expense)/Revenue</b>					
Total primary government net expense	128,943,356	143,545,270	99,299,458	109,484,109	107,213,096
<b>General revenues and Other Changes in Net Assets</b>					
Property taxes	33,668,002	31,670,746	30,311,983	29,291,925	28,387,733
State support	89,658,290	88,200,553	83,521,907	80,213,848	70,391,258
Intermediate sources	3,253,805	2,802,777	2,183,826	1,344,766	1,071,491
Loss on equity interest in CAL	(37,397)	(37,398)	-	-	-
Miscellaneous	5,150,236	2,259,886	1,813,136	1,186,346	1,765,972
Investment earnings	-	1,061,381	204,198	218,294	233,117
Total primary government	131,692,936	125,957,945	118,035,050	112,255,179	101,849,571
<b>Change in Net Position</b>					
Total primary government	\$ 2,749,580	\$ (17,587,325)	\$ 18,735,592	\$ 2,771,070	\$ (5,363,525)

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
<b>Expenses</b>					
Instruction	\$ 63,964,595	\$ 63,190,614	\$ 58,097,568	\$ 65,795,685	\$ 67,628,498
Support services	38,681,405	38,152,331	32,807,833	33,090,351	35,571,526
Enterprise and community services	4,389,777	4,866,276	4,653,983	4,160,324	4,157,409
Facilities acquisition and construction					
Loss on equity interest in CAL	60,573	43,976	42,545	59,483	29,796
Interest on long-term debt	6,644,672	6,623,305	6,705,030	6,628,988	6,497,711
Total primary government expenses	\$ 113,741,022	\$ 112,876,502	\$ 102,306,959	\$ 109,734,831	\$ 113,884,940
<b>Program revenues</b>					
Governmental activities:					
Charges for services	\$ 842,597	\$ 1,439,364	\$ 1,491,329	\$ 1,183,332	\$ 1,750,496
Operating grants and contributions	12,974,914	15,716,230	13,825,203	13,227,068	12,280,193
Total primary government revenues	\$ 13,817,511	\$ 17,155,594	\$ 15,316,532	\$ 14,410,400	\$ 14,030,689
<b>Net (Expense)/Revenue</b>					
Total primary government net expense	\$ 99,923,511	\$ 95,720,908	\$ 86,990,427	\$ 95,324,431	\$ 99,854,251
<b>General revenues and Other Changes in Net Assets</b>					
Property taxes	\$ 27,083,913	\$ 26,255,760	\$ 25,976,489	\$ 26,185,609	\$ 25,468,500
State support	69,601,801	61,867,057	66,164,872	68,147,596	71,117,781
Intermediate sources	230,292	1,120,472	1,041,417	1,078,653	393,948
Other federal revenue	35,611	6,843,229	5,139,732	349,300	635,921
Miscellaneous	1,014,390				
Investment earnings	225,572	90,233	244,248	598,671	1,909,643
Total primary government	\$ 98,191,579	\$ 96,176,751	\$ 98,566,758	\$ 96,359,829	\$ 99,525,793
<b>Change in Net Position</b>					
Total primary government	\$ (1,731,932)	\$ 455,843	\$ 11,576,331	\$ 1,035,398	\$ (328,458)

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)

	2016-17	2015-16	2014-2015	2013-2014	2012-2013(1)
General Fund (1)					
Non spendable	\$ 16,880	\$ 26,816	\$ 39,915	\$ 86,957	\$ 323,733
Unassigned	9,476,816	7,980,779	8,698,353	12,151,829	11,226,313
Unreserved					
Committed-Early retirement		263,428	282,662	665,660	962,023
Total general fund	<u>\$ 9,493,696</u>	<u>\$ 8,271,023</u>	<u>\$ 9,020,930</u>	<u>\$ 12,904,446</u>	<u>\$ 12,512,069</u>
All Other Government Funds (1)					
Nonspendable	\$ -	\$ 245,974	\$ 242,871	\$ 240,372	\$ 237,464
Restricted for:					
Debt service	3,861,213	3,045,881	2,295,228	1,930,050	872,242
Pers bond	-	-	96,643	96,657	96,676
State & local programs	426,170	347,971	481,133	105,573	70,183
Food service	2,996,717	2,451,452	1,865,109	1,540,058	1,225,142
Committed:					
Self insurance	170,959	(1,122,766)	61,189	797,443	765,670
Assigned					
Capital projects(2)	123,027,533	135,181,703	686,060	534,346	1,076,289
State & local programs		1,913,748	1,005,263	1,413,919	1,045,559
Unassigned			-	(240,371)	(115,244)
Unreserved, reported in:					
Debt service					
Capital projects					
Special revenue funds					
Total all other governmental funds	<u>\$ 130,482,592</u>	<u>\$ 142,063,963</u>	<u>\$ 6,733,496</u>	<u>\$ 6,418,047</u>	<u>\$ 5,273,981</u>
Total Fund Balance (Deficit)	<u>\$ 139,976,288</u>	<u>150,334,986</u>	<u>15,754,426</u>	<u>19,322,493</u>	<u>17,786,050</u>

	2011-2012(1)	2010-2011(1)	2009-2010	2008-2009	2007-2008
General Fund (1)					
Non spendable	\$ 16,603				
Unassigned	17,969,505	\$ 18,618,115			
Unreserved			\$ 16,005,498	\$ 5,272,624	\$ 3,609,326
Committed-Early retirement	894,447	888,238			
Total general fund	<u>\$ 18,880,555</u>	<u>\$ 19,506,353</u>	<u>\$ 16,005,498</u>	<u>\$ 5,272,624</u>	<u>\$ 3,609,326</u>
All Other Government Funds (1)					
Nonspendable	\$ 222,567	\$ 222,567	\$ -	\$ -	\$ -
Restricted for:					
Debt service	19,060	122,608			
Pers bond	94,593	92,967			
State & local programs	76,372	59,265			
Food service	1,110,439	816,199			
Committed:					
Self insurance	388,914	329,121			
Assigned					
Capital projects(2)	1,708,440	2,692,076			
Planning activities	786,104				
State & local programs		443,570			
Reserved, Reported in:					
Debt service			1,216,120		
Capital projects(2)			3,844,923		
Unassigned	(206,702)	(354,144)			
Unreserved, reported in:					
Debt service				2,172,846	2,342,923
Capital projects				4,222,805	634,179
Special revenue funds			1,773,754	792,179	5,621,572
Total all other governmental funds	<u>\$ 4,199,787</u>	<u>\$ 4,424,229</u>	<u>\$ 6,834,797</u>	<u>\$ 7,187,830</u>	<u>\$ 8,598,674</u>
Total Fund Balance (Deficit)	<u>\$ 23,080,342</u>	<u>23,930,582</u>	<u>22,840,295</u>	<u>12,460,454</u>	<u>12,208,000</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:	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Local sources	\$ 46,622,204	\$ 43,626,462	\$ 39,991,516	\$ 38,530,637	\$ 37,487,290
Intermediate sources	4,217,842	3,327,941	2,568,301	1,685,151	1,331,199
State sources	90,498,980	89,503,854	83,521,907	80,213,848	70,391,258
Federal sources	13,496,389	14,940,162	14,460,075	13,969,114	11,981,194
<b>Total Revenues</b>	<b>\$ 154,835,415</b>	<b>\$ 151,398,420</b>	<b>\$ 140,541,799</b>	<b>134,398,750</b>	<b>121,190,941</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	79,793,504	79,544,300	75,464,346	69,220,002	64,303,986
Support services	45,786,843	49,048,899	46,931,640	42,520,086	41,892,511
Community services	6,423,478	6,303,944	6,205,011	6,064,330	5,219,134
Facilities acquisition	7,216,535	2,908,147			
Capital outlay	13,979,135	120	395,299	395,077	1,310,707
Debt service	18,000,637	17,162,681	15,113,588	14,662,812	14,223,932
<b>Total Expenditures</b>	<b>171,200,132</b>	<b>154,968,091</b>	<b>144,109,884</b>	<b>132,862,307</b>	<b>126,950,270</b>
Excess of revenues over(under)expenditures	(16,364,717)	(3,569,671)	(3,568,085)	1,536,442	(5,759,329)
<b>Other Financing Sources(uses)</b>					
Sale of fixed assets	6,019				
Bond proceeds - Principal	2,000,000	122,918,047			
Bond proceeds - Premium	4,000,000	14,963,285			
Transfer in	1,640,038	1,785,538	2,104,038	1,512,000	1,221,612
Transfer out	(1,640,038)	(1,785,538)	(2,104,038)	(1,512,000)	(1,221,612)
<b>Total other financing sources(uses)</b>	<b>6,006,019</b>	<b>137,881,332</b>			
<b>Net Change in Fund Balance</b>	<b>\$ (10,358,698)</b>	<b>\$ 134,311,661</b>	<b>\$ (3,568,085)</b>	<b>\$ 1,536,442</b>	<b>\$ (5,759,329)</b>
Debt services as a percentage of noncapital expenditures	13.64%	12.72%	11.75%	12.45%	12.77%

REVENUES:	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Local sources	\$ 34,668,929	\$ 34,290,748	\$ 33,450,417		
Property taxes				\$ 25,898,533	\$ 25,400,022
Charges for services				6,141,718	6,204,192
Earnings from investments				598,671	1,909,643
Intergovernmental-state and intermediate				70,527,736	73,585,725
Intermediate sources	428,478	551,164	1,076,439		10,805,664
State sources	69,601,801	63,381,118	68,993,853		
Federal sources	13,010,525	20,928,492	15,624,530	11,925,581	
Miscellaneous				349,300	604,892
<b>Total Revenues</b>	<b>117,709,733</b>	<b>119,151,522</b>	<b>119,145,239</b>	<b>115,441,539</b>	<b>118,510,138</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	61,648,389	62,119,506	57,087,964	64,290,514	66,352,257
Support services	38,209,858	38,437,385	33,096,862	32,791,304	35,479,276
Community services	5,001,905	5,307,455	4,474,238	4,051,309	4,141,187
Facilities acquisition		151	6,620	52,215	860,860
Capital outlay	428,706	146,432	85,669	196,711	14,273,870
Debt service	13,804,988	13,558,060	14,212,045	13,807,032	12,828,193
Contingency					
<b>Total Expenditures</b>	<b>119,093,846</b>	<b>119,568,989</b>	<b>108,963,398</b>	<b>115,189,085</b>	<b>133,935,643</b>
Excess of revenues over(under)expenditures	(1,384,113)	(417,467)	10,181,841	252,454	(15,425,505)
<b>Other Financing Sources(uses)</b>					
Sale of fixed assets					35,577
Loan proceeds					5,758,500
Transfer in	905,000	1,361,230	1,907,415	1,023,669	811,280
Transfer out	(905,000)	(1,125,667)	(1,907,415)	(1,023,669)	(811,280)
<b>Total other financing sources(uses)</b>	<b>16,954</b>	<b>235,563</b>	<b>-</b>	<b>-</b>	<b>5,794,077</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,367,159)</b>	<b>\$ (181,904)</b>	<b>\$ 10,181,841</b>	<b>\$ 252,454</b>	<b>\$ (9,631,428)</b>
Debt services as a percentage of noncapital expenditures	13.17%	12.81%	15.01%	13.65%	12.11%

(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 TAX RATE(2)	DIRECT
	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	MANUFACTORY	TOTAL		
2016-2017	\$ 5,421,521,380	\$ 363,234,124	\$ 191,471,500	\$ 35,339,570	\$ 6,011,566,574	6.05	
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	

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	
2016-2017	\$ 7,956,510,240	\$ 377,714,504	\$ 212,276,505	\$ 45,731,770	\$ 8,592,233,019	69.97%
2015-2016	\$ 7,118,441,620	\$ 362,161,236	\$ 181,401,855	\$ 39,130,860	\$ 7,701,135,571	74.87%
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%

(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**

PRIVATE ENTERPRISES	2016		2006	
	ASSESSED VALUATION	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION	ASSESSED VALUATION	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION
ABS OR-O DC LLC	366,575	0.01%		0.00%
Albertson's Inc		0.00%	729,607	0.02%
American Honda Motor Co. Inc	277,244	0.00%	273,736	0.01%
Boeing Company	2,808,874	0.05%	2,837,428	0.07%
Boyd Coffee Co	247,496	0.00%	261,004	0.01%
Calwest Industrial		0.00%	321,663	0.01%
Cascade Corporation	487,328	0.01%	464,067	0.01%
Catellus Development Corp		0.00%	283,228	0.01%
Chelsea Financing Partnership LP	409,596	0.01%	292,470	0.01%
Comcast of Illinois/Ohio/Oregon, LLC	1,172,083	0.02%	178,285	0.00%
Fedex Ground Package System Inc	1,776,828	0.03%		0.00%
Henningsen Cold Storage Co	484,958	0.01%		0.00%
Icon Owner Pool 1 West LLC	438,757	0.01%		0.00%
IT Southshore CC LLC	433,680	0.01%		0.00%
Interstate Crossroads LLC	379,004	0.01%		0.00%
IP Eat One LLC	418,504	0.01%		0.00%
Merix Corp		0.00%	344,408	0.01%
MIREF Gateway LLC	445,722	0.01%		0.00%
NACCO Materials Handling	263,927	0.00%	248,822	0.01%
Owens Corning Foam	383,238	0.01%		0.00%
PLDAB LLC	504,504	0.01%		0.00%
Prologis Trust		0.00%	210,650	0.00%
QPM Aerospace Inc		0.00%	177,867	0.00%
Reynolds Metals Co		0.00%	168,450	0.00%
RR Donnelley Norwest Inc	347,146	0.01%	485,891	0.01%
Salish Lake LLC		0.00%	165,073	0.00%
Sandy Cascade LLC	284,342	0.00%		0.00%
The Boeing Company Inc	806,187	0.01%	421,941	0.01%
The Harris Soup Co		0.00%	212,052	0.00%
Townsend Farms Inc	583,411	0.01%	349,041	0.01%
Townsend Distribution LP	345,231	0.01%		0.00%
Toyo Tanso USA Inc	276,826	0.00%	261,095	0.01%
Trader Publishing Company		0.00%	223,829	0.01%
Triad Machinery Inc	260,271	0.00%		0.00%
U S Nat'l Bak of Oregon	717,850	0.01%	697,623	0.02%
US Bancorp	403,975	0.01%	342,367	0.01%
Weyrhaeuser Co Inc		0.00%	363,073	0.01%
Winco Foods		0.00%	180,254	0.00%
Wood Village GARP LLC	243,113	0.00%		0.00%
<b><u>PUBLIC UTILITIES</u></b>				
Portland General Electric Co.	812,727	0.01%	660,941	0.02%
Northwest Natural Gas Co		0.00%	231,631	0.01%
Verizon Northwest INC			203,448	0.00%
<b>SUB TOTAL</b>	<b>16,379,396</b>		<b>11,589,941</b>	
<b>All OTHER TAXPAYERS</b>	<b>5,995,187,178</b>	<b>99.73%</b>	<b>4,343,436,374</b>	<b>99.73%</b>
<b>TOTAL</b>	<b>\$ 6,011,566,574</b>	<b>100.00%</b>	<b>\$ 4,355,026,315</b>	<b>100.00%</b>

Taxes are on calendar year so 2017 information is not yet available

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				
	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
<b>DIRECT:</b>					
Reynolds School District #7 Permanent Rate	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46
Reynolds School District #7 Bond	1.59	1.51	1.35	1.56	1.52
<b>Weighted Average Direct (1)</b>	<b>\$ 6.05</b>	<b>\$ 5.97</b>	<b>\$ 5.81</b>	<b>\$ 6.02</b>	<b>\$ 5.99</b>
<b>Overlapping:</b>					
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	7.06	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	0.05
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
	23.39	20.90	20.90	20.90	20.46
<b>Totals*</b>	<b>\$ 29.44</b>	<b>\$ 26.87</b>	<b>\$ 26.71</b>	<b>\$ 26.92</b>	<b>\$ 26.45</b>

	Dollars per \$1,000 True Cash Value				
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
<b>DIRECT:</b>					
Reynolds School District #7 Permanent Rate	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46	\$ 4.46
Reynolds School District #7 Bond	1.32	1.13	1.14	1.35	1.37
<b>Weighted Average Direct (1)</b>	<b>\$ 5.78</b>	<b>\$ 5.60</b>	<b>\$ 5.60</b>	<b>\$ 5.81</b>	<b>\$ 5.83</b>
<b>Overlapping:</b>					
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
<b>Totals*</b>	<b>\$ 26.68</b>	<b>\$ 26.50</b>	<b>\$ 26.51</b>	<b>\$ 26.72</b>	<b>\$ 26.74</b>

\*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
2016-2017	\$ 25,270,192	\$ 9,346,815	\$ 34,617,007	\$ 32,934,681	95%	507,632	\$ 33,442,313	97%
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%

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**

GENERAL BONDED DEBT OUTSTANDING

FISCAL YEAR	GENERAL OBLIGATION BONDS	PENSION OBLIGATION BONDS	FULL FAITH & CREDIT OBLIGATION BOND	TOTAL	LESS GO BOND DEBT SERVICE FUND	LESS PERS BOND FUND	NET GENERAL BONDED DEBT	RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUATION(3)	RATIO OF NET GENERAL BONDED DEBT TO TRUE CASH VALUE(3)
2016-2017	136,300,047	55,395,492	19,400,000	\$ 211,095,539	3,739,462	121,751	207,234,326	3.45%	2.41%
2015-2016	140,200,047	57,576,475	20,090,000	\$ 217,866,522	2,943,206	102,675	214,820,641	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%

Legal Debt Margin Calculation for Fiscal Year 2016-2017:

Real Market Value	\$ 8,592,233,019
Debt Limit (7.95%)(1)	683,082,525
Amount of Debt Applicable to Debt Limit	<u>(207,234,326)</u>
Legal Debt Margin	<u>\$ 475,848,199</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
2016-2017	11.15%	2,994	2,939.24	\$ 683,082,525	\$ 475,848,199	69.66%
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%

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 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**  
**DIRECT AND OVERLAPPING GROSS BONDED DEBT**  
**June 30, 2017**

REYNOLDS SCHOOL DISTRICT			
Real Market Value of Subject Issuer is: <b>\$8,604,305,009</b> as of 1/1/2016			
Net Property-tax Backed Debt of Subject Issuer is:	\$ 211,095,539	Ratio of Net Property-tax Backed Debt to Real Market Value is:	2.48%
Net Property-tax Backed Debt of Overlapping Issuers is:	\$ 39,047,668	Ratio of Total Net Property-tax Backed Debt to Real Market Value is:	2.91%

					OVERLAPPING	
	2016 REAL MARKET VALUATION	GROSS(1) BONDED DEBT	NET(2) DIRECT DEBT	PERCENT WITHIN SCHOOL DISTRICT(3)	GROSS(1) BONDED DEBT	NET(2) DIRECT DEBT
<b>OVERLAPPING GOVERNMENT</b>						
City of Fairview	974,913,155	526,335	526,335	100.00%	526,335	526,335
City of Gresham	11,275,361,387	70,271,875	29,074,875	28.05%	19,712,385	8,155,968
City of Portland	123,441,326,704	664,537,203	155,468,265	1.65%	10,990,781	2,571,290
City of Troutdale	1,878,614,291	7,813,000	7,813,000	97.54%	7,628,855	7,628,855
Corbett Water District	412,975,116	1,007,624	1,007,624	4.57%	46,035	46,035
Metro	271,838,567,528	202,735,000	183,510,000	3.17%	6,416,968	5,808,459
Mt. Hood Community College	38,866,583,659	57,756,704	23,235,000	22.14%	12,786,237	5,143,788
Multnomah County	142,277,325,018	238,006,610	143,743,241	6.05%	14,393,688	8,693,016
Multnomah Cty RFPD 10	947,046,711	3,560,538	3,560,538	13.31%	473,922	473,922
Multnomah ESD	144,277,058,360	28,200,000	-	5.96%	1,681,763	-
Port of Portland	294,759,596,278	62,108,214	-	2.92%	1,813,001	-
Rockwood Water PUD	5,528,149,253	5,175,000	-	59.68%	3,088,243	-
<b>TOTAL OVERLAPPING</b>	<u>1,036,477,517,460</u>	<u>1,341,698,103</u>	<u>547,938,878</u>		<u>79,558,213</u>	<u>39,047,668</u>
<b>TOTAL</b>	<u>\$1,036,477,517,460</u>	<u>\$ 1,341,698,103</u>	<u>\$ 547,938,878</u>		<u>\$ 79,558,213</u>	<u>\$ 39,047,668</u>

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**

<u>FISCAL YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u>	<u>PER CAPITA PERSONAL INCOME</u>	<u>UNEMPLOYMENT RATE</u>
2016-2017	70,506	\$ 1,892,733,570	\$ 26,845	6.30%
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%

Source: U.S. Census Bureau, American Community Survey & Proximity One  
2016-2017 Data provided by the Oregon Economic Development Research Center  
NA=not available

**MULTNOMAH COUNTY SCHOOL DISTRICT NO.7**  
**PRINCIPAL EMPLOYERS**  
**CURRENT AND TEN YEARS AGO**

EMPLOYER	2017			2007		
	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment
Boeing Portland	2,795	1	37.03%	NA	1	NA
Reynolds School District	1,146	2	15.18%	1,028	2	69%
Costco Portland	650	3	8.61%	NA	3	NA
Townsend Farm, Inc.	585	4	7.75%	NA	4	NA
Albertsons Distribution Center	750	5	9.94%	200	5	NA
McMenamins Edgefield Troutdale	360	6	4.77%		6	
Walmart Wood Village	375	7	4.97%	NA	7	NA
NMHG Oregon, LLC	301	8	3.99%	272	8	18%
Knight Transportation	150	10	1.99%	NA	10	NA
Home Depot Troutdale	167	11	2.21%	NA	11	NA
Lowe Wood Village	143	12	1.89%	NA	12	NA
Target Store 1406	125	13	1.66%	NA	13	NA
<b>Total</b>	<b>7,547</b>		<b>100.00%</b>	<b>1,500</b>		<b>86.67%</b>

Sources: Business directory report from City of Fairview, Reynolds School District 2017-18 Budget Document 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**

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
<b>Instruction:</b>										
Primary K-5	208.28	197.7	200.42	187.24	177.5	178.73	114.1	104	142.4	151.34
Intermediate program 4-5							55.8	54.5	73.95	71.48
Middle/Junior high programs	88.5	92	90.5	94.71	88	87.26	84.96	77.5	112.69	108.29
High school programs	90.99	98.99	98.83	96.51	91.5	92.49	89.21	82.2	106.81	110.4
High school programs extracurricular	1	1	1	1	1	1	1	1	1	2
Programs for the talented and gifted	0.5	0.5	0.5	0.5	0.5	0.5	1.7	2.5	2.5	1.5
Restrictive programs for student with disabilities	35.139	40.5	38.94	35.47	32.19	72.56	109.54	103.95	117.95	128.4
Transition programs	5.84	8.34	10.13	11.71	13.25					
Life skills	36.34	30.41	30.97	38.36	40.19					
Functional living skills	13.56	8.59	9.5	8.5	4.25					
Less restrictive programs for students with disabilities	57.12	57.29	50.86	42.09	38.8	98.85	76.95	85.94	91.74	93.05
Less restrictive charter schools	2.7	3.9	4.2	3.6	3.6					
Alternative Education	15.85	18.6	18.6	17.75	2	6	6	6	4	6.5
Reynolds learning academy west					21.12	12.2	12	11	11	11.25
English second language programs	78.08	80.18	68.21	53.12	45.13	45.12	49.75	52.89	62.89	65.61
<b>Total Instruction</b>	<b>633.89</b>	<b>638</b>	<b>622.66</b>	<b>590.56</b>	<b>559.03</b>	<b>594.71</b>	<b>601.01</b>	<b>581.48</b>	<b>726.93</b>	<b>749.82</b>
<b>Support services</b>										
Attendance and social work services	2.5	2.5	2.5	2.5	3	1	1	0.5	1.6	2.5
Student safety	16.16	17.94	15.09	15.2	12.64	14.5	13.89	14.06	15.06	15
Guidance services	25.5	27	27	27.9	27	31	27.5	28.15	33.9	32.9
Health services	3.25	1.63	0	1.9	1		2			
Psychological services	11	9.3	9.3	9.29	9.3	3	3	3	6.8	6.4
Speech pathology and audiology services	21.88	17.54	18.38	17.97	16.1	16.81	18.65	18.9	13.9	20.8
Other student treatment services	6.94	7	8.14	7.93	8.88	6.6	7.02			
Service direction-Student support services	8.55	7.55	8.75	8.31	8.31	2.6	7.1	6.95	6.85	11.2
Director of instruction							3	2	5.5	12.5
Teaching and Learning	4.5	4.5	4.75	4.5	4.5	4.5				
Educational media services	13.75	14.25	14.19	14.18	13.59	13.11	11.3	12.22	24.87	23.93
Assessment & testing	1.5	5	5.5	3	1		2			
Board of education services	0.5	0.5	0.5	0.5						
Executive administration services								3.19		
Office of the Superintendent	1.5	1.5	1.5	1.5	2	2	2		3.19	3.18
Building Administration	94.70	98.48	96.23	89.08	83.62	80.04	76.57	78.4	81.4	79.88
Direction of business support services							4.5	2.5	2.5	1.5
Fiscal services	11.4	10.9	10.7	10.4	10.69	9.86	5	4	6	7
Operation and maintenance of plant services			12.2	10.2	11	11	11	11	11	11
Facilities Direction	3.07	3.95								
Facilities Upkeep	53	53								
Grounds maintenance	4	5	5	5	4.5	4.5	4	4	5	6
Building fixed costs					45	45	45	46	54	55.5
Custodial Services			43.25	46						
Safety Program	1	1								
Transportation	80.65	74.3	86.12	83.55	85.5	90.5	90.5	90.5	91.78	86.1
Transportation-special Ed	12.15	12.35	0.28	0.28	0.71	0.71	0.71			0.75
Distributive services	1	1	1	1	1	1	1	1	1	1
Print, publish, duplication services	1.5	1.5	1.5	1.5	1	1	1	1	1	1
Grant Development	1	1	1							
Communication	1.5	1.5	1.5	1.5	1	1	1		1.17	2.5
Staff services	6.5	6.5	6.9	6.5	6	6	5	5	6	6
Recruitment Services	0	1.5								
Technology services	10.2	9.45	9.7	8.2	9	11.83	9.83	8.13	8.63	5.5
Other Support Services	0.25	0.25								
<b>Total Support Services</b>	<b>399.44</b>	<b>397.89</b>	<b>390.98</b>	<b>377.89</b>	<b>366.34</b>	<b>357.56</b>	<b>353.57</b>	<b>340.5</b>	<b>381.15</b>	<b>392.14</b>
<b>Community services</b>										
Community services									2.81	2
Custody and care of children services	2.5	2.5	2	2	2	2			4.5	4.5
<b>Total Community Services</b>	<b>2.5</b>	<b>2.5</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>7.31</b>	<b>6.5</b>
<b>Total FTE</b>	<b>1035.83</b>	<b>1038.39</b>	<b>1015.64</b>	<b>970.45</b>	<b>927.37</b>	<b>954.27</b>	<b>954.58</b>	<b>921.98</b>	<b>1115.39</b>	<b>1148.46</b>

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, 2017**

<b>LEVEL</b>	<b>BACHELORS</b>	<b>BACHELORS +20</b>	<b>BACHELORS+40</b>	<b>BA+60 MASTERS</b>	<b>BA+90 MASTERS+24</b>	<b>BA+120 MASTERS+45</b>
0	40,636	41,807	42,743	45,429	47,061	48,198
1	42,353	43,609	44,547	47,451	49,106	50,306
2	44,089	45,428	46,379	49,497	51,172	52,435
3	45,904	47,335	48,288	51,641	53,332	54,660
4	47,686	49,198	50,166	53,738	55,448	56,847
5	49,493	51,099	52,067	55,875	57,601	59,068
6	51,305	52,999	53,973	58,009	59,758	61,297
7	53,145	54,937	55,914	60,185	61,950	63,553
8	55,026	56,892	57,878	62,383	64,164	65,843
9	56,803	58,865	59,866	64,606	66,416	68,156
10		60,237	62,912	66,857	68,682	70,502
11			64,378	69,106	70,956	72,841
12				71,423	73,308	75,263
13				73,087	75,747	77,694
14						79,504

**LICENCED STAFF PER LEVEL AND EDUCATION IN FULL-TIME EQUIVALENT EMPLOYEES-JUNE 2017**

<b>LEVEL</b>	<b>BACHELORS</b>	<b>BACHELORS +20</b>	<b>BACHELORS+40</b>	<b>BA+60 MASTERS</b>	<b>BA+90 MASTERS+24</b>	<b>BA+120 MASTERS+45</b>	<b>TOTAL</b>
0	1	2	0	4	0	4	11
1	1	0	0	14	1	3	19
2	7	0	1	19	3	3	33
3	6	0	0	19	9	2	36
4	5	3	1	13	4	2	28
5	2	1	0	16	7	5	31
6	2	1	0	12	2	8	24
7	1	1	0	14	2	6	24
8	3	1	0	8	5	6	23
9	2	0	0	14	5	5	26
10	1	0	1	13	6	6	26
11	1	0	0	13	5	7	26
12	2	1	4	12	3	8	29
13	0	0	0	15	13	12	40
14	2	2	2	68	75	133	281
<b>Total</b>	<b>35</b>	<b>12</b>	<b>9</b>	<b>252</b>	<b>138</b>	<b>209</b>	<b>655</b>

Source: Reynolds School District Human Resource Department

**MULTNOMAH COUNTY SCHOOL DISTRICT NO.7**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

FISCAL YEAR	STUDENT ENROLLMENT(1)	COST PER PUPIL(1)	LICENSED STAFF (2)	PUPIL-TEACHER RATIO	Number of students graduated	
					Reynolds High School	Reynolds Learning Academy
2016-2017	10,359	12,123	647.70	15.99	458	63
2015-2016	10,575	11,980	674.10	15.69	484	59
2014-2015	10,779	11,355	659.50	16.34	460	63
2013-2014	10,407	10,590	623.95	16.68	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	563.90	18.78	373	17
2009-2010	10,800	8,765	583.00	18.52	457	23
2008-2009	10,511	9,627	671.70	15.65	458	31
2007-2008	10,506	10,169	687.79	15.28	NA	NA

FISCAL YEAR	NUMBER OF TYPE A LUNCHES SERVED			NUMBER OF BREAKFASTS SERVED		
	PAID	FREE	REDUCED PRICE	PAID	FREE	REDUCED PRICE
2016-2017	154,215	990,451	89,250	51,970	557,125	37,921
2015-2016	156,725	991,210	89,750	52,152	546,812	37,812
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

(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 Adopted Budgets.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO.7**  
**CAPITAL ASSET INFORMATION**  
**LAST TEN FISCAL YEARS**

	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>2012-2013</u>
<b>SCHOOLS</b>					
<b>ELEMENTARY</b>					
Buildings	11	11	11	11	11
SQUARE FEET	599,731	599,731	599,731	599,731	599,731
CAPACITY	5,599	5,599	5,599	5,599	5,599
ENROLLMENT	4,670	4,670	4,670	4,670	4,580
<b>MIDDLE</b>					
Buildings	3	3	3	3	3
SQUARE FEET	411,811	411,811	411,811	411,811	411,881
CAPACITY	2,416	2,416	2,416	2,416	2,416
ENROLLMENT	2,431	2,431	2,431	2,431	2,424
<b>HIGH</b>					
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	2,938	2,938	2,938	2,938	2,799
<b>AMINISTRATIVE</b>					
Buildings	1	1	1	1	1
SQUARE FEET	12,500	12,500	12,500	12,500	12,500

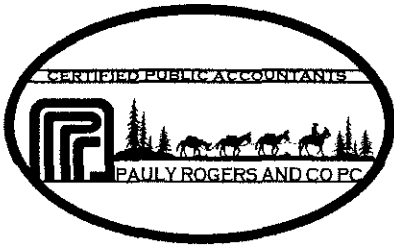
	<u>2011-2012</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>2007-2008</u>
<b>SCHOOLS</b>					
<b>ELEMENTARY</b>					
Buildings	11	11	11	11	11
SQUARE FEET	599,731	599,731	599,731	599,731	599,731
CAPACITY	5,599	5,599	5,599	5,599	5,599
ENROLLMENT	4,579	4,595	4,676	N/A	N/A
<b>MIDDLE</b>					
Buildings	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	2,425	2,446	2,457	N/A	N/A
<b>HIGH</b>					
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	2,821	2,708	2,762	N/A	N/A
<b>AMINISTRATIVE</b>					
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**

This Page Intentionally Left Blank



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

December 19, 2017

### **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, 2017, and have issued our report thereon dated December 19, 2017. 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.

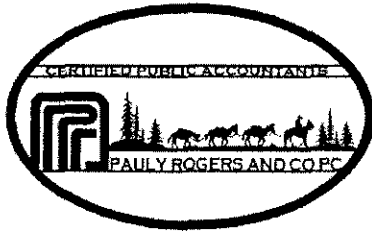
  
ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 7**  
**MULTNOMAH COUNTY, OREGON**

**GRANT COMPLIANCE REVIEW**



**This Page Intentionally Left Blank**



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

December 19, 2017

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 and fiduciary funds of Multnomah County School District No. 7 as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 19, 2017.

**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

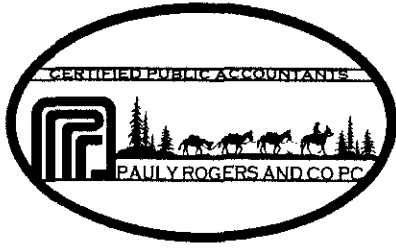
audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.



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



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

December 19, 2017

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, 2017. 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, 2017.

**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.



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, 2017

---

**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**

84.027, 84.173      IDEA

10.553, 10.555,      Child Nutrition Cluster (NSLP)  
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, 2017

---

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:**

None

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with the Oregon Department of Education, and thus is not allowed to use the de minimus rate.