

RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015



12700 SW 72nd Ave.
Tigard, OR 97223

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2015

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

BOARD OF EDUCATION AS OF JUNE 30, 2015

<u>NAME</u>	<u>TERM EXPIRES</u>
Michael Gunter, Chair	June 30, 2017
Michelle Janke, Vice Chair	June 30, 2017
John Bogaty	June 30, 2017
Kristen Kohnstamm	June 30, 2015
Joe Prats	June 30, 2015

ADMINISTRATION

Terry Brandon, Superintendent

11733 SW Breyman Avenue
Portland, Oregon 97219-8409

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

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MULTNOMAH COUNTY, OREGON

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December 31, 2015

To the Board of Directors
Riverdale School District 51J
Multnomah County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Riverdale School District 51J (the District), as of and for the year ended June 30, 2015, 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. 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 and each major fund of Riverdale School District 51J as of June 30, 2015 and the respective changes in financial position 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. 68, *Accounting and Reporting for Pensions*, as well as the provisions of GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015. 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 management's discussion and analysis, and required supplemental 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 Management's Discussion and Analysis or Schedules of Funding Progress and Employer Contributions for the pension or other post-employment benefit plans (PERS and OPEB) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 respect in relation to the basic financial statements taken as a whole.

Supplementary Information

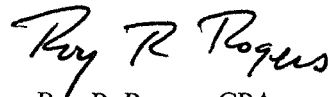
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2015 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.

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

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

As management of Riverdale School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

In the government-wide statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows on June 30, 2015 by \$2,735,712. The District's governmental funds report a combined ending fund balance of \$3,205,461 on June 30, 2015. At the end of the fiscal year total fund balance for the General Fund was \$2,077,748 which represents 27% of the total General Fund revenues. On June 30, 2015, the District's total long-term liabilities totaled \$27,345,865.

Overview of the Financial Statements

This 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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities, including capital assets and long-term liabilities, with the difference 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 net position of the District changed during the most recent fiscal year. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the *government-wide financial statements*, the District's activities are shown in one category as governmental activities. These activities include services related to education K-12. These activities are primarily financed through property taxes, Oregon's State School Fund, tuition, and other intergovernmental revenues.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District maintains four major funds: the General Fund, Special Revenue Fund, Debt Service Fund, and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for all funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Overview of the Financial Statements, continued

Government-Wide Financial Analysis

Statement of Net Position. As noted earlier, net assets may serve as a useful indicator of a government's financial position over time.

There is a restatement of net position due to GASB 68; due to the implementation of GASB Statements 68 and 71, beginning net position was restated as of July 1, 2014. 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.

Table 1 provides a comparative summary of the Riverdale District's net assets for the year ending June 30, 2014 and 2015 respectively.

Table 1 Governmental Activities			
	<u>30-Jun-14</u>	<u>30-Jun-15</u>	Increase (Decrease)
Assets			
Current Assets	\$ 4,537,485	\$ 4,169,622	\$ (367,863)
Net Pension Asset	2,402,400	768,380	(1,634,020)
Net capital Assets	<u>27,982,960</u>	<u>27,311,808</u>	<u>(671,152)</u>
Total Assets	34,922,845	32,249,810	(2,673,035)
Deferred Outflow of Resources			
Deferred Loss on Bond Refunding	-	1,048,616	1,048,616
Liabilities			
Current Liabilities	1,932,020	2,209,722	277,702
Long Term Liabilities	<u>24,505,899</u>	<u>27,345,865</u>	<u>2,839,966</u>
Total Liabilities	26,437,919	29,555,587	3,117,668
Deferred Inflows of Resources	272,883	1,007,127	734,244
Net Assets			
Invested in Capital Assets	5,493,615	1,767,909	(3,725,706)
Restricted Assets	1,226,734	828,826	(397,908)
Unrestricted Assets	<u>1,764,577</u>	<u>138,977</u>	<u>(1,625,600)</u>
Total Net Position	<u>\$ 8,484,926</u>	<u>\$ 2,735,712</u>	<u>\$ (5,749,214)</u>

A large portion of the District's net assets reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment). The District uses the capital assets to provide services to students and other District residents; consequently these assets are not 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

Overview of the Financial Statements, continued- Table 2 shows the comparative showing the net change in Governmental Funds for the year ending June 30, 2014 and 2015, respectively.

Table 2
Net Change in Fund Balance - Governmental Funds

	<u>30-Jun-14</u>	<u>30-Jun-15</u>	Increase (Decrease)
Revenues			
Local Sources			
Property Taxes	\$4,510,706	\$4,380,306	(130,400)
Investment earnings	23,585	33,372	9,787
Other	3,590,118	3,639,990	49,875
Intermediate Sources	50,090	62,215	12,125
State Sources	2,069,169	2,042,055	(27,114)
Federal Grants	69,538	65,633	(3,905)
Total Revenues	<u>10,313,206</u>	<u>10,223,574</u>	<u>(89,632)</u>
Expenditures			
Instruction	4,779,912	5,341,290	561,378
Support Services	2,785,524	3,293,960	508,436
Community Services	2,552	6,640	4,088
Facilities Acquisition and Construction	51,114	8,993	(42,121)
Debt Service	2,089,039	2,184,912	95,873
Total Expenditures	<u>9,708,141</u>	<u>10,835,795</u>	<u>1,127,654</u>
Net Change in Fund Balance:	<u>\$ 605,065</u>	<u>(\$580,098)</u>	<u>(1,185,164)</u>

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.

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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

The increase in State revenues follows the Legislature's adoption of a much larger budget for K-12 education.

The increase in Instruction expenditures follows a focus to increase spending in that area. Teachers were added, costs were reduced in Support Service areas. On June 30, 2015 the District's governmental funds reported combined ending fund balances of \$3,205,461.

The *General Fund* is the chief operating fund of the District. As of June 30, 2015, total fund balance was \$2,077,748 while total assets reached \$2,878,220.

During the fiscal year management recognized that the previous practice of deficit spending could not continue and that future revenues would not keep pace with expenditure needs. As a result, spending freezes were implemented to build the ending fund balance to help offset losses in future years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Oregon law and is based on accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Table 3 shows the comparative showing the net change in the General Fund Balance for the year ending June 30, 2014 and 2015, respectively.

Table 3
Net Change in General Fund Balance

	<u>30-Jun-14</u>	<u>30-Jun-15</u>	Increase (Decrease)
Revenues			
Local Sources			
Property Taxes	\$2,699,732	\$2,956,416	256,684
Investment earnings	17,135	27,267	10,132
Other	2,750,331	2,567,962	(182,369)
Intermediate Sources	50,090	60,361	10,271
State Sources	2,059,568	2,030,517	(29,051)
Federal Grants	733	393	(340)
Total Revenues	<u>7,577,589</u>	<u>7,642,916</u>	<u>65,327</u>
Expenditures			
Instruction	4,128,400	4,587,331	458,931
Support Service	<u>2,754,639</u>	<u>3,242,319</u>	<u>487,680</u>
Total Expenditures	<u>6,883,039</u>	<u>7,829,650</u>	<u>946,611</u>
Net Change in Fund Balance:	<u>\$ 694,550</u>	<u>(\$ 186,734)</u>	<u>(881,284)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, buildings and improvements, site improvements, vehicles and equipment. As of June 30, 2015 the District had invested \$27,311,808 in capital assets. Depreciation expense for the year totaled \$671,152.

Long-term debt. At the end of the current fiscal year, the District had a total debt outstanding of \$28,706,276.

Advance Refunding Bonds. On April 28, 2015, \$6,910,000 in Series 2015 General Obligation Refunding Bonds were issued to provide resources for future debt service payment of \$6,910,000 for the Series 2009 A General Obligation Bonds. As a result, the refunded bonds were redeemed and the liability has been removed from the statement of net position. This advance refunding was undertaken to result in an economic gain of \$313,833.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In June 2014, the State of Oregon adopted its budget for the 2013-15 biennium for K-12 education at \$6.55 billion, an increase of \$850 million from the 2011-13 biennium. Further actions by the Legislature brought about reductions in the rate increase for PERS employer rates for 2013-14. The District had expected an increase of 7.71 percentage points beginning July 1, 2013. After the Legislative actions, the PERS Board adjusted the District's rate to an increase of only 3.31 percentage points.

Student membership is expected to remain flat at the Grade School and at the High School over the next several years. The District receives approximately \$6,994 per student in fiscal year 2015 from the State School Fund Formula. Any loss in resident and transfer student membership creates a financial burden upon the district.

Salary and benefit costs will be currently unknown, and will be based on negotiated contracts.

The District's Budget Committee and School Board will be reviewing the 2016-17 budget in the coming months.

REQUESTS FOR INFORMATION

This financial report is designed to provide 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 addressed to the District's Business Manager, at 11733 SW Breyman Avenue, Portland, Oregon 97219-8409.

Respectfully submitted,

A handwritten signature in cursive script that reads "Betsy Neuman". The signature is written in black ink and is positioned above a horizontal line.

Betsy Neuman, Business Manager/CFO

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON**

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental Activities</u>
Assets	
Current:	
Cash and Cash Equivalents	\$ 3,715,311
Taxes Receivable	294,352
Accounts Receivable	151,852
Prepays	7,576
Other Assets	531
Non-Current:	
Net Pension Asset (PERS)	768,380
Capital Assets:	
Non-Depreciable	7,521
Depreciable, Net of Depreciation	<u>27,304,287</u>
Total Assets	<u>32,249,810</u>
Deferred Outflows of Resources	
Deferred Loss on Bond Refunding	<u>1,048,616</u>
Liabilities	
Current Liabilities:	
Accounts Payable	78,378
Accrued Payroll	337,020
Accrued Interest	18,615
Accrued Vacation	656
Unearned Revenue	279,176
Current Portion, Long-term Debt:	
OPEB Obligation	5,424
Pension Obligation	1,737
Bonds Payable	1,488,716
Total Current Liabilities	<u>2,209,722</u>
Long-term Debt:	
Deferred Interest on Bonds	3,600,741
OPEB Obligation	97,184
Pension Obligation	31,121
Premium on Bonds Payable	1,343,061
Bonds Payable	22,273,758
Total Non-current Long-term Debt	<u>27,345,865</u>
Total Liabilities	<u>29,555,587</u>
Deferred Inflows of Resources	
Total Deferred Inflows of Resources	<u>1,007,127</u>
Net Position	
Net Investment in Capital Assets	1,767,909
Restricted for:	
Student Services	673,799
Debt Service	155,027
Capital Projects	298,887
Unrestricted	<u>(159,910)</u>
Total Net Position	<u>\$ 2,735,712</u>

See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Instruction	\$ 4,826,208	\$ 2,106,187	\$ 989,074	\$ -	\$ (1,730,947)
Support Services	2,976,221	-	-	-	(2,976,221)
Community Services	5,964	8,458	-	-	2,494
Interest on long-term debt	1,275,084	-	-	-	(1,275,084)
Total Governmental Activities	<u>\$ 9,083,477</u>	<u>\$ 2,114,645</u>	<u>\$ 989,074</u>	<u>\$ -</u>	<u>(5,979,758)</u>

General Revenues:

Property Taxes - General	2,873,770
Property Taxes - Debt Service	1,484,337
Local Revenue	253,980
County Revenue	53,757
State Sources	2,042,055
Unrestricted Federal Sources	394
Bond Proceeds	32,123
Earnings on Investments	33,372

Total General Revenues	<u>6,773,788</u>
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Change in Net Position	794,030
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Net Position - Beginning, As Restated by GASB 68	4,742,932
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Prior Period Adjustment	<u>(2,801,250)</u>
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Net Position - Ending	<u>\$ 2,735,712</u>
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See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
ASSETS:					
Cash and Investments	\$ 2,556,602	\$ 635,724	\$ 221,047	\$ 301,938	\$ 3,715,311
Receivables:					
Taxes	185,591	-	108,761	-	294,352
Accounts	53,598	98,254	-	-	151,852
Other Assets	531	-	-	-	531
Prepaid Expenses	7,576	-	-	-	7,576
Due From Other Funds	74,322	-	9,086	-	83,408
Total Assets	<u>\$ 2,878,220</u>	<u>\$ 733,978</u>	<u>\$ 338,894</u>	<u>\$ 301,938</u>	<u>\$ 4,253,030</u>
LIABILITIES:					
Liabilities:					
Due To Other Funds	\$ -	\$ -	\$ 83,408	\$ -	\$ 83,408
Accounts Payable	65,784	9,543	-	3,051	78,378
Payroll Liabilities	319,110	17,910	-	-	337,020
Unearned Revenue	246,450	32,726	-	-	279,176
Total Liabilities	<u>631,344</u>	<u>60,179</u>	<u>83,408</u>	<u>3,051</u>	<u>777,982</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue-Property Taxes	169,128	-	100,459	-	269,587
Total Deferred Inflows of Resources	<u>169,128</u>	<u>-</u>	<u>100,459</u>	<u>-</u>	<u>269,587</u>
FUND BALANCES:					
Nonspendable	7,576	-	-	-	7,576
Restricted: Student Services	-	673,799	-	-	673,799
Restricted: Debt Service	-	-	155,027	-	155,027
Restricted: Capital Projects	-	-	-	298,887	298,887
Unassigned	2,070,172	-	-	-	2,070,172
Total Fund Balance	<u>2,077,748</u>	<u>673,799</u>	<u>155,027</u>	<u>298,887</u>	<u>3,205,461</u>
Total Liabilities, Fund Balances, and Deferred Outflows of Resources	<u>\$ 2,878,220</u>	<u>\$ 733,978</u>	<u>\$ 338,894</u>	<u>\$ 301,938</u>	<u>\$ 4,253,030</u>

See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON

RECONCILIATION TO GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION

June 30, 2015

Total Fund Balances	\$ 3,205,461
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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.	768,380
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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.	(1,007,127)
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Deferred outflows of resources related to the book loss on refunding of GO Bonds are reflected on the government-wide financial statements and amortized over the life of the new bonds.	1,048,616
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Capital assets, net	27,311,808
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Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	269,587
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(18,615)
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Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

These liabilities consist of:

Accrued Compensated Absences	\$ (656)	
Bonds Payable	(23,762,474)	
Premium on Bonds Payable	(1,343,061)	
Deferred Interest on Bonds Payable	(3,600,741)	
OPEB Obligation	(102,608)	
Pension Obligation	(32,858)	(28,842,398)

Total Net Position	\$ 2,735,712
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See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
REVENUES:					
From Local Sources	\$ 5,551,645	\$ 697,136	\$ 1,791,353	\$ 13,537	\$ 8,053,671
From Intermediate Sources	60,361	1,854	-	-	62,215
From State Sources	2,030,517	11,538	-	-	2,042,055
From Federal Sources	393	65,240	-	-	65,633
Total Revenues	7,642,916	775,768	1,791,353	13,537	10,223,574
EXPENDITURES:					
Current:					
Instruction	4,587,331	753,959	-	-	5,341,290
Support Services	3,242,319	51,641	-	-	3,293,960
Enterprise and Community Services	-	6,640	-	-	6,640
Facilities Acquisition and Construction	-	-	-	8,993	8,993
Non Current:					
Debt Service	-	-	2,184,912	-	2,184,912
Total Expenditures	7,829,650	812,240	2,184,912	8,993	10,835,795
Excess of Revenues Over, (Under)					
Expenditures	(186,734)	(36,472)	(393,559)	4,544	(612,221)
Other Financing Sources:					
Bond Proceeds	-	-	32,123	-	32,123
Total Other Financing Sources (Uses)	-	-	32,123	-	32,123
Net Change in Fund Balance	(186,734)	(36,472)	(361,436)	4,544	(580,098)
Beginning Fund Balance	2,264,482	710,271	516,463	294,343	3,785,559
Ending Fund Balance	\$ 2,077,748	\$ 673,799	\$ 155,027	\$ 298,887	\$ 3,205,461

See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2015

Net Change in Fund Balance	\$ (580,098)
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Amounts reported for governmental activities in the statement of activities are different because:

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.

1,100,847

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense

(671,152)

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 in the Statement of Net Position. This is the amount by which proceeds exceeded repayments:

Principal repaid (net)

1,390,839

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

Amortization of Premiums, GO Bonds

153,622

In the Statement of Activities, interest is accrued on long term debt, whereas in governmental funds it is recorded as interest expense when due.

(634,633)

Accrued Vacation, OPEB Obligation & Pension Obligation are recognized as expenditures in the governmental funds when they are paid. In the Statement of Activities these liabilities are recognized as expenditures when earned. In the current year, changes in these liabilities are as follows:

Accrued Vacation

1,571

OPEB Obligations

27,204

Pension Obligation

9,126

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead recorded as unearned revenue. They are, however, recorded as revenues in the Statement of Activities.

(3,296)

Change in Net Position	\$ <u>794,030</u>
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See accompanying notes to the basic financial statements.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Basic Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The Riverdale School District 51J (the District) was established in 1888 with the Riverdale Grade School in the Dunthorpe neighborhood. Riverdale High School was added to the District starting with the 1996-1997 school year and its location is just two miles from the Grade School. The Riverdale Grade School building was replaced in 2009. The District Offices are located at the Grade School. The board is composed of five elected members who serve four-year terms. The Board supervises a Superintendent who is the chief administrative officer and executes the Board's policies and programs.

The District is independent and is not included as a part of any other financial reporting entity. Accounting principles generally accepted in the United States of America require that these basic financial statements present the District and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. There are various governmental agencies that provide service 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 or included in these basic financial statements.

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

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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions." 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 it reported separately on the Statement of Activities.

Separate financial statements are provided for governmental funds.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Program revenues derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the general revenues and include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

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.

Governmental Fund Types

Governmental funds are used to account for general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences which are recognized as expenditures because they will be liquidated with expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following major governmental funds are reported:

General Fund

This is the primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. The principal revenue sources are property taxes, state school fund grant, tuition, and the Riverdale School District Foundation Contribution.

Special Revenue Funds

These funds account for revenue sources that are legally restricted to expenditures for specific purposes such as classroom supplies and equipment, capital improvements and to supplement existing resources. The student body funds for the high school and grade school, for the purpose of supporting school activities, are a part of the special revenue funds.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Debt Service Fund

This fund provides for the payment of principal and interest on general obligation bonded debt. The principal revenue source is property taxes. This fund also provides for the principal and interest payments of the debt associated with paying down the PERS unfunded actuarial liability and the principal sources of revenue come from the state apportionment.

Capital Projects Fund

This fund accounts for activities related to the acquisition, construction, equipping, and furnishing of facilities. Principal revenue sources are proceeds from the sale of bonds received in prior years and interest earnings.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the 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.

Cash and Cash Equivalents

For financial reporting purposes, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

Property Taxes

Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are shown in the balance sheet. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Grants

Unreimbursed grant expenditures due from grantor agencies are recorded as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures that is to be carried over to the next fiscal year is recorded as a liability, unearned revenue.

Supply Inventories

All supply inventories are valued at cost (first-in, first-out method). Inventories of governmental funds are recorded as expenditures when purchased. A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA. Management believes there were no material inventories on hand at year end.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government wide financial statements. 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. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. 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 and other long-term obligations are reported as liabilities in the governmental activities. 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 or discount.

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

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. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

Post Employment Health Care Benefits

State law requires the District to offer a retirement program which allows retirees to continue group medical, dental and/or vision insurance coverage at their own expense, through the District's plans, subject to the terms and conditions of the insurance carrier(s). The District pays the group medical, dental and vision insurance premiums for retirees who qualified for the previous post retirement plan, plus one of their dependents, if applicable. The last eligible retiree under the old plan enrolled on June 30, 2014.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Vested Compensated Absences

Policy is to permit employees to accumulate up to 40 hours of earned but unused vacation pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service. All vacation pay is accrued in the government wide statements.

Net Position

Net position is comprised of 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, net of accumulated depreciation and 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 assets use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are assets restricted for debt service, student services and capital projects.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The Statement of Net Position reports deferred outflows in the amount of \$1,048,616 which represent the deferred book loss on the issue of refunding bonds.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2015, there were deferred inflows of \$1,007,127 representing net pension related deferrals related to the implementation of GASB 68 and unavailable property tax revenue in the balance sheet of \$269,587.

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 fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (CONTINUED)

Fund Balance – Continued

- Nonspendable fund balance represents amounts that are not in a spendable form. The District's nonspendable fund balance represents prepaid expenses.
- 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. The authority to classify portions of ending fund balance according to the categories above is delegated to the Superintendent.
- 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.

There were no committed or assigned fund balances at year end.

The governing body has approved the following order of spending regarding fund balance categories: 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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except the property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is reported as an expenditure rather than capitalized, depreciation and amortization are not recorded, and debt including OPEB, vacation, and pension obligations are recorded as an expenditure when paid instead of when incurred.

The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the basic financial statements include the original budget amounts and appropriation adjustments approved by the Board. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations except for the Debt Service Fund which was overspent by \$385,224 for Total Expenditures.

3. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions include bank demand deposits. 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 - Deposits

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, 2015, the bank balance of \$204,847 was insured by the FDIC.

INVESTMENTS

The policy is to follow state statutes governing cash management. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), 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 appeared to be in compliance with all portfolio guidelines at June 30, 2015.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. Investments are valued at fair value as required by GASB 31. As of June 30, 2015 there was no material difference in the fair value of the position in the LGIP and the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Cash and Investments as of June 30, 2015 consisted of:

Cash	\$ 13,140
Investments	<u>3,702,171</u>
Total	<u><u>\$ 3,715,311</u></u>

There were the following investments and maturities:

Investment Type	Fair Value	Less than 3	17-Mar	18-59
State Treasurers Investment Pool	<u>\$ 3,702,171</u>	<u>\$ 3,702,171</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u><u>\$ 3,702,171</u></u>	<u><u>\$ 3,702,171</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, 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 three months.

Credit Risk

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration of Credit Risk

At June 30, 2015, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument. Oregon Revised Statutes require no more than 25 percent of the monies of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2015, there was compliance with all percentage restrictions.

4. RECEIVABLES

Receivables at June 30, 2015 consist of the following:

- A. Accounts receivable represent amounts due from individuals and from other governments.

All receivables are current. Management believes they are fully collectible so no provision for doubtful accounts has been made.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

The changes in capital assets for the fiscal year ended June 30, 2015, are as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets				
Land & Improvements	\$ 7,521	-	-	\$ 7,521
Buildings & Improvements	33,030,712	-	-	33,030,712
Equipment	218,507	-	-	218,507
Total	33,256,740	-	-	33,256,740
Accumulated Depreciation				
Buildings & Improvements	5,139,458	658,512	-	5,797,970
Equipment	134,322	12,640	-	146,962
Total	5,273,780	671,152	-	5,944,932
Total Net Capital Assets	<u>\$ 27,982,960</u>			<u>\$ 27,311,808</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 417,792
Support	252,890
Community Service	<u>470</u>
Total Depreciation Expense	<u>\$ 671,152</u>

6. OPERATING LEASE

A non-cancelable lease was entered into in October 2009 for five copy machines. Monthly payments are made for 60 months and the monthly payment increases by 6% each October. The final lease payment for this agreement was made for September 2014. Expenditures for this lease during the fiscal year ending June 30, 2015 totaled \$5,981.

A lease was entered into in July 2014 for the use of copy machines. Monthly payments of \$1,257 are made for 60 months beginning July 2014 through June 2019. Future lease payments are as follows:

Year Ended June 30,	Amount
2016	15,084
2017	15,084
2018	15,084
2019	<u>15,084</u>
Total	<u>\$ 60,336</u>

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. GROUND LEASE

A Ground Lease with Portland School District 1J (Portland) was entered into on February 9, 2001, and was amended on June 29, 2001, for the Collins View School Site, at a cost of \$10,000 per month. The Ground Lease provides for an initial lease term of twenty years, with three options to extend for ten years each. Each option to extend only may be exercised within the last two years of an extension period. Should the Ground Lease remain in effect for the initial term as well as all three term extensions, the District has an option to acquire the Collins View Site at its current fair market value.

The commencement date for this lease is July 1, 2001. In addition to the terms mentioned in the preceding paragraph the Ground Lease will increase by 2 percent each year. Every five years the minimum rent shall be adjusted to reflect any change in the fair market rental value of the premises. Although the Ground Lease is located outside the District's boundaries, the 1996 bond measure gave the District legal authority to locate a high school outside the Districts' boundaries. The Ground Lease was within the Riverdale Board's reasonable discretion, and the May 2001 Voter Approval was in all respects regular, effective and valid. If the district terminates the lease, all improvements shall become the sole property of Portland, and Portland shall pay the District an amount equal to 75% of the fair market value of the improvements as of the date the lease terminates. The lease costs for the year were \$155,232 or \$12,936 per month.

8. PENSION PLANS

PLAN DESCRIPTION

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

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

- 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION PLANS (Continued)

PLAN DESCRIPTION (Continued)

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 one 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.

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.

iii) 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION PLANS (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.

FUNDING POLICY

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, 2011 actuarial valuation, which became effective July 1, 2013. 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, 2015 were \$428,494, excluding amounts to fund employer specific liabilities.

At June 30, 2015, the District reported a net pension asset of \$768,380 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 December 31, 2012, the District's proportion was 0.03 percent.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,482,662
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>47,041</u>	<u>-</u>
Subtotal - Amortized Deferrals (below)	<u>-</u>	<u>1,435,621</u>
District contributions subsequent to measurement date	<u>428,494</u>	<u>-</u>
Net deferred outflow (inflow) of resources		<u><u>\$ (1,007,127)</u></u>

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION PLANS (Continued)

FUNDING POLICY (Continued)

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ (360,439)
2017	(360,439)
2018	(360,439)
2019	(360,439)
2020	6,135
Thereafter	-
Total	<u><u>\$ (1,435,621)</u></u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated July 29, 2015. Oregon PERS produces an independently audited CAFR which can be found at:

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

ACTUARIAL VALUATIONS

The employer contribution rates effective July 1, 2013 through June 30, 2015, 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 necessarily 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION PLANS (Continued)

ACTUARIAL VALUATIONS (Continued)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, Published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2012 Experience Study which is reviewed for the four-year period ending December 31, 2012.

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

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. PENSION PLANS (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 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
District's proportionate share of the net pension liability	\$ 1,627,151	\$ (768,380)	\$ (2,794,437)

Changes in Plan Provisions Subsequent to Measurement Date: The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. Oregon Public Employees Retirement System Notes to the Schedules of Employer Allocations and Pension Amounts by Employer As of and for the Fiscal Year Ended June 30, 2014. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

	<u>June 30, 2014 Measurement Date</u> <u>for all PERS Employers (in millions)</u>	
	<u>Pre- Moro</u>	<u>Post-Moro</u>
Net pension liability		
Total pension liability	\$ 63,135	\$ 68,050
Fiduciary net position	65,402	65,400
Net pension liability (asset)	<u>\$ (2,267)</u>	<u>\$ 2,650</u>

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/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS

Pension Plan

Plan Description

A single-employer pension plan for employees is maintained. A stand-alone report for this plan is not issued. The program was established under a collective bargaining agreement and provides provisions for pension benefits for employees with 20 years of service or more for the District as of July 1, 2007 who are 52 years or older. This pension plan provides the employee a monthly stipend of \$400 for six years. Contributions are charged to supplemental retirement in the General Fund.

Contributions

The pension plan is funded on a pay-as-you-go basis. Contributions are charged to supplemental retirement in the General Fund. The cost for the years ending June 30, 2015, 2014, & 2013 were \$10,443, \$10,334 and \$15,577 respectively, which equaled the required contribution for the year.

Annual Pension Cost and Net Pension Obligation

The annual pension cost is calculated based on the annual required contribution of the employer (ARC), and amount determined in accordance within the parameters of GASB Statement 27. 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 liabilities (or funding excess) over a period not to exceed fifteen years.

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual required contribution	\$ 3,279	\$ 2,260	\$ 1,737
Interest on net pension obligation	-	-	-
Adjustment to annual required contribution	<u>(27,310)</u>	<u>5,804</u>	<u>(420)</u>
 Annual pension cost (APC)	 (24,031)	 8,064	 1,317
Contributions made	<u>(15,577)</u>	<u>(10,334)</u>	<u>(10,443)</u>
 Increase (Decrease) in net pension obligation	 (39,608)	 (2,270)	 (9,126)
Net Pension Obligation (Asset) at beginning of year	<u>83,862</u>	<u>44,254</u>	<u>41,984</u>
 Net Pension Obligation (Asset) at end of year	 <u>\$ 44,254</u>	 <u>\$ 41,984</u>	 <u>\$ 32,858</u>

Funding Status and Funding Progress

As of June 30, 2015, the plan was 0% funded. The accrued liability for benefits was \$32,858 and the value of assets was \$0, resulting in an unfunded accrued liability (UAAL) of \$32,858. The Annual Required Contribution (ARC) for June 30, 2015 has been determined to be \$1,737 for District contributions.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS (CONTINUED)

Pension Plan (Continued)

Significant Assumptions

The alternative measurement method outlined in GASB Statement 45 for employers with less than 100 plan participants is used to estimate the Accrued Liability and Annual Required Contribution for the Stipend Plan based on a level percentage of payroll. The Annual Required Contribution was calculated using the entry age cost method with the Unfunded Accrued Liability amortized as a level percentage of payroll.

Significant assumptions are as follows:

- Eligible employees receive benefits if they completed 20 years of service with Riverdale School District as of July 1, 2007, and are age 52 or older.
- If employee will not qualify before age 70, assumption is that they will retire without the supplemental plan.
- Each eligible employee is assumed to have one dependent.
- Turnover is based on Table 1, paragraph 35b, of GASB Statement 45.
- Expected future working lifetime is based on Table 2, paragraph 35c, of GASB Statement 45.
- Mortality is based on the National Center for Health Statistics Table A. Expectation of Life by Age, race and sex: United States, 2007, published date September 28, 2011.
- Estimated age-adjusted premiums for retiree insurance using the method outlined in Tables 3-5 of 35d, GASB Statement 45.
- Inflation is assumed to be 2.0% per year based on the long-term expectations published in the Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents, June 2015.
- Investment earnings rate is pegged to the 10 year Treasury yield at June 30, 2015 of 2.35%.

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Post-Employment Health Care Benefits

Plan Description

Also, as a result of collective bargaining agreements, post-employment health care benefits are offered for all employees who have completed 20 years of service or more for the District as of July 1, 2007, and a minimum age of 52. These retirees, shall be provided with the current negotiated insurance package (medical, dental and vision) for the member plus one dependent. This benefit shall be provided for six years upon retirement from the District.

Contributions

The plan is funded on a pay-as-you-go basis. Contributions are charged to supplemental retirement in the General Fund. The cost for fiscal years 2015, 2014, and 2013 were \$23,609, \$41,455 and \$64,051 respectively, which equaled the required contribution for the year.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS (CONTINUED)

Pension Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation

The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within 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 liabilities (or funding excess) over a period not to exceed fifteen years.

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual required contribution	\$ 20,256	\$ 6,981	\$ 5,424
Interest on net OPEB obligation	-	-	
Adjustment to annual required contribution	<u>23,539</u>	<u>3,138</u>	<u>(9,019)</u>
 Annual OPEB cost (AOC)	43,795	10,119	(3,595)
Contributions made	<u>(64,051)</u>	<u>(41,455)</u>	<u>(23,609)</u>
 Increase (Decrease) in net OPEB obligation	(20,256)	(31,336)	(27,204)
Net OPEB Obligation (Asset) at beginning of year	<u>181,404</u>	<u>161,148</u>	<u>129,812</u>
 Net OPEB Obligation (Asset) at end of year	<u>\$ 161,148</u>	<u>\$ 129,812</u>	<u>\$ 102,608</u>

Funding Status and Funding Progress

As of June 30, 2015, the plan was 0% funded. The accrued liability for benefits was \$102,608 and the value of assets was \$0, resulting in an Unfunded Accrued Liability (UAL) of \$102,608. The Annual Required Contribution (ARC) for June 30, 2015 has been determined to be \$5,424 for District contributions.

Significant Assumptions

The alternative measurement method outlined in GASB Statement 45 for employers with less than 100 plan participants is used to estimate the Accrued Liability and Annual Required Contribution for the Post Employment Health Care Benefits plan based on a level percentage of payroll. The Annual Required Contribution was calculated using the entry age cost method with the Unfunded Accrued Liability amortized as a level percentage of payroll.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS (CONTINUED)

Pension Plan (Continued)

Significant assumptions are as follows:

- Eligible employees receive benefits if they completed 20 years of service with Riverdale School District as of July 1, 2007, and are age 52 or older.
- If employee will not qualify before age 70, assumption is that they will retire without the supplemental plan.
- Each eligible employee is assumed to have one dependent.
- Turnover is based on Table 1, paragraph 35b, of GASB Statement 45.
- Expected future working lifetime is based on Table 2, paragraph 35c, of GASB Statement 45.
- Mortality is based on the National Center for Health Statistics Table A. Expectation of Life by Age, race and sex: United States, 2007, published date September 28, 2011.
- Estimated age-adjusted premiums for retiree insurance using the method outlined in Tables 3-5 of 35d, GASB Statement 45.
- Inflation is assumed to be 2.0% per year based on the long-term expectations published in the Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents, June 2015.
- Investment earnings rate is pegged to the 10 year Treasury yield at June 28, 2015 of 2.35%.

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Funding Policy

The benefits from both programs are fully paid by the District and, consequently, no contributions by employees are required. There is no obligation on the part of the District to fund these benefits in advance.

Implicit Subsidy

Management believes there is no implicit subsidy because of the small size of the District's plan.

Tax Sheltered Annuity

Employees are offered a tax deferred annuity program established pursuant to Sections 403(b) of the Internal Revenue code (the code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. No contributions are required from the District. As of June 30, 2015, 17 employees were participating in the plan.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG-TERM DEBT

General Obligation Bonds

General Obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. On February 26, 2009, the District issued \$21,496,278 of Series 2009 General Obligation bonds to finance facility acquisition and construction. A portion of the funds received from the issuance were used to extinguish the \$1,500,000 of outstanding Series 2002 Full Faith & Credit bonds. Payment of principal and interest on the general obligation bonds are payable from the General Obligation Bonds Fund.

Pension Obligation Bonds

On April 21, 2003, the District issued \$4,387,738 of limited tax pension obligation bonds to finance its 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. 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 future required contribution rate. The debt service payments were charged to debt service in the Pension Obligation Bonds Fund.

Advance Refunding Bonds

On July 29, 2008, \$6,070,000 in Series 2008 General Obligation Refunding Bonds were issued to provide resources for all future debt service payments of \$6,110,000 for the Series 1998 General Obligation Bonds. As a result, the refunded bonds were redeemed and the liability has been removed from the statement of net position. This advance refunding was undertaken to result in an economic gain of \$180,447.

On April 28, 2015, \$6,910,000 in Series 2015 General Obligation Refunding Bonds were issued to provide resources for future debt service payments of \$6,910,000 for the Series 2009 A General Obligation Bonds. As a result, the refunded bonds were redeemed and the liability has been removed from the statement of net position. This advance refunding was undertaken to result in an economic gain of \$313,833.

Changes in long-term debt outstanding are as follows:

	Interest Rates	Outstanding 7/1/2014	Debt Issued	Matured and Redeemed	Outstanding 6/30/2015
Pension Bond 2003	1.15-6.3%	\$ 3,112,035	\$ -	\$ 125,839	\$ 2,986,196
GO Bonds 2008 Refunding	3.75-4%	1,725,000	-	850,000	875,000
GO Bonds 2009 A&B	2.5-5.77%	20,391,278	-	7,400,000	12,991,278
GO Bonds 2015 Refunding	4.0%	-	6,910,000	-	6,910,000
		25,228,313	6,910,000	8,375,839	23,762,474
Unamortized Premium		373,067	1,123,616	153,622	1,343,061
Deferred Interest		161,500	3,439,241	-	3,600,741
Total		<u>\$ 25,762,880</u>	<u>\$ 11,472,857</u>	<u>\$ 8,529,461</u>	<u>\$ 28,706,276</u>

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

10. LONG-TERM DEBT (Continued)

Future maturities of long-term debt are payable as follows:

Year	PENSION BOND		GO REFUNDING BOND 2008		GO BONDS 2009B	
	Principal	Interest	Principal	Interest	Principal	Interest
2015-16	\$ 123,716	\$ 250,737	\$ 875,000	\$ 33,938	\$ 490,000	\$ 142,625
2016-17	123,869	270,583	-	-	1,210,000	127,925
2017-18	122,925	291,528	-	-	1,300,000	90,025
2018-19	121,523	312,929	-	-	1,390,000	49,400
2019-20	120,010	334,443	-	-	929,397	565,603
2020-25	1,189,153	1,350,389	-	-	911,555	1,183,445
2025-30	1,185,000	122,972	-	-	4,034,597	7,405,404
2030-35	-	-	-	-	2,725,733	7,729,269
TOTALS	<u>\$ 2,986,196</u>	<u>\$ 2,933,581</u>	<u>\$ 875,000</u>	<u>\$ 33,938</u>	<u>\$ 12,991,282</u>	<u>\$ 17,293,696</u>

Year	GO REFUNDING BOND 2015		TOTAL	
	Principal	Interest	Principal	Interest
2015-16	\$ -	\$ 276,400	\$ 1,488,716	\$ 703,700
2016-17	-	276,400	1,333,869	674,908
2017-18	-	276,400	1,422,925	657,953
2018-19	-	276,400	1,511,523	638,729
2019-20	-	276,400	1,049,407	1,176,446
2020-25	6,910,000	715,800	9,010,708	3,249,634
2025-30	-	-	5,219,597	7,528,376
2030-35	-	-	2,725,733	7,729,269
TOTALS	<u>\$ 6,910,000</u>	<u>\$ 2,097,800</u>	<u>\$ 23,762,478</u>	<u>\$ 22,359,015</u>

11. 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. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. PROPERTY TAX LIMITATION

The voters of the State of Oregon imposed a constitutional limit on property taxes for schools and non-school government operations. 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 requirement 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 further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is 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 reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

13. 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 operations cannot be determined.

14. RESTATEMENT OF BEGINNING NET POSITION

Due to the implementation of GASB 68 and GASB 71 a restatement of the prior year net position was required to record the net pension liability at the prior measurement date and reclassify prior year pension contributions from expenses to deferred outflows. The restatement is as follows:

Net position-Beginning as previously reported	\$ 8,484,926
Write-Off of Prepaid Pension Asset	\$(2,402,400)
Proportionate share of net pension liability at prior measurement date	(1,729,885)
Net outflow/(inflows) of resources (prior year employer contributions)	390,291
Net position-Beginning as restated	<u>\$ 4,742,932</u>

15. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary to reflect interest that has accrued on the deferred portion of the 2009 GO Bonds. The adjustment reduced net position as of July 1, 2014 by \$2,801,250.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress and Employer Contributions
& Individual Major Fund Budgetary Basis Schedules

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**RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2015

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) covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.03 %	\$ (768,380)	\$ 3,889,745	(19.8) %	103.6 %
2014	0.03	1,729,885	3,540,988	48.9	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2015	\$ 428,494	\$ 428,494	\$ -	\$ 3,889,745	11.0 %
2014	390,291	390,291	-	3,540,988	11.0

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

RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 PENSION PLAN
 June 30, 2015

PLAN I (PENSION) STIPENDS:**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
6/30/2015	-	\$ 32,858	\$ 32,858	N/A	N/A *	N/A
6/30/2014	-	41,984	41,984	N/A	N/A *	N/A
6/30/2013	-	44,254	44,254	N/A	N/A *	N/A
6/30/2012	-	83,862	83,862	N/A	N/A *	N/A
6/30/2011	-	377,028	377,028	N/A	N/A *	N/A
6/30/2010	-	N/A	N/A	N/A	N/A *	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2015	\$ 1,737	595%
2014	2,260	557%
2013	3,279	475%
2012	5,771	279%
2011	47,750	44%
2010	N/A	N/A

The above table presents the most recent valuations for the post-retirement pension stipend and it provides information that approximates the funding progress of the plan.

* Information not available

RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 OTHER POST EMPLOYMENT BENEFITS
 June 30, 2015

PLAN II (HEALTH INSURANCE)
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
6/30/2015	-	\$ 102,608	\$ 102,608	-	N/A *	N/A
6/30/2014	-	129,812	129,812	-	N/A *	N/A
6/30/2013	-	161,148	161,148	-	N/A *	N/A
6/30/2012	-	181,404	181,404	-	N/A *	N/A
6/30/2011	-	968,833	968,833	-	N/A *	N/A
6/30/2010	-	N/A	N/A	N/A	N/A *	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2015	\$ 5,424	435%
2014	6,981	593%
2013	20,256	316%
2012	11,936	387%
2011	123,172	28%
2010	N/A	N/A

The above table presents the most recent valuations for the post-retirement health insurance and it provides information that approximates the funding progress of the plan.

* Information not available

RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
From Local Sources	\$ 5,599,059	\$ 5,599,059	\$ 5,551,645	\$ (47,414)
From Intermediate Sources	1,200	1,200	60,361	59,161
From State Sources	1,833,471	1,833,471	2,030,517	197,046
From Federal Sources	-	-	393	393
Total Revenues	<u>7,433,730</u>	<u>7,433,730</u>	<u>7,642,916</u>	<u>209,186</u>
EXPENDITURES:				
Instruction	4,802,284	5,152,284 (1)	4,587,331	564,953
Support Services	3,240,491	3,265,491 (1)	3,242,319	23,172
Contingency	<u>542,746</u>	<u>442,746 (1)</u>	<u>-</u>	<u>442,746</u>
Total Expenditures	<u>8,585,521</u>	<u>8,860,521</u>	<u>7,829,650</u>	<u>1,030,871</u>
Net Change in Fund Balance	(1,151,791)	(1,426,791)	(186,734)	1,240,057
Beginning Fund Balance	<u>1,900,000</u>	<u>2,175,000</u>	<u>2,264,482</u>	<u>89,482</u>
Ending Fund Balance	<u>\$ 748,209</u>	<u>\$ 748,209</u>	<u>\$ 2,077,748</u>	<u>\$ 1,329,539</u>

(1) Appropriation Level

RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2015

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
From Local Sources	\$ 757,120	\$ 757,120	\$ 697,136	\$ (59,984)
From Intermediate Sources	125,000	125,000	1,854	(123,146)
From State Sources	9,600	9,600	11,538	1,938
From Federal Sources	258,150	258,150	65,240	(192,910)
Total Revenues	1,149,870	1,149,870	775,768	(374,102)
EXPENDITURES:				
Instruction	1,333,732	1,333,732 (1)	753,959	579,773
Support Services	259,938	259,938 (1)	51,641	208,297
Community Services	10,000	10,000 (1)	6,640	3,360
Contingency	100,000	100,000 (1)	-	100,000
Total Expenditures	1,703,670	1,703,670	812,240	891,430
Net Change in Fund Balance	(553,800)	(553,800)	(36,472)	517,328
Beginning Fund Balance	724,000	724,000	710,271	(13,729)
Ending Fund Balance	\$ 170,200	\$ 170,200	\$ 673,799	\$ 503,599

(1) Appropriation Level

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

SUPPLEMENTARY INFORMATION

Individual Nonmajor Fund Budgetary Basis Schedules
& Schedule of Expenditures of Federal Awards

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RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	GO BONDS ACTUAL	PENSION OBLIGATION BONDS ACTUAL	TOTAL ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:						
From Local Sources	\$ 1,449,688	\$ 1,449,688	\$ 1,415,622	\$ 375,731	\$ 1,791,353	\$ 341,665
Total Revenue	1,449,688	1,449,688	1,415,622	375,731	1,791,353	341,665
EXPENDITURES:						
Long-Term Debt Service:						
Redemption of Principal	1,265,000	1,265,000	1,385,396	125,839	1,511,235	(246,235)
Interest	534,688	534,688	414,292	233,613	647,905	(113,217)
Dues and Fees	-	-	24,171	1,601	25,772	(25,772)
Total Debt Service	1,799,688	1,799,688	1,823,859	361,053	2,184,912	(385,224)
Contingency	-	-	-	-	-	-
Total Expenditures	1,799,688	1,799,688 (1)	1,823,859	361,053	2,184,912	(385,224)
Excess of Revenues Over, (Under) Expenditures	(350,000)	(350,000)	(408,237)	14,678	(393,559)	(43,559)
Other Financing Sources, (Uses):						
Bond Proceeds	-	-	32,123	-	32,123	32,123
Total Other Financing Sources, (Uses)	-	-	32,123	-	32,123	32,123
Net Change in Fund Balance	(350,000)	(350,000)	(376,114)	14,678	(361,436)	(11,436)
Beginning Fund Balance	350,000	350,000	433,557	82,906	516,463	166,463
Ending Fund Balance	\$ -	\$ -	\$ 57,443	\$ 97,584	\$ 155,027	\$ 155,027

(1) Appropriation Level

RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
From Local Sources	\$ 300	\$ 300	\$ 13,537	\$ 13,237
Total Revenue	300	300	13,537	13,237
EXPENDITURES:				
Facilities Acquisition and Construction	200,300	247,300	8,993	238,307
Total Expenditures	200,300	247,300 (1)	8,993	238,307
Net Change in Fund Balance	(200,000)	(247,000)	4,544	251,544
Beginning Fund Balance	200,000	247,000	294,343	47,343
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,887</u>	<u>\$ 298,887</u>

(1) Appropriation Level

RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2015

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2014	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/15
<u>GENERAL FUND:</u>						
CURRENT:						
2014-15	\$ 3,026,441	\$ 77,622	\$ (9,136)	\$ 1,314	\$ 2,814,399	\$ 126,598
PRIOR YEARS:						
2013-14	72,118	(90)	(28,276)	2,422	28,036	18,318
2012-13	39,073	(15)	(14,370)	2,142	10,358	16,502
2011-12	32,770	(3)	(18,713)	3,130	9,709	7,481
2010-11	16,567	-	(8,321)	1,815	4,809	5,252
Prior Years	14,120	-	(2,340)	733	1,073	11,440
Total Prior	174,648	(108)	(72,020)	10,242	53,985	58,993
Total General Fund	<u>\$ 3,201,089</u>	<u>\$ 77,514</u>	<u>\$ (81,156)</u>	<u>\$ 11,556</u>	<u>\$ 2,868,384</u>	<u>\$ 185,591</u>

RECONCILIATION OF REVENUE:

	GENERAL FUND
Cash Collections by County Treasurer Above	\$ 2,868,384
Accrual of Receivables:	
June 30, 2014	(11,077)
June 30, 2015	16,463
Total Revenue	<u>\$ 2,873,770</u>

RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2015

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2014	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/15
<u>DEBT SERVICE</u>						
CURRENT:						
2014-15	\$ 1,447,417	37,124	\$ (4,483)	\$ 623	\$ 1,444,093	\$ (37,660)
PRIOR YEARS:						
2013-14	48,148	(60)	22,508	1,617	20,079	52,254
2012-13	29,022	(11)	12,648	1,590	8,253	35,018
2011-12	21,658	(2)	15,263	2,068	6,874	32,117
2010-11	9,793	-	6,939	1,073	3,051	14,754
Prior Years	8,111	-	4,396	402	631	12,278
Total Prior	116,732	(73)	61,754	6,750	38,888	146,421
Total Debt Service Fund	<u>\$ 1,564,149</u>	<u>\$ 37,051</u>	<u>\$ 57,271</u>	<u>\$ 7,373</u>	<u>\$ 1,482,981</u>	<u>\$ 108,761</u>
RECONCILIATION OF REVENUE:						DEBT SERVICE FUND
Cash Collections by County Treasurer Above						\$ 1,482,981
Accrual of Receivables:						
June 30, 2014						(6,946)
June 30, 2015						8,302
Total Revenue						<u>\$ 1,484,337</u>

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

OTHER INFORMATION

Other Financial Schedules

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RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As Required by The Oregon Department of Education
For the Year Ended June 30, 2015

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
Special Education-Grants to States	84.027, 84.173	7/1/12-9/30/14	\$ 65,239
TOTAL U.S. DEPARTMENT OF EDUCATION			65,239
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through U.S. Department of Agriculture			
Federal Forest Fees	10.666	7/1/14-6/30/15	393
TOTAL U.S. DEPARTMENT OF AGRICULTURE			393
TOTAL FEDERAL EXPENDITURES			\$ 65,632
Total From Schedule Above	\$ 65,632		
Other Federal Revenue	-		
Total Federal Revenue	\$ 65,632		

RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FUTURE REQUIREMENTS OF BONDED DEBT
June 30, 2015

FISCAL YEAR ENDING	ISSUE OF 7/29/08		ISSUE OF 2/26/09		ISSUE OF 4/3/03		ISSUE OF 4/28/15		TOTAL OF ALL ISSUES	
	PRINCIPAL	INTEREST 3.785 - 4% DUE 12/15 & 6/15	PRINCIPAL	INTEREST 2.5 - 5.7% DUE 12/15 & 6/15	PRINCIPAL	INTEREST 1.15-6.3%	PRINCIPAL	INTEREST 4.00%	PRINCIPAL	INTEREST
	DUE 6/15		DUE 6/15		DUE 6/30	DUE 6/30	DUE 6/30	DUE 6/30		
2015-16	875,000	33,938	490,000	142,625	123,716	250,737	-	276,400	1,488,716	703,700
2016-17	-	-	1,210,000	127,925	123,869	270,583	-	276,400	1,333,869	674,908
2017-18	-	-	1,300,000	90,025	122,925	291,528	-	276,400	1,422,925	657,953
2018-19	-	-	1,390,000	49,400	121,523	312,929	-	276,400	1,511,523	638,729
2019-20	-	-	929,397	565,603	120,010	334,443	-	276,400	1,049,407	1,176,446
2020-21	-	-	-	-	119,775	359,678	1,545,000	276,400	1,664,775	636,078
2021-22	-	-	-	-	117,949	381,504	1,660,000	214,600	1,777,949	596,104
2022-23	-	-	-	-	116,429	403,023	1,790,000	148,200	1,906,429	551,223
2023-24	-	-	-	-	405,000	114,452	1,915,000	76,600	2,320,000	191,052
2024-25	-	-	911,555	1,183,445	430,000	91,732	-	-	1,341,555	1,275,177
2025-26	-	-	874,628	1,280,372	455,000	67,308	-	-	1,329,628	1,347,680
2026-27	-	-	838,649	1,381,351	480,000	41,464	-	-	1,318,649	1,422,815
2027-28	-	-	803,246	1,481,754	250,000	14,200	-	-	1,053,246	1,495,954
2028-29	-	-	773,453	1,581,547	-	-	-	-	773,453	1,581,547
2029-30	-	-	744,621	1,680,380	-	-	-	-	744,621	1,680,380
2030-31	-	-	718,425	1,781,575	-	-	-	-	718,425	1,781,575
2031-32	-	-	691,854	1,883,149	-	-	-	-	691,854	1,883,149
2032-33	-	-	668,198	1,981,803	-	-	-	-	668,198	1,981,803
2033-34	-	-	647,256	2,082,742	-	-	-	-	647,256	2,082,742
	<u>\$ 875,000</u>	<u>\$ 33,938</u>	<u>\$ 12,991,282</u>	<u>\$ 17,293,696</u>	<u>\$ 2,986,196</u>	<u>\$ 2,933,581</u>	<u>\$ 6,910,000</u>	<u>\$ 2,097,800</u>	<u>\$ 23,762,478</u>	<u>\$ 22,359,015</u>

RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS
For the Year Ended June 30, 2015

ISSUE DATE	OUTSTANDING MATURED BONDS & COUPONS 7/1/2014	BONDS & COUPONS MATURED DURING YEAR	BONDS AND COUPONS PAID	OUTSTANDING MATURED BONDS & COUPONS 6/30/2015
4/3/2003 a	\$ -	\$ 359,452	\$ 359,452	\$ -
7/29/2008 b	-	917,438	917,438	-
2/26/2009	-	693,645	693,645	-
4/28/2015	-	188,605	188,605	-
Total	<u>\$ -</u>	<u>\$ 2,159,140</u>	<u>\$ 2,159,140</u>	<u>\$ -</u>

a The PERS Bond issue of 4/3/03 debt service payments are charged to Instruction and Support Services to the PERS UAL Contribution object code in the General and Special Revenue Funds and paid out of the Pension Obligation Bonds Fund.

b These bonds are paid from the General Obligation Bonds Fund.

Payments Made From

General Obligation Bond Fund	\$ 1,799,688
Pension Obligation Bond Fund	359,452
Total	<u>\$ 2,159,140</u>

RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SUPPLEMENTAL INFORMATION
AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION
For the Year Ended June 30, 2015

A. ENERGY BILLS FOR HEATING - ALL FUNDS:

Function 2540	\$	102,875
Function 2550		39,651
		<hr/> 142,526

B. REPLACEMENT FOR EQUIPMENT - General Fund

Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude These Functions

1113, 1122, & 1132

1140

1300

1400

4150

2550

3100

3300

Co-curricular Activities

Pre-Kindergarten

Continuing Education

Summer School

Construction

Pupil Transportation

Food Service

Community Services

\$

 -

2014-15 DISTRICT AUDIT REVENUE SUMMARY
Riverdale School District

Revenue from Local Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	2,366,408		1,410,684				
1120 Local Option Ad Valorem Taxes Levied by District	589,098						
1130 Construction Excise Tax				12,519			
1190 Penalties and Interest on Taxes	911		687				
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals	1,512,511						
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1314 Tuition Deposits	(67,498)						
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	27,267		5,088	1,018			
1600 Food Service	20,986	8,458					
1700 Extracurricular Activities	132,224	460,808					
1800 Community Services Activities							
1910 Rentals	(1,580)						
1920 Contributions and Donations From Private Sources	876,852	201,900					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure							
1970 Services Provided Other Funds			374,894				
1980 Fees Charged to Grants							
1990 Miscellaneous	94,466	25,969					
Total Revenue from Local Sources	\$5,551,645	\$697,135	\$1,791,353	\$13,537	\$0	\$0	\$0
Revenue from Intermediate Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	361						
2102 General ESD Revenue							
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources	60,000	\$1,854					
2200 Restricted Revenue							
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$60,361	\$1,854	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	1,939,884						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	53,456						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3110 PY SSF Adjustment	10,172						
3120 SSF Small HS Adj	27,006						
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		11,538					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$2,030,518	\$11,538	\$0	\$0	\$0	\$0	\$0
Revenue from Federal Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State		65,240					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	393						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District							
Total Revenue from Federal Sources	\$393	\$65,240	\$0	\$0	\$0	\$0	\$0
Revenue from Other Sources							
	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources			\$32,123				
5200 Interfund Transfers							
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$2,264,482	\$710,271	\$516,463	\$294,343			
Total Revenue from Other Sources	\$2,264,482	\$710,271	\$548,586	\$294,343	\$0	\$0	\$0
Grand Totals	\$9,907,398	\$1,486,037	\$2,339,939	\$307,880	\$0	\$0	\$0

2014-15 DISTRICT AUDIT EXPENDITURE SUMMARY
Riverdale School District

Fund: 100 General Fund

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	1,580,806	982,587.07	562,315.77	3,198.46	32,704.37			
1113 Elementary Extracurricular	0							
1121 Middle/Junior High Programs	608,770	401,869	190,341	8,734	7,826			
1122 Middle/Junior High School Extracurricular	60,213	41,745	8,125	6,961	3,382			
1131 High School Programs	1,689,619	1,057,048	575,556	4,980	50,382	1,653		
1132 High School Extracurricular	223,746	135,109	49,342	27,816	7,927	3,552		
1140 Pre-Kindergarten Programs	0							
1210 Programs for the Talented and Gifted	22,487	14,366	8,121					
1220 Restrictive Programs for Students with Disabilities	0							
1250 Less Restrictive Programs for Students with Disabilities	401,691	253,197	142,208	3,421	2,536	329		
1260 Treatment and Habilitation	0							
1271 Remediation	0							
1272 Title I	0							
1280 Alternative Education	0							
1291 English Second Language Programs	0							
1292 Teen Parent Program	0							
1293 Migrant Education	0							
1294 Youth Corrections Education	0							
1299 Other Programs	0							
1300 Adult/Continuing Education Programs	0							
1400 Summer School Programs	0							
Total Instruction Expenditures	\$4,587,331	\$2,885,920	\$1,536,009	\$55,110	\$104,758	\$5,534	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	0							
2120 Guidance Services	214,849	135,908.30	75,323.73	473.24	311.67	2,831.67		
2130 Health Services	263				263.25			
2140 Psychological Services	0							
2150 Speech Pathology and Audiology Services	0							
2160 Other Student Treatment Services	0							
2190 Service Direction, Student Support Services	0							
2210 Improvement of Instruction Services	0							
2220 Educational Media Services	238,912	149,101	85,165		4,645			
2230 Assessment & Testing	68,430	29,656	25,424	2,168	11,182			
2240 Instructional Staff Development	143,506	73,747	66,208	3,427		124		
2310 Board of Education Services	41,102			32,979	1,362	6,760		
2320 Executive Administration Services	300,463	157,946	81,124	46,804	9,238	5,350		
2410 Office of the Principal Services	600,079	366,899	159,264	42,681	26,256	4,979		
2490 Other Support Services - School Administration	0							
2510 Direction of Business Support Services	0							
2520 Fiscal Services	153,642	4,518	1,528	124,888	22,708			
2540 Operation and Maintenance of Plant Services	938,439	138,282	78,325	608,468	48,107	65,258		
2550 Student Transportation Services	202,783			202,783				
2570 Internal Services	0							
2610 Direction of Central Support Services	0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	0							
2630 Information Services	104,169	51,904	20,807	30,575	211	672		
2640 Staff Services	49,787	34,244	10,354	2,375	2,126	688		
2660 Technology Services	151,953			4,253	145,038	2,661		
2670 Records Management Services	0							
2690 Other Support Services - Central	0							
2700 Supplemental Retirement Program	33,943	9,600	24,343					
Total Support Services Expenditures	\$3,242,318	\$1,151,806	\$627,867	\$1,101,874	\$271,447	\$89,324	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	0							
3200 Other Enterprise Services	0							
3300 Community Services	0							
3500 Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	0							
4120 Site Acquisition and Development Services	0							
4150 Building Acquisition, Construction, and Improvement	0							
4180 Other Capital Items	0							
4190 Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	0							
5200 Transfers of Funds	0							
5300 Apportionment of Funds by ESD	0							
5400 PERS UAL Bond Lump Sum	0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$7,829,649	\$4,037,726	\$2,163,876	\$1,156,984	\$376,205	\$94,858	\$0	\$0

2014-15 DISTRICT AUDIT EXPENDITURE SUMMARY
Riverdale School District

Fund: 200 Special Revenue Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	77,320	3,561	1,269	23,810	48,680			
1113 Elementary Extracurricular	0							
1121 Middle/Junior High Programs	115,598	10,429	3,613	34,243	67,314			
1122 Middle/Junior High School Extracurricular	3,728			802	2,926			
1131 High School Programs	140,008			46,312	93,441		255	
1132 High School Extracurricular	117,649	14,537	2,446	41,213	59,253		200	
1140 Pre-Kindergarten Programs	179,341	101,197	57,827	308	8,955		11,055	
1210 Programs for the Talented and Gifted	0							
1220 Restrictive Programs for Students with Disabilities	0							
1250 Less Restrictive Programs for Students with Disabilities	65,645	41,341	23,898		406			
1260 Treatment and Habilitation	0							
1271 Remediation	0							
1272 Title I	0							
1280 Alternative Education	0							
1291 English Second Language Programs	0							
1292 Teen Parent Program	0							
1293 Migrant Education	0							
1294 Youth Corrections Education	0							
1299 Other Programs	54,670	34,116	20,554					
1300 Adult/Continuing Education Programs	0							
1400 Summer School Programs	0							
Total Instruction Expenditures	\$753,960	\$205,180	\$109,606	\$146,689	\$280,974	\$0	\$11,510	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	0							
2120 Guidance Services	0							
2130 Health Services	0							
2140 Psychological Services	0							
2150 Speech Pathology and Audiology Services	0							
2160 Other Student Treatment Services	0							
2190 Service Direction, Student Support Services	0							
2210 Improvement of Instruction Services	0							
2220 Educational Media Services	2,164				2,164			
2230 Assessment & Testing	1,111				1,111			
2240 Instructional Staff Development	3,000			3,000				
2310 Board of Education Services	0							
2320 Executive Administration Services	0							
2410 Office of the Principal Services	8,454				8,454			
2490 Other Support Services - School Administration	0							
2510 Direction of Business Support Services	0							
2520 Fiscal Services	0							
2540 Operation and Maintenance of Plant Services	22,296				18,653	3,643		
2550 Student Transportation Services	0							
2570 Internal Services	0							
2610 Direction of Central Support Services	0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	0							
2630 Information Services	0							
2640 Staff Services	0							
2660 Technology Services	14,615				14,615			
2670 Records Management Services	0							
2690 Other Support Services - Central	0							
2700 Supplemental Retirement Program	0							
Total Support Services Expenditures	\$51,640	\$0	\$0	\$3,000	\$44,997	\$3,643	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	6,640				6,640			
3200 Other Enterprise Services	0							
3300 Community Services	0							
3500 Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures	\$6,640	\$0	\$0	\$0	\$6,640	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	0							
4120 Site Acquisition and Development Services	0							
4150 Building Acquisition, Construction, and Improvement Services	0							
4180 Other Capital Items	0							
4190 Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	0							
5200 Transfers of Funds	0							
5300 Apportionment of Funds by ESD	0							
5400 PERS UAL Bond Lump Sum	0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$812,240	\$205,180	\$109,606	\$149,689	\$332,611	\$3,643	\$11,510	\$0

2014-15 DISTRICT AUDIT EXPENDITURE SUMMARY
Riverdale School District

Fund: 300 Debt Service Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	0							
1113 Elementary Extracurricular	0							
1121 Middle/Junior High Programs	0							
1122 Middle/Junior High School Extracurricular	0							
1131 High School Programs	0							
1132 High School Extracurricular	0							
1140 Pre-Kindergarten Programs	0							
1210 Programs for the Talented and Gifted	0							
1220 Restrictive Programs for Students with Disabilities	0							
1250 Less Restrictive Programs for Students with Disabilities	0							
1260 Treatment and Habilitation	0							
1271 Remediation	0							
1272 Title I	0							
1280 Alternative Education	0							
1291 English Second Language Programs	0							
1292 Teen Parent Program	0							
1293 Migrant Education	0							
1294 Youth Corrections Education	0							
1299 Other Programs	0							
1300 Adult/Continuing Education Programs	0							
1400 Summer School Programs	0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	0							
2120 Guidance Services	0							
2130 Health Services	0							
2140 Psychological Services	0							
2150 Speech Pathology and Audiology Services	0							
2160 Other Student Treatment Services	0							
2190 Service Direction, Student Support Services	0							
2210 Improvement of Instruction Services	0							
2220 Educational Media Services	0							
2230 Assessment & Testing	0							
2240 Instructional Staff Development	0							
2310 Board of Education Services	0							
2320 Executive Administration Services	0							
2410 Office of the Principal Services	0							
2490 Other Support Services - School Administration	0							
2510 Direction of Business Support Services	0							
2520 Fiscal Services	0							
2540 Operation and Maintenance of Plant Services	0							
2550 Student Transportation Services	0							
2570 Internal Services	0							
2610 Direction of Central Support Services	0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	0							
2630 Information Services	0							
2640 Staff Services	0							
2660 Technology Services	0							
2670 Records Management Services	0							
2690 Other Support Services - Central	0							
2700 Supplemental Retirement Program	0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	0							
3200 Other Enterprise Services	0							
3300 Community Services	0							
3500 Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	0							
4120 Site Acquisition and Development Services	0							
4150 Building Acquisition, Construction, and Improvement Services	0							
4180 Other Capital Items	0							
4190 Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	2,184,911			\$24,171			2,160,740	
5200 Transfers of Funds	0							
5300 Apportionment of Funds by ESD	0							
5400 PERS UAL Bond Lump Sum	0							
Total Other Uses Expenditures	\$2,184,911	\$0	\$0	\$24,171	\$0	\$0	\$2,160,740	\$0
Grand Total	\$2,184,911	\$0	\$0	\$24,171	\$0	\$0	\$2,160,740	\$0

2014-15 DISTRICT AUDIT EXPENDITURE SUMMARY
Riverdale School District

Fund: 400 Capital Projects Funds

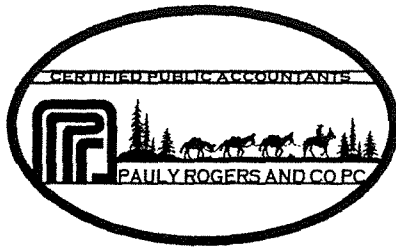
Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	0							
1113 Elementary Extracurricular	0							
1121 Middle/Junior High Programs	0							
1122 Middle/Junior High School Extracurricular	0							
1131 High School Programs	0							
1132 High School Extracurricular	0							
1140 Pre-Kindergarten Programs	0							
1210 Programs for the Talented and Gifted	0							
1220 Restrictive Programs for Students with Disabilities	0							
1250 Less Restrictive Programs for Students with Disabilities	0							
1260 Treatment and Habilitation	0							
1271 Remediation	0							
1272 Title I	0							
1280 Alternative Education	0							
1291 English Second Language Programs	0							
1292 Teen Parent Program	0							
1293 Migrant Education	0							
1294 Youth Corrections Education	0							
1299 Other Programs	0							
1300 Adult/Continuing Education Programs	0							
1400 Summer School Programs	0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	0							
2120 Guidance Services	0							
2130 Health Services	0							
2140 Psychological Services	0							
2150 Speech Pathology and Audiology Services	0							
2160 Other Student Treatment Services	0							
2190 Service Direction, Student Support Services	0							
2210 Improvement of Instruction Services	0							
2220 Educational Media Services	0							
2230 Assessment & Testing	0							
2240 Instructional Staff Development	0							
2310 Board of Education Services	0							
2320 Executive Administration Services	0							
2410 Office of the Principal Services	0							
2490 Other Support Services - School Administration	0							
2510 Direction of Business Support Services	0							
2520 Fiscal Services	0							
2540 Operation and Maintenance of Plant Services	0							
2550 Student Transportation Services	0							
2570 Internal Services	0							
2610 Direction of Central Support Services	0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	0							
2630 Information Services	0							
2640 Staff Services	0							
2660 Technology Services	0							
2670 Records Management Services	0							
2690 Other Support Services - Central	0							
2700 Supplemental Retirement Program	0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	0							
3200 Other Enterprise Services	0							
3300 Community Services	0							
3500 Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	0							
4120 Site Acquisition and Development Services	0							
4150 Building Acquisition, Construction, and Improvement Services	8,993			4,400	4,593			
4180 Other Capital Items	0							
4190 Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures	\$8,993	\$0	\$0	\$4,400	\$4,593	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	0							
5200 Transfers of Funds	0							
5300 Apportionment of Funds by ESD	0							
5400 PERS UAL Bond Lump Sum	0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$8,993	\$0	\$0	\$4,400	\$4,593	\$0	\$0	\$0

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

2014-15 INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

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December 31, 2015

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Riverdale School District 51J as of and for the year ended June 30, 2015, and have issued our report thereon dated December 31, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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 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.**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded from outside sources.**
- **State school fund factors and calculation.**
- **Authorized investment of surplus funds (ORS Chapter 294).**

In connection with our testing nothing came to our attention that caused us to believe the Riverdale School District 51J was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

1. Actual expenditures exceeded budget appropriations as noted on page 13.

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 controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated December 31, 2015.

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

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

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.