

RIVERDALE SCHOOL DISTRICT NO. 51J
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011



**12700 SW 72nd Ave.
Tigard, OR 97223**

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2011

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

BOARD OF EDUCATION AS OF JUNE 30, 2011

<u>NAME</u>	<u>TERM EXPIRES</u>
Steve Klein, Chair	June 30, 2013
Ron Penner-Ash, Vice Chair	June 30, 2013
Chris Hall	June 30, 2013
Kristen Kohnstamm	June 30, 2011
Dean Griffith	June 30, 2011

ADMINISTRATION

Dr. Brook MacNamara, Superintendent

11733 SW Breyman Avenue
Portland, Oregon 97219-8409

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

February 3, 2012

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

INDEPENDENT AUDITORS' REPORT

We have audited the basic financial statements of the governmental activities and each major fund of Riverdale School District, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Riverdale School District as of June 30, 2011 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed on the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Supplementary Information and other financial schedules, including budgetary comparison schedules (which are required supplementary information for the general fund and major special revenue funds) as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information and other financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole, except as noted below.

The Supplemental Information on page 41 and the Schedule of Expenditures of Federal Awards on page 42 are presented for purposes of additional analysis as required by the Oregon Department of Education, however, we did not audit the information and express no opinion on it. We also did not audit the Pension Plan and Other Postemployment Benefits Schedule of Funding Progress on pages 31 and 32 and we express no opinion on them.

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011.

FINANCIAL HIGHLIGHTS

In the government-wide statements, the assets of the District exceeded its liabilities on June 30, 2011 by \$2,587,921. The District's governmental funds report a combined ending fund balance of \$2,260,690 on June 30, 2011. At the end of the fiscal year total fund balance for the General Fund was \$1,120,269 which represents 17% of the total General Fund expenditures. On June 30, 2011, the District's total long-term liabilities totaled \$31,551,758.

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 assets* presents information on all of the assets and liabilities of the District as of the date on the statement. Net assets are those remaining after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* will present information showing how the net assets of the District change over the future years by tracking revenues, expenses and other transactions that increase or reduce net assets. 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. The governmental activities include services related to education K-12. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements can be found on pages 8 and 9 of this report.

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, Capital Projects Fund and the Debt Service 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

Overview of the Financial Statements, continued

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. The notes to the financial statements can be found on pages 14-30 of this report.

Government-Wide Financial Analysis

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

Table 1 provides a comparative summary of the Riverdale District's net assets for the year ending June 30, 2010 and 2011 respectively.

Table 1
Net Assets

	June 30, 2010	June 30, 2011	Increase (Decrease)
Assets			
Current Assets	\$ 6,980,675	\$ 3,193,317	\$ (3,787,358)
Prepaid pension expense	3,088,800	2,917,200	(171,600)
Net capital Assets	<u>27,442,697</u>	<u>29,879,780</u>	<u>2,437,083</u>
Total Assets	37,512,172	35,990,297	(1,521,875)
 Liabilities			
Current Liabilities	3,028,241	1,850,618	(1,177,623)
Long Term Liabilities	<u>31,458,867</u>	<u>31,551,758</u>	<u>92,891</u>
Total Liabilities	34,487,108	33,402,376	(1,084,732)
 Net Assets			
Invested in Capital Assets	(833,581)	4,036,655	4,870,236
Restricted Assets	3,413,096	837,842	(2,575,254)
Unrestricted Assets	<u>445,549</u>	<u>(2,286,576)</u>	<u>(2,732,125)</u>
Total Assets	<u>\$ 3,025,064</u>	<u>\$ 2,587,921</u>	<u>\$ (437,143)</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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

Overview of the Financial Statements, continued

Table 2 shows the comparative showing the net change in Governmental Funds for the year ending June 30, 2010 and 2011, respectively.

Table 2
Net Change in Fund Balance - Governmental Funds

	June 30, 2010	June 30, 2011	Increase (Decrease)
Revenues			
Local Sources			
Property Taxes	\$ 3,969,117	\$ 4,094,377	\$ 125,260
Investment earnings	225,026	16,123	(208,903)
Other	2,824,913	3,047,684	222,771
Intermediate Sources	3,724	75,510	71,786
State Sources	1,685,649	2,111,731	426,082
Federal Grants	182,716	391,715	208,999
Total Revenues	<u>8,891,145</u>	<u>9,737,140</u>	<u>845,995</u>
Expenditures			
Instruction	3,787,934	3,955,988	168,054
Support Services	3,126,216	2,818,908	(307,308)
Community Services	329,992	380,542	50,550
Facilities Acquisition and Construction	14,983,525	3,151,282	(11,832,243)
Debt Service	1,771,019	1,865,852	94,833
Total Expenditures	<u>23,998,686</u>	<u>12,172,572</u>	<u>(11,826,114)</u>
Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance:	<u>\$ (15,107,541)</u>	<u>\$ (2,435,432)</u>	<u>\$ 12,672,109</u>

Construction of the Riverdale Grade School was substantially completed in the 2010 year. Classes were held on that campus beginning September 2010. As construction bond funds were drawn down less money was invested and interest earnings dropped significantly.

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.

On June 30, 2011 the District's governmental funds reported combined ending fund balances of \$2,260,690.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

The **General Fund** is the chief operating fund of the District. As of June 30, 2011, total fund balance was \$1,120,269 while total assets reached \$1,671,994.

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 help 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, 2010 and 2011, respectively.

Table 3
Net Change in General Fund Balance

	June 30, 2010	June 30, 2011	Increase (Decrease)
Revenues			
Local Sources			
Property Taxes	\$ 2,535,453	\$ 2,569,857	\$ 34,404
Investment earnings	17,944	6,217	(11,727)
Other	2,121,429	2,345,738	224,309
Intermediate Sources	3,724	58,080	54,356
State Sources	1,685,649	1,503,695	(181,954)
Federal Grants	71,283	306,347	235,064
Total Revenues	<u>6,435,482</u>	<u>6,789,934</u>	<u>354,452</u>
Expenditures			
Instruction	3,601,040	3,880,389	279,349
Support Service	<u>3,126,127</u>	<u>2,795,566</u>	<u>(330,561)</u>
Total Expenditures	<u>6,727,167</u>	<u>6,675,955</u>	<u>(51,212)</u>
Other Financing Sources			
Transfers Out	(164,668)	-	164,668
Net Change in Fund Balance:	<u>\$ (456,353)</u>	<u>\$ 113,979</u>	<u>\$ 570,332</u>

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, buildings and improvement, site improvements, vehicles and equipment. As of June 30, 2011 the District had invested \$33,151,925 in capital assets. Depreciation expense for the year totaled \$600,874. The net capital asset was \$29,879,780.

Long-term debt. At the end of the current fiscal year, the District had a total debt outstanding of \$31,516,063 consisting of the debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In June 2011, the State of Oregon adopted its budget for the 2011-13 biennium for K-12 education at \$5.7 billion, a decrease of \$200 million from the 2009-11 biennium. During the 2011-12 budget process the State of Oregon revenue forecasts were coming in higher than the \$5.7 billion that was later adopted. The State forecast held \$5.7 billion as the minimum budgeted revenue for the 2011-13 biennium. The Riverdale Budget Committee took a conservative approach in approving the budget for the 2011-12 school year, and relied on the estimate of \$5.7 billion in revenue for the 2011-13 biennium. This conservative approach was taken to reduce the risk of having to make cuts during the 2011-12 school year. The Budget Committee also held some of the estimated 2011-12 revenues to be used in 2012-13 contrary to the front loading of state school funds adopted by the legislature.

Student membership is expected to remain flat at the Grade School and at the high School over the next several years. The District received approximately \$5,800 per student in fiscal year 2010 from the State School Fund Grant. Any loss in student membership creates a financial burden upon the district.

Salary and benefit costs will increase in 2011-12, and will be based on negotiated contracts. In the first half of 2011-12, there will be a 0.5% increase in salary cost from the 2010-11 salary schedule and a 0.5% increase in the second half of 2011-12 over the first half of 2011-12. The monthly insurance cap that the district provides employees will also increase from \$1,036 to \$1,114 per month in 2011-12.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2011-12 fiscal year.

The Board adopted a general fund budget that held \$400,000 in unappropriated ending fund balance and a contingency of \$261,000 with the goal to build financial stability for Riverdale Schools.

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



Kathy Rodeman, Business Manager



Paul Rodeman, Business Services

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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 ASSETS
June 30, 2011**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,238,159
Receivables	643,303
Prepays	1,155
Prepaid Pension Asset	2,917,200
Bond Issue Costs	310,700
Capital Assets:	
Non-Depreciable	7,521
Depreciable, Net of Depreciation	29,872,259
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Total Assets	35,990,297
	<hr/>
Liabilities	
Current Liabilities:	
Accounts payable	55,789
Accrued Payroll	258,697
Accrued Interest	102,450
Accrued Vacation	7,625
Unearned Revenue	34,870
Other Liabilities:	
Deposits Payable	81,021
Current Portion, Long-term Debt:	
OPEB Obligation	51,094
Pension Obligation	16,793
Accrued Discount on PERS Bonds	141,656
Bonds Payable	1,100,623
Total Current Liabilities	1,850,618
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Long-term Debt:	
OPEB Obligation	917,739
Pension Obligation	360,235
Foundation Promissory Notes	2,045,000
Premium on Bonds Payable	496,847
Bonds Payable	27,731,937
Total Non-current Long-term Debt	31,551,758
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Total liabilities	33,402,376
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Net assets	
Invested in capital assets, net of related debt	4,036,655
Restricted for:	
Student Services	837,842
Unrestricted	(2,286,576)
	<hr/>
Total net assets	\$ 2,587,921
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See accompanying notes to basic financial statements.

**RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Instruction	\$ 5,369,089	\$ 1,707,852	\$ 888,498	\$ 608,036	\$ (2,164,703)
Support Services	3,493,867	-	-	-	(3,493,867)
Community Services	5,780	4,140	-	-	(1,640)
Interest on long-term debt	860,801	-	-	-	(860,801)
Total governmental activities	<u>\$ 9,729,537</u>	<u>\$ 1,711,992</u>	<u>\$ 888,498</u>	<u>\$ 608,036</u>	<u>(6,521,011)</u>
General Revenues					
Property Taxes					4,078,379
Interest Income					16,123
County Revenue					58,080
State Sources					1,503,695
Unrestricted Federal Sources					306,347
Gain (Loss) on Disposal of Capital Assets					(110,000)
Miscellaneous					<u>231,244</u>
Total general revenues					<u>6,083,868</u>
Change in Net Assets					(437,143)
Net assets beginning of year					<u>3,025,064</u>
Net assets end of year					<u>\$ 2,587,921</u>

See accompanying notes to basic financial statements.

RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL REVENUE	TOTALS
ASSETS:					
Cash and Investments	\$ 1,067,390	\$ -	\$ 333,446	\$ 837,323	\$ 2,238,159
Receivables:					
Taxes	136,582	73,660	-	-	210,242
Accounts	422,525	9,795	-	740	433,060
Prepays	1,155	-	-	-	1,155
Due From Other Funds	44,342	-	-	-	44,342
Total Assets	<u>\$ 1,671,994</u>	<u>\$ 83,455</u>	<u>\$ 333,446</u>	<u>\$ 838,063</u>	<u>\$ 2,926,958</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Due To Other Funds	\$ -	\$ 44,342	\$ -	\$ -	\$ 44,342
Accounts Payable and Payroll Liabilities	310,940	-	3,325	221	314,486
Deferred Revenue	124,894	66,655	-	-	191,549
Unearned Revenue	34,870	-	-	-	34,870
Deposits Payable	81,021	-	-	-	81,021
Total Liabilities	<u>551,725</u>	<u>110,997</u>	<u>3,325</u>	<u>221</u>	<u>666,268</u>
Fund Balance:					
Nonspendable	1,155	-	-	-	1,155
Assigned	-	-	330,121	-	330,121
Restricted: Student Services	-	-	-	837,842	837,842
Unassigned	1,119,114	(27,542)	-	-	1,091,572
Total Fund Balance	<u>1,120,269</u>	<u>(27,542)</u>	<u>330,121</u>	<u>837,842</u>	<u>2,260,690</u>
Total Liabilities and Fund Balance	<u>\$ 1,671,994</u>	<u>\$ 83,455</u>	<u>\$ 333,446</u>	<u>\$ 838,063</u>	<u>\$ 2,926,958</u>

See accompanying notes to basic financial statements.

RIVERDALE SCHOOL DISTRICT NO. 51JT
MULTNOMAH COUNTY, OREGON
RECONCILIATION TO GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS

June 30, 2011

Total Fund Balances

Amounts reported for governmental activities in the statement of net assets are different because: \$ 2,260,690

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Capital Assets, net 29,879,780

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. 191,550

The unamortized portion of prepaid pension costs and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.

Prepaid pension costs 2,917,200
Unamortized Bond issuance costs, PERS Bonds 43,520
Unamortized Bond issuance costs, GO Bonds 267,180

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (102,450)

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	(7,625)	
Bonds Payable	(28,832,560)	
Premium on Bonds Payable	(496,847)	
Accrued Discount on PERS bonds	(141,656)	
Promissory Notes Payable	(2,045,000)	
OPEB Obligation	(968,833)	
Pension Obligation	(377,028)	(32,869,549)

Total Net Assets **\$ 2,587,921**

See accompanying notes to 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, 2011

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL REVENUE	TOTAL
REVENUES:					
From Local Sources:	\$ 4,921,812	\$ 1,839,093	\$ 53,753	\$ 343,526	\$ 7,158,184
From Intermediate Sources	58,080	-	-	17,430	75,510
From State Sources	1,503,695	-	-	608,036	2,111,731
From Federal Sources	306,347	-	-	85,368	391,715
Total Revenues	6,789,934	1,839,093	53,753	1,054,360	9,737,140
EXPENDITURES:					
Current:					
Instruction	3,880,389	-	-	75,599	3,955,988
Support Services	2,795,566	-	-	23,342	2,818,908
Enterprise and Community Services	-	-	-	380,542	380,542
Facilities Acquisition and Construction	-	-	3,325	-	3,325
Non Current:					
Debt Service	-	1,865,852	-	-	1,865,852
Capital Outlay	-	-	3,147,957	-	3,147,957
Total Expenditures	6,675,955	1,865,852	3,151,282	479,483	12,112,572
Net Change in Fund Balance	113,979	(26,759)	(3,097,529)	574,877	(2,435,432)
Beginning Fund Balance	1,006,290	(783)	3,427,650	262,965	4,696,122
Ending Fund Balance	\$ 1,120,269	\$ (27,542)	\$ 330,121	\$ 837,842	\$ 2,260,690

See accompanying notes to 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**

Year Ended June 30, 2011

Net Change in Fund Balance	\$ (2,435,432)
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Amounts reported for governmental activities in the statement
of activities are different because:

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:

Capitalized Expenditures	3,147,957	
Depreciation expense	(600,874)	
Gain (Loss) on Sale of Assets	<u>(110,000)</u>	2,437,083

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, 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 Assets. This is the amount by which proceeds exceeded repayments:

Principal Repaid	1,007,535
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Governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of Bond Issuance Costs, GO Bonds	(20,602)	
Amortization of Bond Issuance Costs, PERS Bonds	(2,560)	
Amortization of Prepaid Pension Asset	(171,600)	
Amortization of Premiums, GO Bonds	41,260	

In the Statement of Activities, interest is accrued on long term debt, whereas in governmental funds it is recorded as interest expense when due.	(2,484)
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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	(4,809)	
OPEB Obligations	(968,833)	
Pension Obligation	(316,228)	

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 deferred revenue. They are, however, recorded as revenues in the Statement of Activities.

	<u>(473)</u>
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Change in Net Assets	<u>\$ (437,143)</u>
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See accompanying notes to 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 financial statements present the District and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 39, are separate organizations that are included in the District's reporting entity 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 Assets and the Statement of Activities) display information about the reporting government 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 Assets 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.

Debt Service Fund

This fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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.

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.

Use of Estimates

The preparation of 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 by management.

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, deferred revenue.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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.

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 three years. 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, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method. As permitted by GASB Statement No. 34 the cost of bond issuance is amortized prospectively from the date of adoption of GASB Statement No. 34.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Retirement Plans

Substantially all employees are participants in the Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

Certified employees who have completed twenty years of service with the District, and are fifty-two years or older shall receive a monthly stipend of \$400 for six years upon retirement. There are currently four retirees that are receiving the stipend.

Employees are offered a tax deferred annuity plan. This plan has been established pursuant to Section 403(b) of the Internal Revenue Code.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Post Employment Health Care Benefits

Retirees electing to take part in any of the District retirement programs will be allowed to continue the group medical, dental and/or vision insurance coverage at their own expense, subject to the terms and conditions of the insurance carrier(s). The District pays the group medical, dental and vision insurance premiums for the qualifying retirees, plus one of their dependents, if applicable.

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 Assets

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

Invested in capital assets, net of related debt – 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 net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are net assets restricted for debt service and capital projects.

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

Fund Equity

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. 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 fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- 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).

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

- 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 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 is not recorded on capital assets and debt including OPEB obligations are recorded as an expenditure when paid.

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.

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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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

Expenditures of the various funds were within authorized appropriations, except in the General Fund, where Instruction was over-expended by \$5,389, and in the Special Revenue Fund, where Support Services was over-expended by \$35,879.

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, 2011, the bank balance of \$1,251,791 was fully insured by 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 was in compliance with all portfolio guidelines at June 30, 2011.

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, 2011 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

There were the following investments and maturities:

Cash and Investments at June 30, 2011 consisted of:

Cash	\$ 1,146,404
Investments	1,091,755
Total Cash & Investments	<u>\$ 2,238,159</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurers Investment Pool	<u>\$ 1,091,755</u>	<u>\$ 1,091,755</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 1,091,755</u>	<u>\$ 1,091,755</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 does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration of Credit Risk

At June 30, 2011, 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, 2011, they were in compliance with all percentage restrictions.

4. RECEIVABLES

Receivables at June 30, 2011 consist of the following:

- A. Property taxes receivable represent delinquent amounts due for property taxes levied in the current and prior years.
- B. 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

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2011, are as follows:

	Governmental Capital Assets 7/1/2010	Additions	Deletions	Governmental Capital Assets 6/30/2011
Capital assets not being depreciated:				
Land & Land Improvements	\$ 7,521	\$ -	\$ -	\$ 7,521
Capital assets being depreciated:				
Buildings & Improvements	13,753,932	19,682,938	(450,000)	32,986,870
Vehicles and Equipment	157,534	-	-	157,534
Construction in Progress	16,534,981	3,147,957	(19,682,938)	-
Total	30,446,447	22,830,895	(20,132,938)	33,144,404
Accumulated Depreciation:				
Buildings and Improvements	2,908,386	594,128	(340,000)	3,162,514
Vehicles and Equipments	102,885	6,746	-	109,631
Total	3,011,271	600,874	(340,000)	3,272,145
Capital Assets, Net	<u>\$ 27,442,697</u>			<u>\$ 29,879,780</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 363,766
Support	236,716
Community Services	392
Total Depreciation Expense	<u>\$ 600,874</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 in the amount of \$1,579 for the copiers. Future lease payments are as follows:

Year Ended June 30,	Amount
2012	\$ 18,952
2013	18,952
2014	18,952
2015	4,738
Total	<u>\$ 61,594</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 \$143,400 or \$11,950 per month.

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

PERS

Contributions are made to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Generally, employees who retire at or after age 55 or with 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.67% of their final average salary for each year of credited service. Final average monthly salary is based upon either the three calendar years out of the last ten calendar years of employment during which the highest salaries were earned or the last 36 calendar months of membership, whichever is larger.

Employees become members of PERS after six months of service in a qualified position and benefits fully vest on reaching 5 years of service. Vested employees with fewer than 30 years of service will receive reduced benefits if retirement occurs prior to age 58. PERS also provides death and disability benefits. Benefits are established by State statute. PERS is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. The Oregon Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing PERS, P.O. Box 23700, Tigard, OR 97281-3700.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

Members of PERS are required to contribute 6% of their salary covered under the plan. ORS 238.225 requires contributions at an actuarially determined rate. The rate effective July 1, 2009 is 0.29% of salary covered under the plan for Tier 1 and Tier 2 employees and 0.19% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The District participated in the Oregon School Boards Association limited tax pension obligation bond issues to finance a portion of the estimated unfunded PERS actuarial liability (the "UAL"). A total of \$4,387,738 was borrowed, reducing the rate paid to PERS. The PERS Board has statutory authority to revise employer contributions as necessary to ensure the promised benefits will be funded on a sound basis. The contributions to the plan for the years ending June 30, 2011, 2010 & 2009 were \$215,503, \$191,054, and 407,955, respectively, and were equal to the required contributions for each year.

9. PENSION & OPEB BENEFITS

Pension Plan

Plan Description

A single-employer pension plan for employees is maintained. This plan covers all certificated personnel of the District hired on or before July 1, 2007. 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 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 fiscal years 2011, 2010, and 2009 were \$21,200 \$19,200, and \$28,400, respectively, which equaled the required contribution for the year. There have been five retirees receiving pension benefits over the past five years, except for in 2009 when there were six retirees receiving benefits.

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 actuarially 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 actuarial liabilities (or funding excess) over a period not to exceed fifteen years.

	2011
Annual required contribution	\$ 47,750
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>347,648</u>
Annual pension cost (APC)	395,398
Contributions made	<u>(18,370)</u>
Increase (Decrease) in net pension obligation	377,028
Net Pension Obligation (Asset) at beginning of year	<u>-</u>
Net Pension Obligation (Asset) at end of year	<u><u>\$ 377,028</u></u>
Percentage of APC contributed	38%

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS (CONTINUED)

Pension Plan (Continued)

Funding Status and Funding Progress

As of June 30, 2011, the plan was 0% funded. The actuarial accrued liability for benefits was \$377,028 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$377,028. The Annual Required Contribution (ARC) for June 30, 2011 has been actuarially determined to be \$47,750 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 Actuarial 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 Actuarial Accrued Liability amortized as a level percentage of payroll.

Significant assumptions are as follows:

- Eligible employees will begin benefits upon attaining 20 years of service with Riverdale School District or age 52, whichever is later and were hired on or before July 1, 2007.
- 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 1.5% per year based on the long-term expectations published in the Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents, June 2011.
- Investment earnings rate is pegged to the 10 year Treasury yield at June 30, 2011 of 3.18%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about 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, 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 are charged to supplemental retirement in the General Fund.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PENSION & OPEB BENEFITS (CONTINUED)

Post Employment Health Care Benefits (Continued)

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 2011, 2010, and 2009 were \$35,087, \$42,902, and \$75,244, respectively, which equaled the required contribution for the year. There were six retirees receiving benefits in the current year and the 2009 year, and five retirees receiving benefits in the 2010, 2008, & 2007 fiscal years.

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 actuarial liabilities (or funding excess) over a period not to exceed fifteen years.

	<u>2011</u>
Annual required contribution	\$ 123,172
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>922,940</u>
Annual OPEB cost (AOC)	1,046,112
Contributions made	<u>(77,279)</u>
Increase (Decrease) in net OPEB obligation	968,833
Net OPEB Obligation (Asset) at beginning of year	-
Net OPEB Obligation (Asset) at end of year	<u>\$ 968,833</u>
Percentage of AOC contributed	63%

Funding Status and Funding Progress

As of June 30, 2011, the plan was 0% funded. The actuarial accrued liability for benefits was \$968,833 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$968,833. The Annual Required Contribution (ARC) for June 30, 2011 has been actuarially determined to be \$123,172 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 Actuarial 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 Actuarial 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)

Post Employment Health Care Benefits (Continued)

Significant assumptions are as follows:

- Eligible employees will begin benefits upon attaining 20 years of service with Riverdale School District or age 52, whichever is later and were hired on or before July 1, 2007.
- 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 1.5% per year based on the long-term expectations published in the Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents, June 2011.
- Investment earnings rate is pegged to the 10 year Treasury yield at June 30, 2011 of 3.18%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about 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, 2011, 12 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 are issued to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$13,095,000. 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 District's 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 governmental activities column of the statement of net assets. This advance refunding was undertaken to result in an economic gain of \$180,447.

Foundation Promissory Notes

Promissory Notes payable to the Riverdale Schools Foundation in the aggregate principal amount of \$2,045,000 were entered into to pay for various expenditures. Principal payments are due at the maturity date of December 31, 2013. Interest accrues at the rate of 5% per annum and is due December 31, 2013.

Changes in long-term debt outstanding are as follows:

	Interest Rates	Outstanding 7/1/2010	Debt Issued	Matured and Redeemed	Outstanding 6/30/2011
Pension Bond 2003	1.15-6.3	\$ 3,608,817	\$ -	\$ 122,535	\$ 3,486,282
GO Bonds 2008 Refunding	3.75-4	4,735,000	-	655,000	4,080,000
GO Bonds 2009 A&B	2.5-5.77	21,496,278	-	230,000	21,266,278
Promissory Note	3.5-6.0	2,045,000	-	-	2,045,000
		31,945,895	-	1,007,535	30,877,560
Premium on Bonds Payable		538,107	-	41,260	496,847
Accrued Discount on PERS Bonds		141,656	-	-	141,656
Total		<u>\$ 32,625,658</u>	<u>\$ -</u>	<u>\$ 1,048,795</u>	<u>\$ 31,516,063</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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,104,293	\$ 990,985
2013	1,205,070	976,708
2014	3,339,884	1,475,166
2015	1,390,839	768,301
2016	1,488,716	740,263
2017-21	6,982,499	3,966,929
2022-26	8,750,561	4,004,299
2027-31	4,608,394	7,962,271
2032-34	2,007,304	5,947,691
Total	<u>\$ 30,877,560</u>	<u>\$ 26,832,613</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.

12. PROPERTY TAX LIMITATION

The State of Oregon imposes 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 State 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.

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 can not be determined.

14. GRANT COMPLIANCE (OMB A-133)

Less than \$500,000 of federal awards were spent during fiscal year 2011 and therefore the Single Audit Act of 1996 and OMB Circular A-133 do not apply.

15. DEFICIT FUND BALANCE

At June 30, 2011, there was a deficit fund balance in the Debt Service Fund of \$27,542. The deficit will be removed in future years with additional revenues or transfers from other funds.

16. PREPAID PENSION ASSET

The unfunded actuarial liability to PERS was prepaid with a lump sum payment from the proceeds of the 2003 Pension Bonds. At June 30, 2011, there was a prepaid pension asset of \$2,917,200, which is net of accumulated amortization.

17. INTERFUND BALANCES

The composition of interfund balances is as follows:

Due From Other Funds:

General Fund	\$ 44,342
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Due To Other Funds:

Debt Service Fund	\$ 44,342
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The internal balances are recorded to show legal and operational commitments between funds.

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RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

Individual Major Fund Budgetary Basis Schedules

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RIVERDALE SCHOOL DISTRICT
MULTNOMAH COUNTY, OREGON
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 PENSION PLAN
 For the Year Ended June 30, 2011

PLAN I (PENSION):

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
6/30/2011	-	\$ 377,028	\$ 377,028	N/A	N/A *	N/A
6/30/2010	-	N/A	N/A	N/A	N/A *	N/A
6/30/2009	-	N/A	N/A	N/A	N/A *	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	
2011	\$ 47,750	44%	%
2010	N/A	N/A	
2009	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
 For the Year Ended June 30, 2011

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
6/30/2011	-	\$ 968,833	\$ 968,833	-	N/A *	N/A
6/30/2010	-	N/A	N/A	N/A	N/A *	N/A
6/30/2009	-	N/A	N/A	N/A	N/A *	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	
2011	\$ 123,172	28%	%
2010	N/A	N/A	
2009	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, 2011

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources	\$ 4,777,234	\$ 4,777,234	\$ 4,921,812	\$ 144,578
From Intermediate Sources	-	-	58,080	58,080
From State Sources	1,589,241	1,589,241	1,503,695	(85,546)
From Federal Sources	3,000	3,000	306,347	303,347
Total Revenues	6,369,475	6,369,475	6,789,934	420,459
EXPENDITURES:				
Instruction	3,745,151	3,875,000 (1)	3,880,389	(5,389)
Support Services	2,780,810	2,830,000 (1)	2,795,566	34,434
Contingency	801,497	622,458 (1)	-	622,458
Total Expenditures	7,327,458	7,327,458	6,675,955	651,503
Net Change in Fund Balance	(957,983)	(957,983)	113,979	1,071,962
Beginning Fund Balance	957,983	957,983	1,006,290	48,307
Ending Fund Balance	\$ -	\$ -	\$ 1,120,269	\$ 1,120,269

(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, 2011

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources	\$ 340,000	\$ 340,000	\$ 343,526	\$ 3,526
From Intermediate Sources	-	-	17,430	17,430
From State Sources	6,000	346,000	608,036	
From Federal Sources	268,500	268,500	85,368	(183,132)
Total Revenues	614,500	954,500	1,054,360	99,860
EXPENDITURES:				
Instruction	265,385	190,385 (1)	75,599	114,786
Support Services	-	75,000 (1)	23,342	51,658
Community Services	6,000	6,000 (1)	4,663	1,337
Student Body	340,000	340,000 (1)	375,879	(35,879)
Contingency	4,262	4,262 (1)	-	4,262
Total Expenditures	615,647	615,647	479,483	136,164
Net Change in Fund Balance	(1,147)	338,853	574,877	236,024
Beginning Fund Balance	204,942	204,942	262,965	58,023
Ending Fund Balance	\$ 203,795	\$ 543,795	\$ 837,842	\$ 294,047

(1) Appropriation Level

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

SUPPLEMENTARY DATA

Combining and Individual Nonmajor Fund
& Other Financial Schedules

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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, 2011

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	GO BONDS ACTUAL	PENSION OBLIGATION BONDS ACTUAL	TOTAL ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:						
From Local Sources	\$ 1,573,400	\$ 1,867,853	\$ 1,495,143	\$ 343,950	\$ 1,839,093	\$ (28,760)
Total Revenue	1,573,400	1,867,853	1,495,143	343,950	1,839,093	(28,760)
EXPENDITURES:						
Long-Term Debt Service:						
Redemption of Principal	885,000	1,007,535	885,000	122,535	1,007,535	-
Interest	686,400	858,318	684,400	171,917	856,317	2,001
Dues and Fees	2,000	2,000	400	1,600	2,000	-
Total Debt Service	1,573,400	1,867,853	(1) 1,569,800	296,052	1,865,852	2,001
Net Change in Fund Balance	-	-	(74,657)	47,898	(26,759)	(26,759)
Beginning Fund Balance	-	-	(14,554)	13,771	(783)	(783)
Ending Fund Balance	\$ -	\$ -	\$ (89,211)	\$ 61,669	\$ (27,542)	\$ (27,542)

(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, 2011

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources	\$ 6,000	\$ 6,000	\$ 53,753	\$ 47,753
Total Revenue	6,000	6,000	53,753	47,753
EXPENDITURES:				
Facilities Acquisition and Construction	4,615,488	4,615,488 (1)	3,151,282	1,464,206
Total Expenditures	4,615,488	4,615,488	3,151,282	1,464,206
Net Change in Fund Balance	(4,609,488)	(4,609,488)	(3,097,529)	1,511,959
Beginning Fund Balance	4,609,488	4,609,488	3,427,650	(1,181,838)
Ending Fund Balance	\$ -	\$ -	\$ 330,121	\$ 330,121

(1) Appropriation Level

RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES
For the Year Ended June 30, 2011

<u>ISSUE DATE</u>	<u>OUTSTANDING MATURED BONDS & COUPONS 7/1/2010</u>	<u>BONDS & COUPONS MATURED DURING YEAR</u>	<u>BONDS AND COUPONS PAID</u>	<u>OUTSTANDING MATURED BONDS & COUPONS 6/30/2011</u>
4/3/2003 a	\$ -	\$ 294,452	\$ 294,452	\$ -
7/29/2008 b	-	842,775	842,775	-
2/26/2009	-	726,625	726,625	-
Total	<u>\$ -</u>	<u>\$ 1,863,852</u>	<u>\$ 1,863,852</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	\$ 1,569,400
Pension Obligation Bond Fund	294,452
Total	<u>\$ 1,863,852</u>

RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST REDEMPTION REQUIREMENTS
June 30, 2011

FISCAL YEAR ENDING	ISSUE OF 7/29/08		ISSUE OF 2/26/09		ISSUE OF 4/3/03		TOTAL OF ALL ISSUES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
		3.785 - 4%		2.5 - 5.7%		1.15-6.3%		
	DUE 6/15	DUE 12/15 & 6/15	DUE 6/15	DUE 12/15 & 6/15	DUE 6/30	DUE 6/30		
2011-12	750,000	161,575	230,000	490,875	124,293	185,160	1,104,293	837,610
2012-13	785,000	131,575	295,000	485,125	125,070	199,383	1,205,070	816,083
2013-14	820,000	100,238	350,000	477,750	124,884	214,569	1,294,884	792,557
2014-15	850,000	67,438	415,000	467,250	125,839	233,613	1,390,839	768,301
2015-16	875,000	33,938	490,000	455,588	123,716	250,737	1,488,716	740,263
2016-17	-	-	1,210,000	440,888	123,869	270,583	1,333,869	711,471
2017-18	-	-	1,300,000	402,988	122,925	291,528	1,422,925	694,516
2018-19	-	-	1,390,000	362,363	121,523	312,929	1,511,523	675,292
2019-20	-	-	929,397	878,566	120,010	334,443	1,049,407	1,213,009
2020-21	-	-	1,545,000	312,963	119,775	359,678	1,664,775	672,641
2021-22	-	-	1,675,000	239,575	117,949	381,504	1,792,949	621,079
2022-23	-	-	1,815,000	160,013	116,429	403,023	1,931,428	563,036
2023-24	-	-	1,950,000	82,875	405,000	114,452	2,355,000	197,327
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	-	-	691,851	1,883,149	-	-	691,851	1,883,149
2032-33	-	-	668,198	1,981,803	-	-	668,198	1,981,803
2033-34	-	-	647,255	2,082,739	-	-	647,255	2,082,739
	<u>\$ 4,080,000</u>	<u>\$ 494,764</u>	<u>\$ 21,266,278</u>	<u>\$ 21,574,934</u>	<u>\$ 3,486,282</u>	<u>\$ 3,766,304</u>	<u>\$ 28,832,560</u>	<u>\$ 25,836,002</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, 2011

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2010</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/11</u>
<u>GENERAL FUND:</u>						
CURRENT:						
2010-11	\$ 2,615,997	\$ 59,729	\$ (15,834)	\$ 1,227	\$ 2,468,587	\$ 73,074
PRIOR YEARS:						
2009-10	82,542	(84)	(9,124)	3,381	42,581	34,302
2008-09	36,599	(27)	(4,811)	3,171	16,055	18,931
2007-08	15,790	(2)	(2,976)	2,717	9,226	6,307
2006-07	6,039	-	(1,905)	1,670	4,725	1,079
2005-06 & Prior	3,712	-	(561)	311	572	2,890
Total Prior	144,682	(113)	(19,377)	11,250	73,159	63,509
Total General Fund	\$ 2,760,679	\$ 59,617	\$ (35,211)	\$ 12,477	\$ 2,541,746	\$ 136,582

RECONCILIATION OF REVENUE:

	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 2,541,746
Accrual of Receivables:	
Other Taxes	17,522
June 30, 2010	(16,506)
June 30, 2011	11,688
Total Revenue	\$ 2,554,450

RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For The Year Ended June 30, 2011

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2010</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/11</u>
<u>DEBT SERVICE</u>						
CURRENT:						
2010-11	\$ 1,546,289	\$ 35,305	\$ (9,359)	\$ 725	\$ 1,459,157	\$ 43,193
PRIOR YEARS:						
2009-10	47,323	(48)	(5,230)	1,938	24,413	19,666
2008-09	12,973	(10)	(1,706)	1,124	5,691	6,710
2007-08	4,989	(1)	(941)	859	2,915	1,993
2006-07	2,512	-	(793)	695	1,966	448
2005-06 & Prior	2,119	-	(321)	178	326	1,650
Total Prior	69,916	(59)	(8,991)	4,794	35,311	30,467
Total Debt Service Fund	\$ 1,616,205	\$ 35,246	\$ (18,350)	\$ 5,519	\$ 1,494,468	\$ 73,660
RECONCILIATION OF REVENUE:						DEBT SERVICE FUND
Cash Collections by County Treasurer Above						\$ 1,494,468
Accrual of Receivables:						
June 30, 2010						(9,390)
June 30, 2011						7,004
Total Revenue						\$ 1,492,082

RIVERDALE SCHOOL DISTRICT NO.51JT
MULTNOMAH COUNTY, OREGON

SUPPLEMENTAL INFORMATION
AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION
For The Year Ended June 30, 2011

A. ENERGY BILLS FOR HEATING - ALL FUNDS:

Function 2540	\$ 124,821
Function 2550	<u>-</u>

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

\$	<u>-</u>
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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, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT PERIOD</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ARRA - IDEA	84.027A	7/1/2010-06/30/2011	\$ 75,600
ARRA - Ed Jobs	84.41	8/10/2010-9/30/2012	98,986
ARRA - SFSF	84.394	2/7/2009-9/30/2011	<u>206,211</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>380,797</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
FEDERAL FOREST FEES	10.665	N/A	<u>1,150</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,150</u>
U.S. CENTER FOR DISEASE CONTROL AND PREVENTION			
Passed Through cppw Grants Manager Multnomah County Health Department:			
ARRA - Healthy Active Schools	4600008367	6/19/2010-3/18/2012	<u>9,768</u>
TOTAL U.S. CENTER FOR DISEASE CONTROL AND PREVENTION			<u>9,768</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 391,715</u></u>

RIVERDALE SCHOOL DISTRICT 51J
MULTNOMAH COUNTY, OREGON

2010-11 INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

February 3, 2012

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, 2011, and have issued our report thereon dated February 3, 2012. 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 Riverdale School District 51J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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).**
- **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 as follows:

1. Expenditures of the various funds were within authorized appropriations except as noted on page 20.
2. Student Body Funds were appropriated as a functional category of expenditures in the Special Revenue Fund. This is not an authorized appropriations category.

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 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 matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated February 3, 2012.

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.

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.