

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**2014-2015 FINANCIAL REPORT**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**

**Clackamas County, Oregon**

**PRINCIPAL OFFICIALS**

<b><u>BOARD OF DIRECTORS</u></b>	<b><u>TERM EXPIRES</u></b>
Rein Vaga, Director	June 30, 2015
Sam Gillispie, Director	June 30, 2015
Tory McVay, Vice Chair	June 30, 2017
Vivian Scott, Director	June 30, 2017
Trisha Claxton, Director	June 30, 2015
Kyle Walker, Chair	June 30, 2015
Daryl Dixon, Director	June 30, 2017

The Board of Directors receives mail at the address below:

**DISTRICT ADMINISTRATION**

**Matt Utterback, Superintendent - Clerk  
Mary Knigge, Chief Financial Officer**

**DISTRICT ADDRESS  
4444 S.E. Lake Road  
Milwaukie, Oregon 97222**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**

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Mary Knigge  
*Chief Financial Officer*

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Milwaukie, Oregon 97222  
503-353-1900  
kniggem@nclack.k12.or.us

December 23, 2015

North Clackamas School District No.12  
Board of Directors  
4444 SE Lake Road  
Milwaukie, Oregon 97222-4799

Oregon Municipal Audit Law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. Pursuant to this requirement, the annual financial report of the North Clackamas School District (the District) for the fiscal year ended June 30, 2015, is hereby submitted. This report was prepared by the District's Fiscal Services Department. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework that is designed both to protect assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

## REPORT CONTENTS

The Comprehensive Annual Financial Report is presented in four sections. These sections and their components are as follows:

- The **Introductory Section** includes this Letter of Transmittal.
- The **Financial Section** includes the independent auditor's report, management's discussion and analysis, basic financial statements for the entity as a whole, notes to the basic financial statements, required supplementary information and other supplementary information.
- Following the **Financial Section** is the **Independent Auditors' Report** required by Oregon State Regulations.
- The **Grant Compliance Review** contains reports required by the Single Audit Act.
- Finally, the **Other Information** contains schedules showing the future maturities of long-term debt, as well as the statistical section.

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE DISTRICT**

The North Clackamas School District is a kindergarten through twelfth grade district serving approximately 17,200 students. The District is a financially independent, special-purpose municipal corporation exercising financial accountability for all public education within its boundaries. As required by accounting principles generally accepted in the United States of America, all significant activities and organizations have been included in the financial statements.

The District is located in Clackamas County and is located approximately 12 miles southeast of Portland, Oregon along Interstate 205. The District covers approximately 40 square miles in Northern Clackamas County and encompasses the cities of Milwaukie, Happy Valley, Johnson City, and part of Damascus as well as unincorporated neighborhoods of Oak Grove, Concord, Clackamas, Sunnyside, Mount Scott, Southgate and Carver. It is the fifth largest school district in Oregon. The North Clackamas School District, elected by a majority of the voting electorate, is the governing body responsible for the District's public decisions. The seven-member Board has the oversight, responsibility and control over all activities related to the District.

## **ECONOMIC CONDITION AND OUTLOOK**

The State of Oregon, trailing the developments affecting the national economy, is now in a weakened but improving economic position with slowly moderating unemployment, gradual unfreezing of business credit, improvement in the national housing market, and other encouraging economic indicators.

Clackamas County had passed through the end of the decade of steady growth in population and development as the recession of 2008-09 took hold. Clackamas Town Center, the largest shopping center in Oregon, with 1.2 million square feet of space, has 185 stores, is fully leased and in the process of expanding. Major commercial business centers are located in the Clackamas Town Center and along McLoughlin Boulevard. Industrial sites include the Clackamas Industrial area along Highway 212, with roughly 500 businesses, and the Milwaukie Industrial area along Highway 224, with 300 businesses. Community business centers are located in Milwaukie, Gladstone and Damascus. Recently completed within the district boundaries is a neo-traditional development called Sunnyside Village, which will comprise 2,000 dwellings and a shopping mall.

Manufacturing employment represents approximately 16 percent of the total wage and salary employment. Non-manufacturing employment represents approximately 84 percent of the total wage and salary employment. The unemployment rate for the area is 4.8 percent, down from 6.1 percent a year ago and identical to the national average. The major taxpayers within the North Clackamas School District include Shorenstein Properties (Real Estate), General Growth Properties Inc. (Town Center Mall), Clackamas Baking Plant (Bakery), PCC Structural Inc.

(Manufacturing/Aerospace), Zerox Corporation (Telecommunications/Image Solutions) Blount Inc. (Chainsaws, Machinery), Mentor Graphics (Graphic Design) and Kaiser Foundation Hospital (Hospital).

A variety of transportation alternatives are available in this area. Tri-Met service is available to Portland and the metropolitan area. Transfer stations are located in downtown Milwaukie and Clackamas Town Center. Portland International Airport offers easy access to domestic and international markets with 17 scheduled passenger airlines, 14 cargo carriers, 39 cities and 12 countries serve the Portland Metropolitan area. First morning service is provided as far north as Vancouver B.C. and Los Angeles is less than two days south. The Southern Pacific Mainline runs through the Clackamas and Milwaukie Industrial areas. Two other transcontinental railroads serving Portland include Burlington Northern and Union Pacific. Amtrak provides passenger service. The Port of Portland has five Marine terminals, four dry docks and excellent ship repair facilities. Container handling and dockside rail service are readily available. An extensive rail, air, barge and highway transportation network serves the harbor. I-205 is a circumferential freeway bypassing downtown Portland. It connects with I-5 and I-84 for destinations north, south and east. The I-205 beltline serves about 100,000 vehicles daily. Highway 212 connects North Clackamas to U.S. Highway 26 and serves the Mount Hood corridor and Central Oregon. Highway 99E connects the North Clackamas area to the Willamette Valley, Salem and Eugene.

## **MAJOR INITIATIVES**

The School Board, for the 2014-15 school year, approved the following goals:

1. Student Achievement: Each student will meet or exceed grade level standards and graduate.
2. Equity: Create inclusive learning environments for each student.
3. Resources and Quality Programs: Improve financial stability, leverage assets, and expand efficiencies throughout the system.

## **FINANCIAL INFORMATION**

Management of the District is responsible for establishing and maintaining an internal control structure designed to protect the assets of the District from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of the control should not exceed the benefits likely to be derived, and
2. The valuation of costs and benefits requires estimates and judgments by management.

**Single Audit.** As a recipient of federal, state, and county financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

This internal control structure is subject to periodic evaluation by management and the internal audit staff of the District. As part of the District's single audit tests have been made to determine

the adequacy of the internal control structure, including that portion related to federal financial award programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2015, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**Budgetary Controls.** In addition, the District maintains budgetary controls. The objective of such budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's Board of Directors. Activities of the General Fund, Special revenue Funds, Debt Service Funds, Enterprise Funds, Internal service Funds, Trust and Agency Funds, and Capital Project Funds are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law as outlined in the Oregon Revised Statutes 294.305 through 294.520, inclusive. The budget for each individual fund is a plan for the financial operation to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Education. After adoption, the budget may be revised through procedures specified in State statute and Board policy.

Oregon Local Budget law requires the appointment of a Budget Committee to review and approve the budget. The Budget Committee consists of the seven members of the Board of Directors and seven members appointed by the Board. The administration proposes a budget to the Budget Committee, which the Budget Committee may revise or approve. A summary of the approved budget, together with a notice of public hearing, is published in a newspaper with general circulation in the District. A public hearing is held to receive comments concerning the approved budget. The Board of Directors adopts the budget, makes appropriations, and levies taxes after the public hearing and before the beginning of the year for which the budget has been prepared.

**Fund Summary.** The results of operations and other financial data for the year ended June 30, 2015, are presented by the following non-governmental individual funds. Governmental funds are discussed in more detail in the Management's Discussion and Analysis section.

The financial statements for the non-governmental funds reflect the financial activity of the Internal Service Fund (self-insurance fund) and the Fiduciary Fund (student activity funds).

#### Internal Service Fund

This fund accounts for costs incurred for employees' general health insurance, workers compensation, property and liability claims. Principal revenue sources are charges to other funds for service and earnings on investments. The fund balance at June 30, 2015, was \$10,968,718.



### Fiduciary Fund

This fund accounts for the collection and distribution of monies for student clubs and activities at the District's schools. The amount held for student groups at June 30, 2015, was \$1,991,478.

**Cash Management:** Throughout the year, cash not required for current operations was invested in the State of Oregon Local Government Investment Pool, U.S. Treasury securities, demand deposits, time certificates of deposit, bankers' acceptances, and commercial paper. All investments were in accordance with the District's Fiscal Management Policies. Interest income on pooled cash and investments recorded in the General Fund is allocated to the various funds based upon their monthly interfund balances. The District conforms to the State requirement that amounts on deposit with financial institutions be collateralized with securities having a value of not less than 25 percent of amounts in excess of depository insurance coverage. Interest earnings for the past three fiscal years decreased due to low interest rates on investments.

**Risk Management:** The District's insurance program includes auto, property, and commercial general liability insurance coverage. The program also includes a self-insured retention of \$50,000 per occurrence for all major exposures. In addition, the District successfully maintains a self-insured Workers' Compensation program. The liability limits for this program are \$300,000 per occurrence with a \$90,000 per claim stop loss provision to further limit exposures.

Since 1989 the District has implemented a modified return-to-work program. The program concentrates on returning injured workers to modified or light duty work until they are able to return to their own positions. The program has significantly reduced time loss claims and helps get the employee back into the work environment.

**Long-term Financial Planning:** In January 2014, the Board of Directors readopted Policy **DBDB Fund Balance**, which directs the superintendent or designee to ensure a minimum fund balance of 5 percent of total adopted revenues. The District's unassigned fund balance in the General Fund is \$17,423,780, well above the minimum targeted level of 5 percent.

### **INDEPENDENT AUDIT**

As required by Oregon revised Statutes, sections 297.405 to 297.555 (known as the "Municipal Audit Law") an annual audit by independent certified public accountants has been performed. Pauly, Rogers, and Co., P.C. a firm of licensed certified public accountants, has audited the North Clackamas School District's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's basic financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report. The independent audit of the District's basic financial statements were part of the broader federally mandated "Single Audit" designed to meet the special requirements of federal grantor agencies. The standards

governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section of this report.

#### **ACKNOWLEDGEMENTS**

We wish to express our appreciation to the entire Fiscal Services staff for their efforts and contributions to this annual financial report. We would also like to thank the members of the Board of Directors for their continued support and dedication to the effective financial operation of the District.

Respectfully submitted,

A handwritten signature in black ink that reads "Mary Knigge". The signature is written in a cursive style with a prominent loop at the end of the last name.

Mary Knigge,  
Chief Financial Officer



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December 18, 2015

To the Board of Directors  
North Clackamas School District No. 12  
Clackamas County, Oregon

## INDEPENDENT AUDITORS' REPORT

### **Report on the Financial Statements**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Clackamas School District, Clackamas County, Oregon, as of and for the year ended June 30, 2015, and the related notes to the financials which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the North Clackamas School District, Clackamas County, Oregon, at June 30, 2015 and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity 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 Financial Reporting for Pensions*, for the year ended June 30, 2015. Our opinions are 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 the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis, as listed in the table of contents, 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 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of funding progress, pension schedules and 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Clackamas School District's basic financial statements. The supplementary and other information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.


The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financials statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2015 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 18, 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, appearing to read "Ken Allen". The signature is fluid and cursive, with a large initial "K" and "A".

Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2015**

As management of the North Clackamas School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i - vi of this report.

**NEW ACCOUNTING STANDARDS IMPLEMENTED**

The District implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB No. 68) and Statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68* (GASB No. 71) in fiscal year 2015. GASB No. 68 establishes new accounting and financial reporting requirements related to pensions provided by governments, while GASB 71 establishes guidance for contributions made after the measurement date of the net pension liability. The objective is to reflect the status of pensions on the governmental financial statements. The implementation of GASB No. 68 resulted in the reduction in the beginning net position of \$24.5 million.

GASB Statement 69, *Government Combinations and Disposals of Operations* provides guidance on accounting for and reporting government mergers, acquisitions, and disposals. The District had no such events.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets deferred outflows of resources of the District exceeded its liabilities at June 30, 2015, by \$24,480,685 (net position).
- The District's total net position decreased by \$55,100,223 for the fiscal year. A 30.8 percent decline in the District's financial position as compared to the prior year and before the restatement.
- The District has \$328,375,252 invested in capital assets, net of depreciation.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$17,423,780 or about 8.0 percent of total general fund expenditures.
- Total cost of all the District's programs was \$210,799,384 for the fiscal year, an increase of \$12,402,226 (6.25 percent) from the prior year.
- The District's total outstanding long-term debt increased by \$17,284,000 (5.1 percent) during the 2014-15 fiscal year. In addition to long-term debt, the District's total capital leases payable decreased by \$812,237 (8.79 percent).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis is intended to serve as an introduction to the basic financial statements of the District. 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 supplementary information in addition to the basic financial statements themselves.

- 1) **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. These statements include:

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2015**

**The Statement of Net Position:** The *Statement of Net Position* focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets plus deferred outflows), what it owes (liabilities plus deferred inflows), and the net difference (net position).

Net position may be further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating.

**The Statement of Activities:** The *Statement of Activities* presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category:

**Governmental activities:** The District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

- 2) **Fund financial statements:** The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. 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 North Clackamas School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

**Governmental funds:** The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2015**

The District maintains several individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Revenue, Trust/Agency, Debt Service, Community Services and Capital Projects Funds, all of which are considered to be major funds.

**Proprietary funds:** The District maintains one proprietary fund type (internal service fund). The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for insurance claims and premiums. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds. The District maintains a fiduciary fund for the combined Student Activity Funds.

- 3) **Notes to the basic 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 basic financial statements are considered to be an integral part of the financial statements.
- 4) **Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* including budget to actual presentations for major funds and a schedule of property tax transactions.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$24,480,685 at June 30, 2015.

Cash and investments represent 10.4 percent of total assets.

Capital assets, which consist of the District's land, buildings, building improvements, construction-in-progress, vehicles, and equipment, represent about 83.2 percent of total assets.

The remaining assets consist mainly of property tax and other receivables and prepaid assets.

The District reports deferred outflows of \$35,334,060, which represent the deferred book loss that occurred as a result of the 2015 refunding of previously issued GO Bonds. The deferred loss will be amortized over the life of the new bonds.

The District's largest liability (84 percent) is for the repayment of general obligation and limited tax pension obligation bonds. Other liabilities, representing 16 percent of the District's total liabilities, consist almost entirely of payables on accounts, notes, and accrued salaries and benefits.



**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2015**

The District reports Deferred Inflows related to pensions of \$17,246,853. Pension deferrals are reported as a result of the District adopting GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and are representative of adjustments to estimates made in the most recent actuarial valuation for the pension plan.

The majority of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these 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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	<b>Net Position (in thousands)</b>		<b>Increase (Decrease) From Previous Fiscal Year</b>
	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	
Current and other assets	\$ 56,641	\$ 119,838	\$ (63,197)
Net pension asset	12,450	-	12,450
Capital assets, net	328,375	336,179	(7,804)
<b>Total assets</b>	<b>397,466</b>	<b>456,017</b>	<b>(58,551)</b>
<b>Deferred outflows</b>	<b>35,334</b>	<b>-</b>	<b>35,334</b>
Long-term debt	348,574	349,020	(446)
Other liabilities	42,499	27,416	15,083
<b>Total liabilities</b>	<b>391,073</b>	<b>376,436</b>	<b>14,637</b>
<b>Deferred inflows</b>	<b>17,247</b>	<b>-</b>	<b>17,247</b>
<b>Net Position</b>			
Net investment in capital assets	51,288	81,726	(30,438)
Restricted	8,634	12,650	(4,016)
Unrestricted	(35,442)	(14,795)	(20,647)
<b>Total net position</b>	<b>\$ 24,480</b>	<b>\$ 79,581</b>	<b>\$ (55,101)</b>

During the current fiscal year, the District's overall financial condition changed as indicated by a decrease of \$55.1 million in net position. Unrestricted net position decrease by 20.6 million. At the same time, the District's investment in capital assets, net of related debt, decreased by \$7.8 million.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2015**

**Governmental activities:** The key elements of the change in the District's net position for the year ended June 30, 2015 are as follows:

	<u>Changes in Net Position (in thousands)</u>		<b>Increase (Decrease) From Previous Fiscal Year</b>
	<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>	
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 4,398	\$ 4,402	\$ (4)
Operating grants	13,120	11,281	1,839
General revenues			
Property taxes	76,912	74,988	1,924
State school fund	104,291	99,525	4,766
Miscellaneous	2,826	2,200	626
<b>Total revenues</b>	<u>\$ 201,547</u>	<u>\$ 192,396</u>	<u>\$ 7,316</u>
<b>Expenses</b>			
Instruction	\$ 88,537	\$ 89,985	\$ (1,448)
Support services	60,239	61,045	(806)
Community services	6,980	7,190	(210)
Interest on long term debt	16,980	19,794	(2,814)
<b>Total expenses</b>	<u>172,736</u>	<u>178,014</u>	<u>(5,278)</u>
<b>Change in net position</b>	28,811	14,382	14,429
<b>Beginning net position, (2015 Restated)</b>	(4,330)	65,198	(69,528)
<b>Ending net position</b>	<u>\$ 24,481</u>	<u>\$ 79,580</u>	<u>\$ (55,099)</u>

- Property tax revenues increased by \$1.924 million. Taxes were levied appropriately to collect the permanent tax rate and funds to pay general obligation bonded debt.
- State School Fund (SSF) revenues increased by \$4.766 million.
- Instruction expenses decreased by \$1.45 million.
- Support services expenses decreased by \$806 thousand.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2015**

- Please note that the most significant reason for the reduction in current year expenses was related to the District's recognition of new pension obligations in accordance with GASB 68. Since current year estimates resulted in a large reduction of expenditures, the comparison to the prior year is significantly skewed.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental Funds:** The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2015, the District's governmental funds reported combined ending fund balances of \$26.77 million, an increase of \$2.26 million, in comparison with the prior year. This increase is related to additional State School Funding combined with moderate spending. Approximately \$17.43 million of the ending fund balance constitutes *unassigned fund balance*, which is available for spending at the government's discretion. 32 percent of fund balance, or \$8.63 million, is restricted for capital projects, grant purposes, and debt repayment, as authorized by voters and grantors.

*General Fund:* The General Fund is the chief operating fund of the District. As of June 30, 2015, unassigned fund balance was \$17.42 million. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 12 percent of total General Fund expenditures. The fund balance increased by nearly \$6 million during the current fiscal year. This increase is due to additional State School Funding combined with moderate spending.

*Debt Service Fund:* The Debt Service Fund has a total fund balance of \$1.39 million, all of which is restricted for the payment of debt service.

*Capital Projects Fund:* The Capital Projects Fund has a total fund balance of \$6.2 million. The fund balance decreased by \$.22 million during the current fiscal year, due to construction.

*Special Revenue Funds:* The Special Revenue Funds account for revenues and expenditures for grants that are restricted for specific educational projects. Principal revenue sources are federal, state, and intermediate grants. Total fund balances were \$1.05 million.

*Community Services Fund:* The Community Services Fund accounts for the revenue and expense of the District's community activities (drivers' education, adult education, daycare, etc.). The fund balance at June 30, 2015, was \$.71 million.

*Trust and Agency Fund:* The Trust and Agency funds accounts for revenues and expenditures related to Charter Schools, an Education Foundation and Scholarship donations. The fund balance at June 30, 2015, was \$10,215.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets:** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. During the year, the District's investment in capital assets decreased by approximately \$7.8 million mainly due to depreciation. Minimal equipment purchases were made.

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

	<b>Governmental Capital Assets July 1, 2014</b>	<b>Adjustments</b>	<b>Additions</b>	<b>Deletions</b>	<b>Governmental Capital Assets June 30, 2015</b>
Land and Improvements	39,993,097		-	-	39,993,097
Construction in Progress					
Buildings and Improvements	365,858,370		1,059,499	-	366,917,869
Vehicles & Equipment	25,803,323		2,197,755	-	28,001,078
Total Capital Assets	431,654,790		3,257,254	-	434,912,044
Total Accumulated Depreciation	(95,475,343)		(11,061,449)	-	(106,536,792)
Total Net Capital Assets	<u>336,179,447</u>				<u>328,375,252</u>

**Long-term debt:** At the end of the current fiscal year, the District had total long-term debt outstanding of \$349 million, consisting of general obligation and pension obligation debt, contracts and notes payable, compensated absences, and other post-employment benefits.

In October 2002 and April 2003, the District issued \$113,978,012 of limited tax pension obligation bonds to finance its unfunded actuarially accrued liability with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the District's unfunded actuarial liability and resulted in an estimated present value savings of approximately \$29.3 million over the life of the bonds.

In March 2007, the District issued \$229.6 million in general obligation bonds, the largest school bond issuance in Oregon history. The bonds have funded a variety of projects including land purchases, the addition of four new schools, the building of two replacement schools and a variety of renovation and improvement projects.

In December of 2014, the District issued \$170,380,000 in government obligation bonds for the purpose of refunding a portion of its government obligation bonds issued in 2007.

State statutes limit the amount of general obligation debt a school district may issue to 7.95 percent of its total real market value. With a real market value of over \$11.28 billion the current debt margin for the District is nearly \$900 million, which is significantly in excess of the District's outstanding general obligation debt.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2015**

During the current fiscal year, shown in the following table, the Districts' total debt was increased by \$17.3 million. The increase is a result of the refunding of a portion of the 2007 General Obligation Bonds, with the outstanding amount being reported at the initial pricing level for the convertible zero coupon bonds (Series 2007B) rather than the principal amount after conversion to semi-annual interest paying bonds.

**Outstanding Bonded Debt (in thousands)**

	<b><u>Governmental Activities</u></b>		<b>Increase (Decrease)</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b>from <u>Fiscal 2014</u></b>
General Obligation Bonds	\$241,195	\$234,831	\$6,364
Pension Obligation Bonds	86,263	92,440	(6,177)
Unamortized Premium	26,576	9,479	17,097
Total Bonded Debt	<u>\$354,034</u>	<u>\$ 336,750</u>	<u>\$17,284</u>

In November 2015 Standard & Poor's Rating Services raised the District's rating for general obligation debt from "A" to "A+" and changed the outlook to stable from positive. Moody's Investors Service has assigned an underlying Aa2 rating to the District.

Additional information on the District's long-term debt can be found in Note 11 in the Notes to Basic Financial statements section of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ended June 30, 2015, the State School Fund – General Support provided over 60 percent of the District's General Fund program resources. The state provided more funding for K-12 education for the 2015-17 biennium. Anticipated use of the funds includes reduction in class size, restoration of school days, and salary and benefit improvements for staff.

As the state and national economy rebound the District's enrollment will rebound and begin to grow. The State formula is structured to give districts with declining enrollment a year of grace—they are funded at the highest of the past or current years weighted enrollment. Enrollment has been relatively flat the past few years. The District is projected to see moderate increases due to the recovering economy and the State funding full-day kindergarten.

The District has completed a strategic planning process that will more closely link budgeting efforts to action plan goals. This will be extremely important as the District tries to optimize limited resources.

The District's Budget Committee and School Board will consider all of these factors when preparing the District budget for the 2016-17 fiscal year.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2015**

**REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Districts' Executive Director of Budget and Finance at 4444 SE Lake Road, Milwaukie, Oregon 97222.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2015**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 41,372,711
Property taxes and other receivables	15,268,005
Net pension asset	12,449,878
Capital assets, net of depreciation	<u>328,375,252</u>
Total Assets	<u>397,465,846</u>
<b>DEFERRED OUTFLOWS:</b>	
Deferred loss on bond refunding	<u>35,334,060</u>
<b>LIABILITIES:</b>	
Accounts payable	2,039,514
Accrued payroll, taxes, and employee withholdings	7,242,837
Estimated claims liability	4,628,692
Interest payable	1,681,859
Unearned Revenue	329,590
Unamortized Premium	26,576,278
Noncurrent liabilities	
Due within one year:	
PERS GO Bonds, current portion	2,713,976
GO Bonds, current portion	19,268,976
Contracts Payable, current portion	15,488
Notes Payable, current portion	1,554,658
Accrued Compensated Absences	666,381
Due in more than one year:	
PERS GO Bonds	83,549,339
GO Bonds	221,926,024
Contracts Payable	61,950
Notes Payable	7,683,735
Other Post Retirement Benefits, Implicit Rate Subsidy	10,036,078
Net Pension Obligation, Stipend Benefit	<u>1,096,993</u>
Total Liabilities	<u>391,072,368</u>
<b>DEFERRED INFLOWS:</b>	
Net Pension Deferrals	<u>17,246,853</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	51,288,143
Restricted for:	
Future Capital Projects	6,201,821
Special Grants and Services	1,045,298
Debt Services	1,387,027
Unrestricted	<u>(35,441,604)</u>
Total Net Position	<u>\$ 24,480,685</u>

The accompanying notes are an integral part of this statement.



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

FUNCTIONS	EXPENSES	FUNCTION REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 88,536,583	\$ 35,000	\$ 8,655,613	\$ (79,845,970)
Support Services	60,239,218	637,252	922,356	(58,679,610)
Community Services	6,979,575	3,726,095	3,573,367	319,887
Interest on Long-Term Debt	16,980,221	-	-	(16,980,221)
<b>Total Governmental Activities</b>	<b>\$ 172,735,597</b>	<b>\$ 4,398,347</b>	<b>\$ 13,151,336</b>	<b>(155,185,914)</b>
General Revenues				
Taxes:				
				76,912,439
				104,258,957
				85,319
				357,362
				2,382,982
				<u>183,997,059</u>
				28,811,145
				<u>(4,330,460)</u>
				<u>\$ 24,480,685</u>

The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**FUND FINANCIAL STATEMENTS**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2015**

	GENERAL FUND	CAPITAL PROJECTS	DEBT SERVICE FUND
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 22,374,881	\$ 2,164,341	\$ 3,209,048
Property taxes and other receivables	5,950,926	104,339	1,577,049
Due from other funds	-	4,065,712	-
<b>Total Assets</b>	<b>\$ 28,325,807</b>	<b>\$ 6,334,392</b>	<b>\$ 4,786,097</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 891,730	\$ 132,571	\$ -
Accrued payroll, taxes, and employee withholdings	6,640,498	-	-
Due to other funds	160,187	-	1,924,716
Unearned Revenue	28,875	-	-
<b>Total Liabilities</b>	<b>7,721,290</b>	<b>132,571</b>	<b>1,924,716</b>
<b>Deferred Inflows:</b>			
Unavailable Revenue - Property Taxes	3,180,737	-	1,474,354
<b>Total Liabilities</b>	<b>3,180,737</b>	<b>-</b>	<b>1,474,354</b>
<b>Fund Balances (Deficit):</b>			
Restricted for -			
Future Capital Projects	-	6,201,821	-
Special Grants and Services	-	-	-
Debt Service	-	-	1,387,027
Committed for -			
Community Projects and Classes	-	-	-
Unassigned	17,423,780	-	-
<b>Total Fund Balances (Deficit)</b>	<b>17,423,780</b>	<b>6,201,821</b>	<b>1,387,027</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 28,325,807</b>	<b>\$ 6,334,392</b>	<b>\$ 4,786,097</b>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS	TRUST, AGENCY, AND OTHER FUNDS	COMMUNITY SERVICE FUND	TOTALS
\$ 2,000	\$ 203,442	\$ -	\$ 27,953,712
7,434,454	529	-	15,067,297
-	-	732,138	4,797,850
\$ 7,436,454	\$ 203,971	\$ 732,138	\$ 47,818,859
\$ 1,008,260	\$ 2,952	\$ 1,725	\$ 2,037,238
362,346	173,560	22,280	7,198,684
4,719,835	17,244	-	6,821,982
300,715	-	-	329,590
6,391,156	193,756	24,005	16,387,494
-	-	-	4,655,091
-	-	-	4,655,091
-	-	-	6,201,821
1,045,298	-	-	1,045,298
-	-	-	1,387,027
-	-	708,133	708,133
-	10,215	-	17,433,995
1,045,298	10,215	708,133	26,776,274
\$ 7,436,454	\$ 203,971	\$ 732,138	\$ 47,818,859

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

REVENUES:	GENERAL FUND	CAPITAL PROJECTS	DEBT SERVICE FUND
Taxes	\$ 54,417,758	\$ -	\$ 22,573,302
Federal grants	85,319	-	-
State and local sources	97,996,551	-	83,193
Earnings from investments	214,269	13,262	69,206
Services Provided Other Funds	1,926,568	-	9,578,304
Construction Excise Tax	-	862,460	-
Miscellaneous	747,742	38,852	-
<b>Total Revenues</b>	<b>155,388,207</b>	<b>914,574</b>	<b>32,304,005</b>
<b>EXPENDITURES:</b>			
Current:			
Instruction	86,267,941	-	-
Support Services	60,693,576	622,429	-
Community Services	315	-	-
Facilities Acquisition	665	286,487	-
Capital Outlay	55,019	228,780	-
Debt Service	-	-	37,443,699
<b>Total Expenditures</b>	<b>147,017,516</b>	<b>1,137,696</b>	<b>37,443,699</b>
Revenues over (under) expenditures	8,370,691	(223,122)	(5,139,694)
<b>Other Financing Sources, (Uses):</b>			
Loan Receipts	-	-	-
Bond Proceeds	-	-	248,370
Payment to refunded bond escrow agent	-	-	(248,370)
Transfers in	97,741	-	2,290,820
Transfers out	(2,482,510)	-	-
<b>Total other financing sources (uses)</b>	<b>(2,384,769)</b>	<b>-</b>	<b>2,290,820</b>
<b>Net Change in Fund Balance</b>	<b>5,985,922</b>	<b>(223,122)</b>	<b>(2,848,874)</b>
Fund balance (Deficit), July 1, 2014	11,437,858	6,424,943	4,235,901
Fund balance (Deficit), June 30, 2015	<u>\$ 17,423,780</u>	<u>\$ 6,201,821</u>	<u>\$ 1,387,027</u>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS	TRUST, AGENCY, AND OTHER FUNDS	COMMUNITY SERVICE FUND	TOTALS
\$ -	\$ -	\$ -	\$ 76,991,060
10,263,884	-	-	10,349,203
4,869,031	7,163,246	1,595,954	111,707,975
-	1,072	-	297,809
-	-	-	11,504,872
-	-	-	862,460
-	-	-	786,594
<u>15,132,915</u>	<u>7,164,318</u>	<u>1,595,954</u>	<u>212,499,973</u>
4,309,704	6,117,353	-	96,694,998
3,636,590	820,426	3,728	65,776,749
5,815,882	3,334	1,502,677	7,322,208
121,423	-	-	408,575
2,869,356	-	-	3,153,155
-	-	-	37,443,699
<u>16,752,955</u>	<u>6,941,113</u>	<u>1,506,405</u>	<u>210,799,384</u>
<u>(1,620,040)</u>	<u>223,205</u>	<u>89,549</u>	<u>1,700,589</u>
1,157,224	-	-	1,157,224
-	-	-	248,370
-	-	-	(248,370)
1,102,618	-	-	3,491,179
<u>(1,583,669)</u>	<u>-</u>	<u>(25,000)</u>	<u>(4,091,179)</u>
<u>676,173</u>	<u>-</u>	<u>(25,000)</u>	<u>557,224</u>
(943,867)	223,205	64,549	2,257,813
<u>1,989,165</u>	<u>(212,990)</u>	<u>643,584</u>	<u>24,518,461</u>
<u>\$ 1,045,298</u>	<u>\$ 10,215</u>	<u>\$ 708,133</u>	<u>\$ 26,776,274</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**June 30, 2015**

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Total Fund Balances - Governmental Funds \$ 26,776,274

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The statement of Net Position includes those capital assets among the assets of the District as a whole.

Net Capital Assets 328,375,252

The net pension asset is not available to pay for current expenditures, and therefore is not reported in the governmental funds. 12,449,878

The unamortized portion of the loss on refunding of GO Bonds is reported as a deferred outflow on the Statement of Net Position. Because of its relationship with long term debt transactions, it is not recognized on the governmental funds' balance sheet. 35,334,060

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

Long term Liabilities		
Early Retirement liability	\$ (11,133,071)	
Capital lease obligations payable	(77,438)	
Notes payable	(9,238,393)	
Interest Payable	(1,681,859)	
Accrued Compensated Absences	(666,381)	
General obligation bonds payable	(327,458,315)	
Unamortized Premium on General Obligation Bonds	<u>(26,576,278)</u>	
		(376,831,735)

The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 10,968,718

Deferred Inflows related to pensions are recorded on the Statement of Net Position to account for the effect of contributions and other variables that impact the District's total net pension obligation since the date of the actuarial valuation. Net Pension deferrals are not recognized in the governmental funds. (17,246,853)

Deferred revenue related to property taxes 4,655,091

Net Position \$ 24,480,685

The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2015**

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Total Net Changes in Fund Balances - Governmental Funds \$ 2,257,813

Repayment of bond principal, capital leases and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Proceeds from the issuance of long-term debt are recorded as revenue in the governmental funds, but are liabilities on the Statement of Net Position.

Debt Payments	\$ 18,622,086	
Loan Proceeds	(1,157,224)	
Refunding Bond Proceeds	(248,370)	
Change in Other Post Retirement Benefits	(1,638)	
Change in Accrued Vacation	<u>(192,547)</u>	17,022,307

Bond Issue Premiums are amortized over the life of the bond in the government-wide statements 1,661,018

Capital Outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.

Capitalized Items	\$ 3,257,254	
Depreciation Expense	<u>(11,061,449)</u>	(7,804,195)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 180,372

The revenues and expenses of the internal service funds are included in governmental activities in the statement of activities. (1,884,146)

The Statement of Activities reports the income effect of the change in the District's Net Pension Obligations 17,456,597

Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued. (78,621)

Change in Net Position of Governmental Activities \$ 28,811,145

The accompanying notes are an integral part of this statement.



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF PROPRIETARY NET POSITION**  
**INTERNAL SERVICE FUND**  
**June 30, 2015**

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	HEALTH SELF INSURANCE FUND
<b>ASSETS:</b>	
Current assets	
Cash and Investments	\$ 13,418,999
Accounts Receivable	200,858
Interfund Receivable	2,023,982
	15,643,839
Total current assets	15,643,839
Total assets	\$ 15,643,839
<b>LIABILITIES AND NET POSITION:</b>	
<b>LIABILITIES:</b>	
Current Liabilities	
Estimated Claims Liability	\$ 4,628,692
Accounts Payable	2,276
Accrued payroll, taxes, and employee withholdings	44,153
	4,675,121
Total Current Liabilities	4,675,121
Total Liabilities	4,675,121
<b>NET POSITION</b>	
Unrestricted	10,968,718
Total Net Position	10,968,718
Total Liabilities and Net Position	\$ 15,643,839

The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN PROPRIETARY NET POSITION**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2015**

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	HEALTH SELF INSURANCE FUND
<b>OPERATING REVENUES:</b>	
Services Provided to Other Funds	\$ 28,228,379
Earnings from Investments	59,553
Miscellaneous	733,928
Total Operating Revenues	29,021,860
<b>OPERATING EXPENSES:</b>	
Purchased Services	31,506,006
Total Operating Expenses	31,506,006
Income From Operations	(2,484,146)
<b>OTHER FINANCING SOURCES, (USES)</b>	
Transfers In	600,000
Total Transfers	600,000
Change in Net Position	(1,884,146)
Net Position, July 1, 2014	12,852,864
Net Position, June 30, 2015	\$ 10,968,718

The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2015**

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	HEALTH SELF INSURANCE FUND
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 27,177,398
Cash Paid to Employees and Suppliers	(32,064,864)
Net cash provided (used) by operating activities	(4,887,466)
Cash Flows From Non-Capital Financing Activities:	
Transfers	600,000
Net increase (decrease) in cash and investments	(4,287,466)
Cash and investments, beginning of year	17,706,465
Cash and investments, end of year	\$ 13,418,999
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ (2,484,146)
(Increase) Decrease in Receivables	(1,844,462)
Increase (Decrease) in Payables	(565,517)
Increase (Decrease) in Accrued Payroll	6,659
Net Cash Provided by Operating Activities	\$ (4,887,466)

The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2015**

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	<u>AGENCY FUNDS</u> <u>STUDENT ACTIVITY</u> <u>FUNDS</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ <u>1,991,478</u>
Total Assets	<u><u>1,991,478</u></u>
 <b>LIABILITIES:</b>	
Due to Student Organizations	<u>1,991,478</u>
Total Liabilities	<u><u>\$ 1,991,478</u></u>

The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

North Clackamas School District No. 12 (the District) is a municipal corporation governed by an elected seven-member Board of Directors. Administration officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by generally accepted accounting principles, all activities of the District have been included in these basic financial statements.

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

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The Statement of Net Position and Statements of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position.

The Statement of Net Position and the Statement of Activities were prepared 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 nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities 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 District's general revenues. The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfold 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.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND FINANCIAL STATEMENTS**

The accounts of the District 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 numbers of funds are maintained consistent with legal and managerial requirements.

**GOVERNMENTAL FUND TYPES**

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "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. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments 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.

**INTERNAL SERVICE FUND**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected to follow subsequent private-sector guidance.

Proprietary funds (internal service fund) distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are internal charges. Operating expenses for internal service funds include the cost of sales and services, and administrative expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major governmental funds:

**GENERAL FUND**

This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are property taxes and distributions for the State of Oregon. Expenditures in the fund are made for instructional purposes and related support services.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL PROJECTS FUND**

These funds account for activities related to the acquisition, construction, equipping and furnishing of new schools and other facilities. Principal revenue sources are proceeds received from general obligation bond issues and the related interest earned on proceeds not yet expended.

**COMMUNITY SERVICES FUND**

These funds account for activities related to community service activities. Principal revenue sources are charges for services.

**DEBT SERVICE FUND**

This fund accounts for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes and investment earnings.

**SPECIAL REVENUE FUND**

This fund accounts for the grants received from federal and state sources.

**TRUST, AGENCY, AND OTHER FUNDS**

The activities of multiple different fund types are combined in the trust, agency, and other funds. The individual items being combined are the funds for Scholarships, Clackamas Charter Alliance, Milwaukie Academy of the Arts, and Sojourner Education Foundation.

Additionally, the government reports the following fund types:

**INTERNAL SERVICE FUND**

This fund accounts for costs incurred for employees' general health insurance. The principal revenue source is charges to other funds for service.

**FIDUCIARY FUND TYPE**

The District's agency fund is custodial in nature and does not present results of operations or have a measurement focus. These funds account for student body funds at various District Schools.

**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.

**ASSETS, LIABILITIES AND EQUITY**

**CASH AND CASH EQUIVALENTS**

For financial reporting purposes, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPERTY TAXES**

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens, therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

**GRANTS**

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

**INVENTORIES**

Inventories of supplies are valued at cost, first-in, first-out (FIFO) method. Donated commodities are valued at their fair market value when donated. Inventories are charged as expenditures when purchased or donated.

**CAPITAL ASSETS**

Capital assets, which includes land, buildings, equipment and construction in progress, are reported in the government wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are 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

**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.



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**SELF-INSURANCE**

The District is self-insured for losses and claims up to policy deductible limits ranging from \$5,000 to \$50,000 for property, comprehensive general and automobile liability, Board of Directors' liability, boiler and machinery, and fidelity bond coverage's. Additionally, the District is self-insured for workers' compensation.

**COMPENSATED ABSENCES**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued in the government wide statements. A liability is accrued in the governmental funds when the amount matures.

**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 effective interest 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. As permitted by GASB Statement No. 34 the cost of bond issuance will be 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 debt service expenditures.

**NET POSITION**

Net position is comprised of the various net earnings from operations, nonoperating 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 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.

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

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND BALANCE**

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. No portion of the District's fund balance is considered nonspendable.
- 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. This authority has been given to the Superintendent and Chief Financial Officer.
- 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.

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.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. The District will target a minimum fund balance equal to no less than two (2) percent of the General Fund expenditures and other financing uses as a reserve for economic uncertainties.

**DEFERRED OUTLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element 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 District does not have an item that qualifies for reporting in this category.

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 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. Property taxes that have been levied but are not received within 60 days of June 30<sup>th</sup> are reported as deferred inflows in the governmental fund statements. The Statement of Net Position reports pension related deferrals.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

A budget is prepared and legally adopted for each fund, except the Student Activities and the Deferred Compensation Agency Funds, in accordance with Oregon Local Budget Law. These budgets are all prepared using the modified accrual basis of accounting.

The District begins its budgeting process 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.

During the year ended June 30, 2015, there were three appropriation transfer resolutions. Budget amounts shown in the basic financial statements include the original budget amounts and appropriation transfers approved by the Board. Appropriations lapse at the end of each fiscal year.

For the year ended June 30, 2015, actual expenditures were within appropriations, except for Facilities Acquisition in the Capital Projects Fund, which was overspent by \$25,267.

**3. BUDGET/GAAP REPORTING DIFFERENCES**

While the District reports financial position, results of operations, and changes in fund balance/net position on the basis of accounting principles generally accepted in the United States of America (GAAP), the District's budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary difference between the District's budgetary basis and GAAP basis is the classification of capital outlay which for budgetary purposes is reported within the functional categories at the level of appropriation control. On a GAAP basis capital outlay is separately reported after current expenditures.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS**

The District maintains a cash pool that is available for use by all funds except the agency funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts of Interfund Payables. In addition, cash is separately held by some of the District's funds.

Cash and Investments at June 30, 2015(recorded at fair value) consisted of:

Deposits with Financial Institutions:

Petty Cash	\$ 85,304		
Demand Deposits	6,812,976	Governmental	\$ 27,953,711
Investments	34,474,431	Internal Services	13,419,000
	\$ 41,372,711		\$ 41,372,711

**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.

**INVESTMENTS**

No more than the stated percentage of the overall portfolio will be invested in each of the following categories of securities:

U.S. Treasury Obligations	100%
Local Government Investment Pool	100% (or pool limit)
Fully insured Certificates of Deposit (CD)	100%
Bankers' Acceptances (BA's)	50%
Certificates of Deposit (CD)	25%
Repurchase Transactions	10%
U.S. Government agency securities and instrumentalities of government sponsored corporations	100%

There were no known violations of legal or contractual provisions for investments.

Investments are valued at fair value as required by GASB 31. At June 30, 2015, the fair value of the District's position in the State Treasurer's Local Governmental Investment Pool was equal to 100.71% of the value of the pool shares.

As of June 30, 2015, the District had the following investments and maturities.

Investment Type	@Market 6/30/15 Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
LGIP	\$ 34,474,431	\$ 34,474,431	\$ -	\$ -
TOTAL	\$ 34,474,431	\$ 34,474,431	\$ -	\$ -

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk**

Neither the Oregon Revised Statutes nor the District's investment policy limits investments as to credit rating for securities purchased from U.S. Government Agencies.

The District is to maintain a listing of financial institutions approved for investment purposes. At minimum, the district is to conduct an annual evaluation of each bank's creditworthiness, in order to determine whether it should remain on the list of those qualified.

Oregon Revised Statutes require bankers' acceptances to be guaranteed by and carried on the books of, a qualified financial institution, eligible for discount by Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

**Concentration of Credit Risk**

Custodial credit risk – deposits. At year-end, the District's net carrying amount of deposits was \$6,812,976 and the bank balance was \$7,603,124. Of these deposits, \$500,000 was covered by federal depository insurance, the remainder is collateralized the Oregon Public Funds Collateralization Program (PFCP).

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the District's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2015 the District was in compliance with all percentage restrictions.

Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized.

**5. GRANTS RECEIVABLE**

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**6. CAPITAL ASSETS**

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

	Capital Assets July 1, 2014	Additions	Deletions	Capital Assets June 30, 2015
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital Assets:				
Non Depreciable:				
Land	\$ 39,993,097	\$ -	\$ -	\$ 39,993,097
Total Non Depreciable	<u>39,993,097</u>	<u>-</u>	<u>-</u>	<u>39,993,097</u>
Depreciable:				
Buildings and Improvements	365,858,370	1,059,499	-	366,917,869
Vehicles and Equipment	25,803,323	2,197,755	-	28,001,078
Total Depreciable	391,661,693	3,257,254	-	394,918,947
Total Capital Assets	<u>431,654,790</u>	<u>3,257,254</u>	<u>-</u>	<u>434,912,044</u>
Accumulated Depreciation:				
Buildings and Improvements	(77,907,389)	(9,229,037)	-	(87,136,426)
Vehicles and Equipment	(17,567,954)	(1,832,412)	-	(19,400,366)
Total Accumulated Depreciation	<u>(95,475,343)</u>	<u>\$ (11,061,449)</u>	<u>\$ -</u>	<u>(106,536,792)</u>
Total Net Capital Assets	<u>\$ 336,179,447</u>			<u>\$ 328,375,252</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 6,299,322
Support Services	4,285,112
Community Services	<u>477,015</u>
Total	<u>\$ 11,061,449</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. DEFINED BENEFIT PENSION PLAN**

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employee 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](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

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

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

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

**Contributions** – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 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 \$6,228,511, excluding amounts to fund employer specific liabilities. In addition approximately \$4,740,202 in employee contributions were paid or picked up by the District in fiscal 2015.

**Pension Asset or Liability** - At June 30, 2015, the District reported a net pension asset of \$12,449,878 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 .55 percent.



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**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	24,023,222
Changes in proportion and differences between District contributions and proportionate share of contributions	547,858	-
District contributions subsequent to measuring date	6,228,511	-
Net deferred outflow (inflow) of resources		<u>\$ (17,246,853)</u>

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

Year Ending June 30,	Amount
2016	\$ (5,886,705)
2017	(5,886,705)
2018	(5,886,705)
2019	(5,886,705)
2020	71,456
Total	<u>\$ (23,475,364)</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](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 necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. DEFINED BENEFIT PENSION PLAN (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.

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.

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**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	(6.75%)	(7.75%)	(8.75%)
District's proportionate share of the net pension liability	\$ 26,364,345	\$ (12,449,878)	\$ (45,277,607)

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.

	June 30, 2014 Measurement Date	
	Before Moro Decision	Estimate After Moro Decision
Net pension liability	\$ 63,135	\$ 68,050
Total pension liability	65,402	65,400
Fiduciary net position	-2,267	2,650
Net pension liability (asset)	-2,267	2,650

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

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

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District is self-insured for \$50,000 for each comprehensive general liability or automobile claim. The operations of the self-insurance program are reported in an Internal Service Fund, the General Self-Insurance Fund. Expenses are for reported and expected claims, administrative operating costs and the premium for its property insurance policies.

The District established a Self-Insurance Fund to account for and finance its uninsured risks of loss related to injuries of employees. Under this program, the Fund provides coverage up to a maximum of \$300,000 for each workers' compensation claim.

The District established the Health Self-Insurance Fund during the 1999-2000 fiscal year. The Health Self-Insurance Fund is used to pay employee medical bills, stop loss insurance payment, and administrative fees. The District purchases commercial insurance for claims in excess of coverage provided by the above internal service funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The General Fund makes payments to the above internal service funds based on estimates of the amounts needed to pay prior and current year claims and to establish assets available to pay claim losses. The claim liability of \$4,628,692 reported in the funds at June 30, 2015 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amounts of the loss can be reasonably estimated. Liabilities include an amount calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The District provides currently for estimated losses to be incurred from pending claims and for incurred but not reported claims.

Change in the funds' claims liability amounts for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Estimated claims liability, July 1	\$ 4,904,848	\$ 2,918,616
Current year claims and changes in estimates	27,924,691	31,806,448
Claims payments	<u>(28,200,847)</u>	<u>(29,820,216)</u>
Estimated claims Liability, June 30	<u>\$ 4,628,692</u>	<u>\$ 4,904,848</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**10. DEFERRED COMPENSATION**

The District had a deferred compensation plan available for its employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets and liabilities of the District.

After June 30, 2007, any Administrator who was employed by the district as an administrator on June 30, 2005 will be eligible for a retirement pension as defined: Any administrator qualifying for the retirement benefit who retires after July 1, 2007, will be eligible for a supplemental retirement benefit equal to 60% of the administrator's salary at the time of retirement or \$60,000, whichever is less. The administrator's salary for purposes of this agreement shall include the 6% payment which the District currently makes to the PERS on the Administrator's behalf. An administrator initially employed as an administrator between July 1, 2002, and June 30, 2005, and who had at least 15 years of employment in the North Clackamas School District prior to that retirement will be eligible for supplemental retirement benefits. The administrator may elect to take the supplemental retirement benefit in cash payments or in payment of District insurance coverage.

If the administrator opts to take the retirement benefit in cash payments, the payments will be made in five equal annual installments made by September 1 of each of the five calendar years following retirement into the PERS system. If the administrator opts to apply the supplemental retirement benefit to insurance payments, those payments will continue until the sum of the benefit is exhausted. In the case of the death of the employee before the supplemental retirement benefit is fully paid, any moneys remaining will be paid to the estate in a single, lump-sum payment.

**11. OTHER POST EMPLOYMENT BENEFITS**

Plan Description – The substantive plan is comprised of both explicit and implicit benefits to employees attaining early retirement eligibility. Employees are generally “early retirement eligible” after attaining age 55 and completing 10 years of District Service or upon retiring from the District after completing 30 years of PERS covered employment. Licensed and Administrative employees are provided with an “allowance” that may be drawn down as a stipend or may be applied to pay for continued coverage under one or more of the District’s benefit plans (i.e. the medical plan, the dental plan, the vision plan, and the life insurance plan). These benefits fall within the scope of GASB 27 and are collectively referred to as “Stipend” benefits.

Confidential employees are provided an allowance to pay for continued coverage under one or more of the District’s benefit plans. Because this benefit is contingent on the retiree’s continued coverage under the District’s health plan the benefit is within the scope of GASB 45 and are referred to as “Explicit Medical” benefits.

This plan allows eligible retirees and their dependents to purchase continuation coverage under the District’s health insurance plans from the date of retirement until eligibility for Medicare as required under ORS 234.303. Coverage of these retirees, as well as those paying for coverage with their stipend, can result in an “implicit subsidy” (the difference between expected early retiree claim costs and the premium paid by the retiree) requiring cost and liability recognition under GASB 45.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

Confidential employees who are eligible for the “Explicit Medical” benefit are provided with an amount equal to the lesser of 60% of their final salary or \$30,000 that is applied to pay for continued coverage under one or more of the District’s health plans (i.e. medical plan, dental plan, and vision plan). Benefits for employees who work less than full time are pro-rated. Any remaining amount to be paid at age 65 is forfeited. If the retiree dies before the account balance is paid, any remaining amount is paid as a lump sum to the retiree’s beneficiary.

In regard to the “Implicit Subsidy”, an employee must be enrolled in a North Clackamas School District health plan for 24 consecutive months immediately prior to retirement and eligible for retirement under PERS, or the surviving spouse of an employee who would have been eligible. The younger spouse of a retiree who is Medicare-eligible is also eligible for implicit medical benefits through the District until the spouse is Medicare-eligible. The retiree receives health insurance coverage for themselves and their dependents on a self-pay basis. Coverage for the retiree ends the first day of the month that the retiree is eligible for Medicare. Coverage for the retiree’s spouse ends the first day of the first month that the spouse is eligible for Medicare. Unmarried children are covered until such time as they are no longer eligible.

Stipend benefits for licensed and administrative employees are described on page 40.

Funding Policy – The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Annual Pension Cost and Net Pension Obligation - The District's 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 parameter of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

	2015	2014	2013
Annual Required Contribution	\$ 474,167	\$ 1,585,417	\$ 1,585,417
Interest on OPEB Obligation	304,693	285,409	264,415
Adjustment to ARC	(518,173)	(471,241)	(436,579)
Annual OPEB Cost	260,687	1,399,585	1,413,253
Contributions	(381,031)	(756,800)	(713,465)
Increase (Decrease) in Net OPEB Obligation	(120,344)	642,785	699,788
Net OPEB Obligation - beginning of year	10,156,422	9,513,637	8,813,849
Net OPEB Obligation - end of year	<u>\$ 10,036,078</u>	<u>\$ 10,156,422</u>	<u>\$ 9,513,637</u>

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

Actuarial Methods and Assumptions – The actuarially accrued liability and normal cost for the current year was determined as part of the June 30, 2015 actuarial valuation using the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each active employee is allocated on a level percentage op bay basis over the service of the active employee between assumed entry age and assumed exit age. The portion of this actuarial present value allocated to the valuation year is called the normal cost for the employee. The sum of these individual normal costs is the normal cost for the year. The unfunded accrued liability is amortized over an open period of 30 years as a percentage of payroll. The actuarial assumptions included (a) an investment return assumption (interest discount) of 3.0%; (b) initial annual increases for medical premiums are between 8% and 9% depending on the provider. Annual increases decrease by 0.5% each year until reaching 5%. Increases remain stable thereafter. Increases in dental premiums are initially 4%. Annual increases decrease by 0.5% each year until reaching 3% annually; (c) at each age from 50 through 64, a percentage of the otherwise eligible employees are assumed to retire. The percentages range from 0% to 50% at most ages. The actuarial assumptions are set by the District, based upon recommendations made by the Plan’s actuary. With the exception of the investment return, medical trend assumptions, and retirement rates for employees eligible for early retirement OPEB or stipend benefits, all of the other actuarial assumptions are intended to match those selected by the Oregon PERS actuary and used to value benefits for school district employees under Oregon PERS.

Funding Status and Funding Progress – As of June 30, 2015, the plan was 0% funded. The actuarial accrued liability for benefits was \$5,288,603 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,288,603. The covered payroll (annual payroll of active employees covered by the plan) was \$76,160,245, and the ratio of the UAAL to the covered payroll was 6.94%.

Net Pension Obligation – The District offers stipend benefits to all retired licensed employees and administrators with at least 10 years of District Service (15 years for Administrators hired after June 30, 2002), and who are at least 55 years of age or have 30 years of PERS service. Administrators must have been hired before July 1, 2006.

Stipend Benefits for Licensed Employees - Eligible licensed employees may receive a \$30,000 benefit at retirement (benefit is pro-rated for employees who work less than full time) that may be paid in one of the following forms:

*Option 1:* Retiree may use \$30,000 to pay for continued coverage under one or more of the District’s health plans (i.e. the medical plan, the dental plan, the vision plan, and the life insurance plan) on a pre-tax basis. Any remaining amount in the retiree’s account balance at age 65 is paid as a lump sum. If the retiree dies before the account balance is paid, any remaining amount is paid as a lump sum to the retiree’s beneficiary.

*Option 2:* Retiree may receive \$30,000 as a stipend payable over 4 years in equal installments. This benefit continues until the account balance is exhausted. If the retiree dies before the account balance is paid, any remaining amount is paid as a lump sum to the retiree’s beneficiary.

Stipend Benefits for Administrators – Administrators receive the lesser of 60% of salary at retirement of \$60,000 (benefit is pro-rated for employees who work less than full time) as a retirement benefit that may be paid in one of the following forms:

*Option 1:* Same as Licensed Employee

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**11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

*Option 2:* Retiree may receive retirement benefit as a stipend payable over 5 years in equal installments. This benefit continues until the account balance is exhausted. If the retiree dies before the account balance is paid, any remaining amount is paid as a lump sum to the retiree's beneficiary.

The following table shows the components of the Net Pension Obligation at the end of the year:

	2015	2014	2013
Annual Required Contribution (Stipend)	\$ 1,037,402	\$ 1,099,043	\$ 1,099,043
Interest on Net Pension Obligation (BOY)	29,250	35,372	30,897
Adjustment to ARC for Net Pension Obligation	<u>(49,744)</u>	<u>(58,402)</u>	<u>(51,015)</u>
Annual Pension Cost	1,016,908	1,076,013	1,078,925
Estimated Contributions	(894,926)	(1,280,064)	(929,773)
Increase (Decrease) in Net Pension Obligation	121,982	(204,051)	149,152
Net Pension Obligation - Beginning of Fiscal Year	<u>975,011</u>	<u>1,179,062</u>	<u>1,029,910</u>
Net Pension Obligation - End of Fiscal Year	<u><u>\$ 1,096,993</u></u>	<u><u>\$ 975,011</u></u>	<u><u>\$ 1,179,062</u></u>

**11. LONG-TERM DEBT**

In October 31, 2002 and April 2003, the District issued \$113,978,012 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 District's UAL and resulted in an estimated present value savings of approximately \$29.3 million over the life of the bonds. The actual savings realized by the District over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the District's future required contribution rate.

In December of 2014, the District issued \$170,380,000 in government obligation bonds for the purpose of refunding a portion of its government obligation bonds issued in 2007. The bonds were sold at a premium of \$28,237,296. A total of \$198,617,296 was raised to buy back bonds issued in 2007 with an outstanding principal balance of \$153,556,142 and value as of December 18, 2014 of \$197,631,199. The difference of \$986,097 was paid for various costs of issuance.

The 2014 refunding resulted in a deferred loss on the Statement of Net Position of \$35,334,060 due to the excess of the principal balance and premium of the new bonds as compared to the principal balance and premium outstanding for the bonds that were paid off. Although the stated amount of bonded debt is now higher, the District will save a significant amount of money over the life of the new bonds due to the reduction in interest payments. The present value of the savings on the total debt service of the refunding bonds in comparison to the old bonds is \$15,119,698. The deferred loss will be amortized on the straight line basis over the life of the 2014 refunding bonds.



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**NOTES TO BASIC FINANCIAL STATEMENTS**

**11. LONG-TERM DEBT (CONTINUED)**

Bonds payable are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding June 30, 2014	Issued	Matured And Redeemed	Outstanding June 30, 2015
December 2014	2.0 - 5.0%	170,380,000	-	170,380,000	470,000	169,910,000
August 2011	4.0 - 5.0%	3,490,000	3,490,000	-	-	3,490,000
December 2007	4.0 - 5.0%	229,596,142	199,931,142	-	159,326,142	40,605,000
December 2004	2.0 - 5.0%	65,160,000	34,900,000	-	7,710,000	27,190,000
October 2002	2.06-6.1%	21,009,781	40,714,608	-	989,590	39,725,018
April 2003	2.06-6.1%	26,941,738	48,235,844	-	1,697,547	46,538,297
			<u>\$ 327,271,594</u>	<u>\$ 170,380,000</u>	<u>\$ 170,193,279</u>	<u>\$ 327,458,315</u>
Unamortized Premium/(Discount)			<u>9,478,724</u>	<u>28,237,296</u>	<u>11,139,742</u>	<u>26,576,278</u>
Total Bonds Payable			<u><u>\$ 336,750,318</u></u>	<u><u>\$ 198,617,296</u></u>	<u><u>\$ 181,333,021</u></u>	<u><u>\$ 354,034,593</u></u>

All general obligation debt has annual principal and semi-annual interest payment requirements. All long-term debt obligations are payable from the General and Debt Service funds. The contracts payable is comprised of five contracts, two are lease purchase agreements for the purchase of computers, and three are installment purchase agreements for buses and food service equipment. The District defeased 1998 GO bonds, and \$28,065,000 are still outstanding. Notes payable at June 30, 2015 consist of the following:

	Issued to	Issue Date	Maturity Date	Interest Rate	Original Issue Amount	Amount Outstanding
Property Schedule #9	Key Bank	June 29, 2007	Dec. 29, 2016	4.0-4.5%	2,235,743	422,295
Property Schedule #10	Key Bank	Mar. 10, 2008	Apr. 10, 2018	4.23%	3,941,454	1,359,953
Property Schedule #11	Key Bank	June 1, 2009	Sep 10, 2019	4.0-4.5%	3,535,896	1,687,784
Property Schedule #12	Key Bank	Jan. 20, 2012	Jan. 20, 2022	2.78%	1,403,237	1,022,142
Property Schedule #13	Key Bank	Jan. 20, 2013	Dec. 20, 2022	2.37%	1,665,122	1,284,867
Property Schedule #14	Key Bank	Dec. 10, 2014	Dec. 20, 2024	2.79%	1,157,224	1,107,505
Freeman Building	US Bank	Nov. 4, 2011	Oct. 1, 2016	3.82%	2,700,000	2,353,847
Total					<u><u>\$ 16,638,676</u></u>	<u><u>\$ 9,238,393</u></u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**11. LONG-TERM DEBT**

The following table displays the District's total long term debt:

	Beginning Balance	Additons	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 327,271,594	\$ 170,380,000	\$ 170,193,279	\$ 327,458,315	\$ 19,268,976
Contracts Payable	92,925	-	15,487	77,438	15,488
Notes Payable	10,050,630	1,157,224	1,969,461	9,238,393	1,554,658
Accrued Compensated Absences	473,834	192,547	-	666,381	666,381
Other Post Employment Benefits	10,156,422	-	120,344	10,036,078	-
Net Pension Obligation, Stipend	975,011	121,982	-	1,096,993	-
<b>Total Long-term Liabilities</b>	<b>\$ 349,020,416</b>	<b>\$ 171,851,753</b>	<b>\$ 172,298,571</b>	<b>\$ 348,573,598</b>	<b>\$ 21,505,503</b>

Future maturities of bonds, contracts, and notes are as follows:

	General	Contracts	Notes	Total	Interest Due
2015-2016	19,268,976	15,488	1,554,658	20,839,122	18,699,669
2016-2017	20,730,549	15,488	3,612,135	24,358,172	18,279,158
2017-2018	12,757,058	15,488	1,268,817	14,041,363	17,816,174
2018-2019	8,635,283	15,488	828,072	9,478,843	17,803,095
2019-2020	9,519,046	15,486	647,523	10,182,055	18,045,747
2020-2025	89,352,403	-	1,327,188	90,679,591	64,662,855
2025-2030	119,760,000	-	-	119,760,000	26,120,842
2030-2032	47,435,000	-	-	47,435,000	3,163,900
	<b>\$ 327,458,315</b>	<b>\$ 77,438</b>	<b>\$ 9,238,393</b>	<b>\$ 336,774,146</b>	<b>\$ 184,591,440</b>

Future payment schedules for each individual debt item are located on page 67.

**12. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS**

The composition of interfund balances as of June 30, 2015, is shown in the basic financial statements. The interfund receivables and payables are used for a pooling of cash. The interfund transfers are used to fund operations in the various funds.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**13. RECEIVABLES**

Receivables, as of year-end for the government's individual major funds and nonmajor, internal service in aggregate, including the applicable allowances for uncollectable accounts, are as follows:

Uncollected Taxes	\$ 4,655,091
Taxes Receivable - July Turnover	407,645
Grants Receivable	7,434,454
Other Miscellaneous Receivables	<u>2,770,815</u>
Total Receivables	<u>\$ 15,268,005</u>

**14. RESTATEMENT OF BEGINNING NET POSITION**

Net Position as of July 1, 2014 has been restated from \$79,580,908 to (\$4,330,460), a reduction of \$83,911,368. This restatement was required as part of the District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The total reduction is equal to the write-off of the District's previously reported Prepaid Pension Item of \$61,657,797, plus the District's Net Pension Liability of \$28,028,915 (as determined in the most recent actuarial valuation), less \$5,775,344 of contributions the District made to the pension plan in 2014.

**15. PROPERTY TAX LIMITATIONS**

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool 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.

**16. COMMITMENTS AND CONTINGENCIES**

The District is involved in various claims and legal matters relating to its operations which have all been tended to, and are either being adjusted by the District's liability carrier, or are being defended by attorneys retained by the District's liability carrier. The status of these matters is uncertain at this time. Any potential loss is also uncertain.

The District receives a substantial portion of its operating funding 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 the District to either have increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the District's operations cannot be determined.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH CLACKAMAS SCHOOL DISTRICT**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**For the Year Ended June 30, 2015**

**OPEB**

**Schedule of Funding Progress**

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL ÷ Payroll
6/30/2011	\$ -	\$ 19,363,213	\$ 19,363,213	0.0%	\$ 75,040,356	25.80%
6/30/2013	\$ -	\$ 14,389,637	\$ 14,389,637	0.0%	\$ 71,792,068	20.04%
6/30/2015	\$ -	\$ 5,288,603	\$ 5,288,603	0.0%	\$ 76,160,245	6.9%

**Schedule of Employer Contributions**

Year Ended June 30,	Annual OPEB Cost	Contributions	% of Annual OPEB Cost Contributed
2015	\$ 260,687	\$ 381,031	146.2%
2014	1,399,585	756,800	54.1%
2013	1,413,253	713,465	50.5%

**STIPEND**

**Schedule of Funding Progress**

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL ÷ Payroll
6/30/2011	\$ -	\$ 9,225,232	\$ 9,225,232	0.0%	\$ 50,660,892	18.2%
6/30/2013	\$ -	\$ 11,070,495	\$ 11,070,495	0.0%	\$ 49,621,196	22.3%
6/30/2015	\$ -	\$ 11,155,722	\$ 11,155,722	0.0%	\$ 52,641,795	21.2%

**Schedule of Employer Contributions**

Year Ended June 30,	Annual Pension Cost	Contributions	% of Annual OPEB Cost Contributed
2015	\$ 1,016,908	\$ 894,926	88.0%
2014	1,076,012	1,280,064	119.0%
2013	1,078,925	929,773	86.2%

**NORTH CLACKAMAS SCHOOL DISTRICT  
CLACKAMAS COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION  
For the fiscal year ended June 30, 2015**

**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) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.55 %	\$ (12,449,878)	\$ 79,190,775	(15.7) %	103.6 %
2014	0.55	28,028,915	74,894,505	37.4	92.0

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

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	\$ 6,228,511	\$ 6,228,511	\$ -	\$ 79,190,775	7.9%
2014	5,775,344	5,775,344	-	74,894,505	7.7%

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

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.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

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

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>				
Revenue From Local Sources:				
Taxes	\$ 46,800,000	\$ 46,800,000	\$ 54,084,887	\$ 7,284,887
Penalties and Interest	300,000	300,000	332,871	32,871
Earnings from investments	242,500	242,500	214,269	(28,231)
Extracurricular Activities	100,000	100,000	127,034	27,034
Fees	250,000	250,000	162,397	(87,603)
Rentals	555,000	555,000	353,521	(201,479)
Contributions - private	200,000	200,000	121,757	(78,243)
Services Provided Other LEA's	40,000	40,000	17,927	(22,073)
Services Provided Other Funds	1,400,712	1,400,712	1,926,568	525,856
Fees Charged to Grants	200,000	200,000	163,219	(36,781)
Miscellaneous	500,000	500,000	747,742	247,742
<b>Total Local Revenue</b>	<b>50,588,212</b>	<b>50,588,212</b>	<b>58,252,192</b>	<b>7,663,980</b>
Revenue From Intermediate Sources:				
Other Intermediate Sources	2,453,000	2,453,000	2,469,194	16,194
<b>Total Intermediate Revenue</b>	<b>2,453,000</b>	<b>2,453,000</b>	<b>2,469,194</b>	<b>16,194</b>
Revenue From State Sources:				
Unrestricted State Grants	99,791,408	99,791,408	94,581,502	(5,209,906)
<b>Total State Revenue</b>	<b>99,791,408</b>	<b>99,791,408</b>	<b>94,581,502</b>	<b>(5,209,906)</b>
Revenue From Federal Sources:				
Federal Forest Fees	90,000	90,000	85,319	(4,681)
<b>Total Federal Revenue</b>	<b>90,000</b>	<b>90,000</b>	<b>85,319</b>	<b>(4,681)</b>
<b>Total Revenue</b>	<b>\$ 152,922,620</b>	<b>\$ 152,922,620</b>	<b>\$ 155,388,207</b>	<b>\$ 2,465,587</b>

Continued on pages 48-49A

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2015**

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>
Instruction:				
Regular programs:				
Elementary			\$ 17,251,727	\$ 9,824,256
Middle/JHS			8,079,920	4,547,194
Middle/JHS-cocurricular			86,315	28,963
High School Programs			11,764,146	6,667,326
High School-cocurricular			1,099,342	384,407
Special alternative programs:				
Talented and Gifted			2,957	790
Programs for Students with Disabilities			2,587,699	1,919,927
Resource room and other disabled			3,684,670	2,332,944
Remediation			126,619	72,409
Alternative Education			18,949	12,022
Charter School			-	-
English Second Language Learners			2,460,234	1,578,460
Designated Programs			-	1,166
Transportation Fees			58,986	21,511
Total Instruction	88,270,984	88,772,984 (1)	47,221,564	27,391,375
Support Services:				
Students:				
Attendance and Social Work			650,294	443,373
Guidance services			2,542,414	1,410,063
Health Services			411,591	173,055
Psychological services			226,794	128,634
Speech Pathology and Audiology			988,199	610,953
Treatment, Student Services			385,847	220,218
Direction, Student Services			933,003	491,690
Improvement of Instruction Services			1,952,617	1,209,244
Assessment and Testing			140,372	73,065
Instructional Staff Development			314,627	498,660
Board of Education Services			-	-
Executive Administrative Services			696,067	286,923
Office of the Principal			6,586,244	3,899,593
Other Support Services			51,563	6,815
Business:				
Direction of Business Support			31,726	14,638
Fiscal Services			765,666	479,813
Operation and maintenance			4,349,814	2,923,471
Student transportation			4,855,458	3,761,180
Internal services			264,651	175,410
Direction of Central Support Service			-	-
Information Services			358,046	217,608
Staff Services			697,708	465,533
Technology Services			1,021,995	628,285
Other Support Services			-	-
Supplemental Retirement			627,191	459,768
Total Support Services	62,158,455	62,158,455 (1)	28,851,887	18,577,992

(1) Appropriation Level



					VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
PURCHASED SERVICES	SUPPLIES & MATERIALS	CAPITAL OUTLAY	OTHER OBJECTS	TOTAL	
\$ 13,257	\$ 235,214	\$ -	\$ -	\$ 27,324,454	\$
15,053	300,889	-	-	12,943,056	
2,623	27,222	-	85	145,208	
52,978	719,060	-	40,131	19,243,641	
134,700	111,264	34,596	66,905	1,831,214	
(35)	6,099	-	-	9,811	
1,377,411	33,935	-	-	5,918,972	
10,361	90,525	-	-	6,118,500	
-	-	-	-	199,028	
30,478	2,127	-	-	63,576	
8,348,640	-	-	-	8,348,640	
14,097	14,610	-	-	4,067,401	
3,727	-	-	-	4,893	
-	3,646	-	-	84,143	
<u>10,003,290</u>	<u>1,544,591</u>	<u>34,596</u>	<u>107,121</u>	<u>86,302,537</u>	<u>2,470,447</u>
298,416	1,273	-	250	1,393,606	
-	2,876	-	650	3,956,003	
6,830	5,168	-	-	596,644	
92	37,693	-	-	393,213	
1,150	24,950	-	-	1,625,252	
6,611	12,413	-	-	625,089	
2,817	5,929	-	-	1,433,439	
62,854	320,722	-	87	3,545,524	
4,227	71,422	-	-	289,086	
80,155	25,311	-	2,095	920,848	
269,076	3,783	-	22,179	295,038	
107,850	53,456	-	3,354	1,147,650	
43,840	217,499	-	2,074	10,749,250	
42,608	-	-	295	101,281	
-	-	-	5	46,369	
81,225	16,107	-	291,540	1,634,351	
4,627,711	944,194	20,423	385,813	13,251,426	
640,662	1,394,048	-	464,944	11,116,292	
601,450	14,907	-	775	1,057,193	
-	-	-	-	-	
146,099	32,302	-	10,303	764,358	
155,376	42,399	-	5	1,361,021	
574,222	1,069,731	-	-	3,294,233	
-	29,874	-	-	29,874	
-	-	-	-	1,086,959	
<u>7,753,271</u>	<u>4,326,057</u>	<u>20,423</u>	<u>1,184,369</u>	<u>60,713,999</u>	<u>1,444,456</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES AND TRANSFERS**  
**BUDGETARY BASIS**  
**For the Year Ended June 30, 2015**

	<u>GENERAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>
EXPENDITURES (continued):				
Enterprise and Community Services				
Community Service & Care of Children	\$ 2,159	\$ 2,159	\$ 57	\$ 19
Total Enterprise and Community Services	<u>2,159</u>	<u>2,159 (1)</u>	<u>57</u>	<u>19</u>
Facilities Acquisition and Construction:				
Other Construction Services	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
Total Facilities Acquisition and Construction	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
Contingency	<u>9,762,112</u>	<u>9,260,112 (1)</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>160,233,710</u>	<u>160,233,710</u>	<u>\$ 76,073,508</u>	<u>\$ 45,969,386</u>
Excess of Revenues Over, (Under) Expenditures	<u>(7,311,090)</u>	<u>(7,311,090)</u>		
Other Financing Sources, (Uses):				
Transfers In	97,741	97,741		
Transfers Out	<u>(2,482,510)</u>	<u>(2,482,510) (1)</u>		
Total Other Financing Sources, (Uses)	<u>(2,384,769)</u>	<u>(2,384,769)</u>		
Net Change in Fund Balance	(9,695,859)	(9,695,859)		
Fund Balance, July 1, 2014	<u>9,695,859</u>	<u>9,695,859</u>		
Fund Balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>		

(1) Appropriation Level

<u>PURCHASED SERVICES</u>	<u>SUPPLIES &amp; MATERIALS</u>	<u>CAPITAL OUTLAY</u>	<u>OTHER OBJECTS</u>	<u>TOTAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE -UNFAVORABLE</u>
\$ 239	\$ -	\$ -	\$ -	\$ 315	\$ 1,844
<u>239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315</u>	<u>1,844</u>
<u>-</u>	<u>665</u>	<u>-</u>	<u>-</u>	<u>665</u>	<u>39,335</u>
<u>-</u>	<u>665</u>	<u>-</u>	<u>-</u>	<u>665</u>	<u>39,335</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,260,112</u>
<u>\$ 17,756,800</u>	<u>\$ 5,871,313</u>	<u>\$ 55,019</u>	<u>\$ 1,291,490</u>	<u>147,017,516</u>	<u>13,216,194</u>
				<u>8,370,691</u>	<u>15,681,781</u>
				97,741	-
				<u>(2,482,510)</u>	<u>-</u>
				<u>(2,384,769)</u>	<u>-</u>
				5,985,922	15,681,781
				<u>11,437,858</u>	<u>1,741,999</u>
				<u>\$ 17,423,780</u>	<u>\$ 17,423,780</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

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

<u>SPECIAL REVENUE FUNDS</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Federal grants	\$ 11,800,795	\$ 11,800,795	\$ 10,263,884	\$ (1,536,911)
State and local sources	4,386,404	4,386,404	4,869,031	482,627
Total revenues	<u>16,187,199</u>	<u>16,187,199</u>	<u>15,132,915</u>	<u>(1,054,284)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	5,080,123	5,080,123 (1)	4,377,215	702,908
Support services	8,786,300	7,836,300 (1)	5,756,410	2,079,890
Enterprise & community services	6,301,541	6,401,541 (1)	5,839,879	561,662
Facilities Acquisition	-	850,000 (1)	779,451	70,549
Contingency	-	- (1)	-	-
Total expenditures	<u>20,167,964</u>	<u>20,167,964</u>	<u>16,752,955</u>	<u>3,415,009</u>
Revenues over (under) expenditures	<u>(3,980,765)</u>	<u>(3,980,765)</u>	<u>(1,620,040)</u>	<u>2,360,725</u>
<b>Other Financing Sources, (Uses):</b>				
Loan Receipts	2,310,040	2,310,040	1,157,224	(1,152,816)
Transfers In	1,102,618	1,102,618	1,102,618	-
Transfers out	(1,583,669)	(1,583,669) (1)	(1,583,669)	-
Total other financing sources	<u>1,828,989</u>	<u>1,828,989</u>	<u>676,173</u>	<u>(1,152,816)</u>
Net Change in Fund Balance	(2,151,776)	(2,151,776)	(943,867)	1,207,909
Fund Balance (Deficit), July 1, 2014	<u>2,151,776</u>	<u>2,151,776</u>	<u>1,989,165</u>	<u>(162,611)</u>
Fund Balance (Deficit), June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,045,298</u>	<u>\$ 1,045,298</u>

(1) Appropriation Level

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

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

<u>TRUST, AGENCY, AND OTHER FUNDS</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>				
State and Local Sources	\$ 7,081,996	\$ 7,081,996	\$ 7,163,246	\$ 81,250
Earnings from investments	14,050	14,050	1,072	(12,978)
Total revenues	<u>7,096,046</u>	<u>7,096,046</u>	<u>7,164,318</u>	<u>68,272</u>
<b>EXPENDITURES:</b>				
Instruction	6,162,596	6,162,596 (1)	6,117,353	45,243
Support Services	880,900	880,900 (1)	820,426	60,474
Community Services	205,540	205,540 (1)	3,334	202,206
Facility Acquisition	2,280,436	2,280,436 (1)	-	2,280,436
Total expenditures	<u>9,529,472</u>	<u>9,529,472</u>	<u>6,941,113</u>	<u>2,588,359</u>
Net Change in Fund Balance	(2,433,426)	(2,433,426)	223,205	2,656,631
Fund Balance, July 1, 2014 (budgetary basis)	<u>2,471,926</u>	<u>2,471,926</u>	<u>(212,990)</u>	<u>(2,684,916)</u>
Fund Balance, June 30, 2015 (budgetary basis)	<u>\$ 38,500</u>	<u>\$ 38,500</u>	<u>\$ 10,215</u>	<u>\$ (28,285)</u>

(1) Appropriation Level

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

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

COMMUNITY SERVICE FUND

REVENUES:	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenue from Local Sources:				
Tuition	\$ 75,000	\$ 75,000	\$ 25,935	\$ (49,065)
Child Care	965,000	965,000	1,276,077	311,077
Rentals	275,000	275,000	288,931	13,931
Miscellaneous	-	-	5,011	5,011
Total Local Revenue	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,595,954</u>	<u>280,954</u>
Revenue from State Sources:				
Driver Education	38,000	38,000	-	(38,000)
Total State Revenue	<u>38,000</u>	<u>38,000</u>	<u>-</u>	<u>(38,000)</u>
Total Revenue	<u>1,353,000</u>	<u>1,353,000</u>	<u>1,595,954</u>	<u>242,954</u>
EXPENDITURES:				
Support Services	5,000	5,000 (1)	3,728	1,272
Enterprise and Community Services	1,591,970	1,591,970 (1)	1,502,677	89,293
Contingency	286,030	286,030 (1)	-	286,030
Total Expenditures	<u>1,883,000</u>	<u>1,883,000</u>	<u>1,506,405</u>	<u>376,595</u>
Excess of Revenues Over, (Under) Expenditures	<u>(530,000)</u>	<u>(530,000)</u>	<u>89,549</u>	<u>619,549</u>
Other Financing Sources, (Uses) Transfers Out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net Change in Fund Balance	(555,000)	(555,000)	64,549	619,549
Fund balance (deficit) June 30, 2014	<u>555,000</u>	<u>555,000</u>	<u>643,584</u>	<u>88,584</u>
Fund balance (deficit) June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708,133</u>	<u>\$ 708,133</u>

(1) Appropriation Level

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**

**CLACKAMAS COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

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

DEBT SERVICE FUND

REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Taxes	\$ 21,608,750	\$ 21,608,750	\$ 22,573,302	\$ 964,552
Penalties and Interest on Taxes	65,000	65,000	83,193	18,193
Earnings from investments	45,500	45,500	69,206	23,706
Services Provided Other Funds	<u>9,202,847</u>	<u>9,202,847</u>	<u>9,578,304</u>	<u>375,457</u>
Total revenues	<u>30,922,097</u>	<u>30,922,097</u>	<u>32,304,005</u>	<u>1,381,908</u>
 EXPENDITURES:				
Debt service	37,709,386	37,709,386 (1)	37,692,069	17,317
Contingency	<u>160,944</u>	<u>160,944 (1)</u>	<u>-</u>	<u>160,944</u>
Total expenditures	<u>37,870,330</u>	<u>37,870,330</u>	<u>37,692,069</u>	<u>178,261</u>
Expenditures over revenues	<u>(6,948,233)</u>	<u>(6,948,233)</u>	<u>(5,388,064)</u>	<u>1,203,647</u>
 Other Financing Sources, (Uses)				
Bond Proceeds	-	-	248,370	248,370
Transfers In	<u>2,290,820</u>	<u>2,290,820</u>	<u>2,290,820</u>	<u>-</u>
Total other financing sources, (uses)	<u>2,290,820</u>	<u>2,290,820</u>	<u>2,539,190</u>	<u>248,370</u>
Net Change in Fund Balance	(4,657,413)	(4,657,413)	(2,848,874)	(955,277)
 Fund balance (deficit)				
June 30, 2014	<u>5,657,413</u>	<u>5,657,413</u>	<u>4,235,901</u>	<u>(1,421,512)</u>
 Fund balance (deficit)				
June 30, 2015	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,387,027</u>	<u>\$ 387,027</u>

(1) Appropriation Level



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

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

<u>CAPITAL PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Earnings from investments	\$ -	\$ -	\$ 13,262	\$ 13,262
Miscellaneous	100,000	100,000	38,852	(61,148)
Construction Excise Tax	1,100,000	1,100,000	862,460	(237,540)
Total revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>914,574</u>	<u>(285,426)</u>
EXPENDITURES:				
Support Services	7,850,000	7,550,000 (1)	622,429	6,927,571
Facilities Acquisition	190,000	490,000 (1)	515,267	(25,267)
Total expenditures	<u>8,040,000</u>	<u>8,040,000</u>	<u>1,137,696</u>	<u>6,902,304</u>
Revenues over (under) expenditures	<u>(6,840,000)</u>	<u>(6,840,000)</u>	<u>(223,122)</u>	<u>6,616,878</u>
Other Financing Sources, (Uses)				
Sale of fixed assets	<u>2,900,000</u>	<u>2,900,000</u>	<u>-</u>	<u>(2,900,000)</u>
Total other financing sources	<u>2,900,000</u>	<u>2,900,000</u>	<u>-</u>	<u>(2,900,000)</u>
Net Change in Fund Balance	(3,940,000)	(3,940,000)	(223,122)	3,716,878
Fund balance (deficit)				
June 30, 2014	<u>3,940,000</u>	<u>3,940,000</u>	<u>6,424,943</u>	<u>2,484,943</u>
Fund balance (deficit)				
June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,201,821</u>	<u>\$ 6,201,821</u>

(1) Appropriation Level

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

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

	<u>SELF-INSURANCE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Recovery Stop Loss	\$ 300,000	\$ 300,000	\$ 502,411	\$ 202,411
RX America Refund	-	-	220,637	220,637
Service Provided Other Funds	33,135,312	33,135,312	28,228,379	(4,906,933)
Earnings from Investments	35,500	35,500	59,553	24,053
Miscellaneous	56,000	56,000	10,880	(45,120)
Total revenues	<u>33,526,812</u>	<u>33,526,812</u>	<u>29,021,860</u>	<u>(4,504,952)</u>
<b>EXPENDITURES:</b>				
Support services - self-insured losses and claims	<u>40,970,487</u>	<u>40,970,487</u> (1)	<u>31,506,006</u>	<u>9,464,481</u>
Total expenditures	<u>40,970,487</u>	<u>40,970,487</u>	<u>31,506,006</u>	<u>9,464,481</u>
Expenditures over revenues	<u>(7,443,675)</u>	<u>(7,443,675)</u>	<u>(2,484,146)</u>	<u>4,959,529</u>
<b>Other Financing Sources, (Uses)</b>				
Transfers In	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund Balance	(6,843,675)	(6,843,675)	(1,884,146)	4,959,529
Fund Balance, July 1, 2014 (budgetary basis)	<u>6,843,675</u>	<u>6,843,675</u>	<u>12,852,864</u>	<u>6,009,189</u>
Fund Balance, June 30, 2015 (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,968,718</u>	<u>\$ 10,968,718</u>

(1) Appropriation Level

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
**For the Year Ended June 30, 2015**

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<u>STUDENT ACTIVITY FUND</u>	<u>BALANCES</u> <u>JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2015</u>
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 2,281,675</u>	<u>\$ 4,003,850</u>	<u>\$ 4,294,047</u>	<u>\$ 1,991,478</u>
<u>LIABILITIES</u>				
Due to student groups	<u>2,281,675</u>	<u>4,003,850</u>	<u>4,294,047</u>	<u>1,991,478</u>
Total liabilities	<u>\$ 2,281,675</u>	<u>\$ 4,003,850</u>	<u>\$ 4,294,047</u>	<u>\$ 1,991,478</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS**

**For the Year Ended June 30, 2015**

TAX YEAR	UNCOLLECTED 7/1/2014	LEVY AS EXTENDED BY ASSESSOR	DISCOUNTS ALLOWED	INTEREST	ADJUSTMENTS	COLLECTIONS	UNCOLLECTED 6/30/2015
<b><u>GENERAL FUND:</u></b>							
Current 2014-2015	\$ -	\$ 55,663,451	1,427,268	25,226	(79,413)	52,858,541	\$ 1,298,229
Prior 2013-2014	1,290,854	-	(410)	54,942	(23,177)	618,896	649,191
2012-2013	736,538	-	(31)	56,005	(3,472)	260,398	472,699
2011-2012	520,681	-	(67)	72,615	(4,544)	209,589	306,615
2010-2011	308,727	-	(55)	39,865	(4,298)	93,126	211,358
2009-2010 & Prior	300,648	-	(2)	24,076	(13,666)	44,337	242,647
Total prior	3,157,448	-	(565)	247,503	(49,157)	1,226,346	1,882,510
Total General Fund	<u>\$ 3,157,448</u>	<u>\$ 55,663,451</u>	<u>\$ 1,426,703</u>	<u>\$ 272,729</u>	<u>\$ (128,570)</u>	<u>\$ 54,084,887</u>	<u>\$ 3,180,739</u>
<b>RECONCILIATION TO REVENUE (GENERAL FUND):</b>							
Cash Collections by County Treasurers Above							\$ 54,084,887
Total Revenue							<u>\$ 54,084,887</u>
<b><u>DEBT SERVICE FUND</u></b>							
Current 2014-2015	\$ -	\$ 23,109,625	592,555	10,473	(32,970)	21,945,119	\$ 538,981
Prior 2013-2014	631,555	-	(201)	26,880	(11,339)	302,797	317,620
2012-2013	369,513	-	(16)	28,097	(1,742)	130,639	237,148
2011-2012	307,630	-	(39)	42,903	(2,685)	123,830	181,154
2010-2011	134,709	-	(24)	17,394	(1,876)	40,634	92,223
2009-2010 & Prior	132,858	-	(1)	10,640	(6,039)	19,593	107,227
Total prior	1,576,265	-	(281)	125,914	(23,681)	617,493	935,372
Total Debt Service Fund	<u>\$ 1,576,265</u>	<u>\$ 23,109,625</u>	<u>\$ 592,274</u>	<u>\$ 136,387</u>	<u>\$ (56,651)</u>	<u>\$ 22,562,612</u>	<u>\$ 1,474,353</u>
Total all funds	<u>\$ 4,733,713</u>	<u>\$ 78,773,076</u>	<u>\$ 2,018,977</u>	<u>\$ 409,116</u>	<u>\$ (185,221)</u>	<u>\$ 76,647,499</u>	<u>\$ 4,655,092</u>
<b>RECONCILIATION TO REVENUE (DEBT SERVICE FUND):</b>							
Cash Collections by County Treasurers Above							\$ 22,562,612
Other Taxes							<u>10,690</u>
Total Revenue							<u>\$ 22,573,302</u>



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December 18, 2015

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of North Clackamas School District No. 12 as of and for the year ended June 30, 2015, and have issued our report thereon dated December 18, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### **Compliance**

As part of obtaining reasonable assurance about whether North Clackamas School District No. 12'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.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

In connection with our testing nothing came to our attention that caused us to believe North Clackamas School District No. 12 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. There was one instance where actual expenditures exceeded appropriations, as noted on page 28.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

A handwritten signature in black ink, appearing to read "Ken Allen".

Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**GRANT COMPLIANCE REVIEW**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2015**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD	GRANT AMOUNT	REVENUE and EXPENDITURES
<b>US DEPARTMENT OF EDUCATION</b>				
Passed through State Department of Education				
Title I, Grants to Local Education Agencies	84.010	07/01/13-09/30/14	\$ 2,509,481	\$ 245,463
Title I, Grants to Local Education Agencies	84.010	07/01/14-09/30/15	2,556,231	2,025,130
Title I, Grants Focus	84.010	08/01/14-06/30/15	10,303	10,303
Title I, Grants Restricted	84.010	08/01/14-06/30/15	35,313	35,313
Title I, Grants Expanded Reading	84.010	08/01/14-06/30/15	40,000	40,000
Total Title I, Part A			5,151,328	2,356,209
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	07/01/13-09/30/15	2,382,020	1,924,347
Special Education Grants to States	84.027	07/01/14-09/30/16	2,462,559	1,044,090
Special Education Grants to States-Preschool	84.173	07/01/14-06/30/15	36,763	36,763
Special Education Grants to States-Extended Assmt	84.027	07/01/14-06/30/15	4,500	4,500
Special Education SPR&I	84.027	08/01/14-06/30/15	14,757	7,387
Total Special Education Cluster (IDEA)			4,900,599	3,017,087
Title IIA - Improving Teacher Quality State Grants	84.367	07/01/13-09/30/14	396,731	71,073
Title IIA - Improving Teacher Quality State Grants	84.367	07/01/14-09/30/15	386,494	261,689
Title IIA - Improving Teacher Quality State Grants	84.367	07/01/14-09/30/15	5,550	5,550
Title III - English Language Acquisition State Grants	86.365	07/01/14-09/30/15	300,753	300,753
Twenty-First Century Community Learning Centers	84.287	07/01/13-06/30/14	476,564	472,178
Twenty-First Century Community Learning Centers	84.287	07/01/14-06/30/15	556,581	49,353
Special Education - EBISS	84.323	09/01/14-06/30/16	6,379	6,379
Child Care Discretionary	93.575	07/01/13-06/30/14	85,186	85,186
Passed through Clackamas ESD				
Title IC - Migrant Education	84.xxx	07/01/14-06/30/15	5,647	5,647
Career and Technical Education -- Basic Grants to States	84.048	07/01/14-06/30/15	58,544	58,544
<b>TOTAL US DEPARTMENT OF EDUCATION</b>			<b>9,688,509</b>	<b>6,689,648</b>
<b>US DEPARTMENT OF AGRICULTURE</b>				
Passed through State Department of Education				
Child Nutrition Cluster				
USDA Commodities	10.555	07/01/14-06/30/15	275,459	275,459
School Breakfast Program	10.553	07/01/14-06/30/15	562,368	562,368
National School Lunch Program	10.555	07/01/14-06/30/15	2,502,274	2,502,274
Summer Food Service Program for Children	10.559	07/01/14-06/30/15	55,651	55,651
Total Child Nutrition Cluster			3,395,752	3,395,752 (1)
Child and Adult Care Food Program	10.558	07/01/14-06/30/15	52,931	52,931
Fresh Fruit and Vegetable Program	10.582	07/01/14-06/30/15	57,862	57,862
Passed through Clackamas County				
Schools and Roads - Grants to States	10.665	07/01/14-06/30/15	85,319	85,319
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>			<b>3,591,864</b>	<b>3,591,864</b>
<b>US DEPARTMENT OF LABOR</b>				
Direct Award:				
Workforce Investment Act Youth Activities	17.259	07/01/14-06/30/15	67,691	67,691
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 13,348,064</b>	<b>\$ 10,349,203</b>

(1) Major Programs





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December 18, 2015

To the Board of Directors  
North Clackamas School District No. 12

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Clackamas School District No. 12 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 18, 2015.

**Internal Control over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**



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December 18, 2015

To the Board of Directors  
North Clackamas School District No. 12

**Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

**Report on Compliance for Each Major Federal Program**

We have audited North Clackamas School District No. 12's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2015. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, North Clackamas School District No. 12 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, *the Board*, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Ken Allen".

Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of Auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133?  Yes  No

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses  Yes  None reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  Yes  No

Identification of major programs

<u>CFDA Number(s):</u> 10.553, 10.555, 10.559	<u>Name of Federal Program:</u> Child Nutrition Cluster
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Dollar threshold used to distinguish between type A and type B programs: \$ 310,476

Auditee qualified as low-risk auditee?  Yes  No

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

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

None

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

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of North Clackamas School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**OTHER INFORMATION**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**FUTURE MATURITIES OF LONG TERM DEBT**  
**For the Year Ended June 30, 2015**

Year	Key Bank No. 9		Key Bank No. 10		Key Bank No. 11	
	Principal	Interest	Principal	Interest	Principal	Interest
2015-2016	278,435	15,660	434,480	52,980	341,015	86,277
2016-2017	143,860	3,187	453,053	34,407	359,609	67,684
2017-2018	-	-	472,420	15,040	379,216	48,077
2018-2019	-	-	-	-	399,892	27,401
2019-2020	-	-	-	-	208,052	5,597
	<u>\$ 422,295</u>	<u>\$ 18,847</u>	<u>\$ 1,359,953</u>	<u>\$ 102,427</u>	<u>\$ 1,687,784</u>	<u>\$ 235,036</u>

Year	Key Bank No. 12		Key Bank No. 13		Key Bank No. 14	
	Principal	Interest	Principal	Interest	Principal	Interest
2015-2016	134,209	27,489	158,485	29,517	103,334	30,184
2016-2017	137,966	23,732	162,263	25,739	106,237	27,280
2017-2018	141,827	19,871	166,132	21,870	109,222	24,296
2018-2019	145,798	15,900	170,092	17,910	112,290	21,228
2019-2020	149,879	11,819	174,147	13,855	115,445	18,072
2020-2025	312,463	10,933	453,748	16,257	560,977	39,851
	<u>\$ 1,022,142</u>	<u>\$ 109,744</u>	<u>\$ 1,284,867</u>	<u>\$ 125,148</u>	<u>\$ 1,107,505</u>	<u>\$ 160,911</u>

Year	US Bank		Altamont Lid	
	Principal	Interest	Principal	Interest
2015-2016	104,700	88,931	15,488	5,883
2016-2017	2,249,147	42,961	15,488	4,644
2017-2018	-	-	15,488	3,405
2018-2019	-	-	15,488	2,166
2019-2020	-	-	15,488	927
	<u>\$ 2,353,847</u>	<u>\$ 131,892</u>	<u>\$ 77,440</u>	<u>\$ 17,025</u>

Year	PERS Bond #1		PERS Bond #2		2004 Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015-2016	1,017,642	3,261,045	1,696,334	3,745,889	8,250,000	1,359,500
2016-2017	1,036,771	3,461,916	1,698,777	4,018,445	9,110,000	947,000
2017-2018	1,054,791	3,673,897	1,692,268	4,314,955	9,830,000	491,500
2018-2019	1,069,845	3,898,842	1,680,438	4,621,785	-	-
2019-2020	1,080,969	4,137,718	1,673,078	4,944,145	-	-
2020-2025	18,505,000	6,251,113	17,947,403	20,295,087	-	-
2025-2028	15,960,000	1,608,668	20,150,000	2,083,424	-	-
	<u>\$ 39,725,018</u>	<u>\$ 26,293,199</u>	<u>\$ 46,538,298</u>	<u>\$ 44,023,730</u>	<u>\$ 27,190,000</u>	<u>\$ 2,798,000</u>

Year	2011 Refunding Bonds		2007 GO Bonds		2014 Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015-2016	-	143,614	6,935,000	1,894,600	1,370,000	7,958,100
2016-2017	-	143,614	8,040,000	1,547,850	845,000	7,930,700
2017-2018	-	143,614	-	1,145,850	180,000	7,913,800
2018-2019	-	143,614	-	1,145,850	5,885,000	7,908,400
2019-2020	3,490,000	287,228	-	1,145,850	6,765,000	7,624,150
2020-2025	-	-	-	5,729,250	49,410,000	32,176,750
2025-2030	-	-	-	5,729,250	83,650,000	16,699,500
2028-2032	-	-	25,630,000	2,291,700	21,805,000	872,200
	<u>\$ 3,490,000</u>	<u>\$ 861,684</u>	<u>\$ 40,605,000</u>	<u>\$ 20,630,200</u>	<u>\$ 169,910,000</u>	<u>\$ 89,083,600</u>



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**STATISTICAL SECTION**

**NORTH CLACKAMAS SCHOOL DISTRICT 12**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	<u>2014-15*</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Governmental activities:				
Net investment in capital assets	\$ 51,288,143	\$ 81,726,027	\$ 76,044,983	\$ 93,717,904
Restricted	8,634,146	12,650,009	13,639,570	15,346,184
Unrestricted	<u>(35,441,604)</u>	<u>(14,795,128)</u>	<u>(24,485,940)</u>	<u>(42,569,534)</u>
Total primary government net position	<u>\$ 24,480,685</u>	<u>\$ 79,580,908</u>	<u>\$ 65,198,613</u>	<u>\$ 66,494,554</u>

\*as restated for GASB 68

Source: North Clackamas School District 12JT financial records.

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$	85,124,788	\$ 71,396,172	\$ 67,381,808	\$ 55,963,940	\$ 27,447,340	\$ 12,803,498
	12,202,757	1,054,501	2,136,818	2,991,578	3,410,442	2,805,223
	(45,826,740)	(27,440,851)	(22,950,639)	(20,237,582)	(19,120,797)	(9,926,219)
\$	<u>51,500,805</u>	<u>\$ 45,009,822</u>	<u>\$ 46,567,987</u>	<u>\$ 38,717,936</u>	<u>\$ 11,736,985</u>	<u>\$ 5,682,502</u>

# NORTH CLACKAMAS SCHOOL DISTRICT 12

## FUND BALANCES, GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	<u>2014-15(1)</u>	<u>2013-14(1)</u>	<u>2012-13(1)</u>	<u>2011-12(1)</u>
General Fund (1)				
Unassigned	\$ 17,423,780	\$ 11,437,858	\$ 6,719,640	\$ 10,118,425
Unreserved	-	-	-	-
Total general fund	<u>\$ 17,423,780</u>	<u>\$ 11,437,858</u>	<u>\$ 6,719,640</u>	<u>\$ 10,118,425</u>
All Other Governmental Funds(1)				
Nonspendable--Inventory	\$ -	\$ -	\$ 44,012	\$ 74,797
Restricted for:				
Future Capital Projects	6,201,821	6,424,943	6,692,229	10,458,546
Special Grants and Services	1,045,298	1,989,165	2,442,343	796,760
Debt Service	1,387,027	4,235,901	4,504,998	4,090,878
Planning activities	-	-	-	-
Other activities	-	-	-	-
Committed to:				
Restoration of School Days	-	-	-	-
Community Projects and Classes	708,133	643,584	422,879	283,919
Assigned to:				
Unspecified	-	-	-	-
Reserved for:				
Capital Projects	-	-	-	-
Reserve for Scholarships	-	-	-	-
Unreserved, reported in:				
Debt Service Fund	-	-	-	-
Community Service Fund	-	-	-	-
Scholarship Fund	10,215	(212,990)	(179,060)	(258,928)
Special Revenue Funds	-	-	-	-
Capital Projects Fund	-	-	-	-
Total all other governmental funds	<u>\$ 9,352,494</u>	<u>\$ 13,080,603</u>	<u>13,927,401</u>	<u>15,445,972</u>

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

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

2010-11(1)	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 3,103,710	-	-	-	-	-
-	\$ 3,615,826	\$ 5,795,923	\$ 7,479,508	\$ 5,619,332	\$ 1,988,709
<u>\$ 3,103,710</u>	<u>\$ 3,615,826</u>	<u>\$ 5,795,923</u>	<u>\$ 7,479,508</u>	<u>\$ 5,619,332</u>	<u>\$ 1,988,709</u>
\$ 333,800	\$ -	\$ -	\$ -	\$ -	\$ -
11,700,310	-	-	-	-	-
502,447	-	-	-	-	-
(529,192)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,200,000	-	-	-	-	-
108,871	-	-	-	-	-
2,000,000	-	-	-	-	-
-	29,312,230	76,600,001	186,704,084	239,418,253	-
-	-	-	249,897	228,068	250,628
-	1,054,501	2,136,818	2,991,578	3,410,442	2,805,223
-	28,354	90,503	143,492	78,696	-
(139,494)	(293,816)	(95,168)	(492,332)	-	-
-	2,254,603	2,512,317	1,450,911	855,380	311,045
-	-	-	-	-	(32,466)
<u>15,176,742</u>	<u>32,355,872</u>	<u>81,244,471</u>	<u>191,047,630</u>	<u>243,990,839</u>	<u>3,334,430</u>

**NORTH CLACKAMAS SCHOOL DISTRICT 12**  
**TAXABLE PROPERTY VALUES**  
**Last Ten Fiscal Years**

FISCAL YEAR	PROPERTY VALUE ASSESSED VALUATION(1)				TOTAL DIRECT TAX RATE(2)
	REAL MARKET VALUE	TOTAL ASSESSED VALUATION	LESS URBAN RENEWAL EXCESS	TOTAL	
2014-15	\$ 11,281,017,275	11,931,103,331	141,751,946	11,789,351,385	\$ 6.8154
2013-14	10,764,664,764	11,387,758,910	119,971,829	11,267,787,081	7.0852
2012-13	12,767,620,456	11,387,758,910	119,971,829	11,267,787,081	7.1184
2011-12	12,442,681,334	10,725,351,614	627,865,298	10,097,486,316	7.5770
2010-11	13,229,281,939	10,529,130,436	659,911,782	9,869,218,654	6.9554
2009-10	14,733,416,918	10,295,166,453	638,971,735	9,656,194,718	6.8789
2008-09	16,452,188,324	9,860,466,765	548,171,538	9,312,295,227	7.8246
2007-08	13,416,337,408	9,265,112,552	467,480,361	8,797,632,191	6.8913
2006-07	13,416,337,408	8,644,036,618	412,748,527	8,231,288,091	6.0389
2005-06	11,324,297,494	8,088,321,032	662,171,330	7,426,149,702	6.0693

(1) Clackamas County Tax Supervising and Conservation Commission

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

Source: Clackamas County Department of Assessment and Taxation

**NORTH CLACKAMAS SCHOOL DISTRICT 12**  
**LARGEST TAXPAYERS WITHIN DISTRICT**  
**CURRENT AND TEN YEARS AGO**

PRIVATE ENTERPRISES	2015			2005		
	ASSESSED VALUATION	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION		ASSESSED VALUATION	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION	
Shorenstein Properties	\$ 262,188,654	2.22	%	\$ 3,309,175	0.04	%
General Growth Properties	224,899,091	1.91	%	1,771,691	0.02	
Clackamas Baking Plant	181,602,350	1.54	%	2,348,044	0.03	
PCC Structurals Inc	116,813,491	0.99	%	1,071,292	0.01	
Xerox Corporation	76,045,740	0.65	%	1,180,347	0.02	
Blount Inc	72,338,200	0.61	%	888,289	0.01	
Mentor Graphics Corp	64,886,837	0.55	%	-	0.00	
Kaiser Foundation Hospital	56,014,627	0.48	%	-	0.00	
Safeway Stores Inc #2690	54,449,892	0.46	%	811,623	0.01	
Marvin F Poer & Company	48,385,316	0.41	%	-	0.00	
<u>PUBLIC UTILITIES</u>						
Portland General Electric Co.	569,210,000	4.83	%	52,423,000	0.71	
Comcast Corporation	196,940,900	1.67	%	46,906,200	0.63	
Northwest Natural Gas	184,826,000	1.57	%	N/A	N/A	
Century Link	42,252,600	0.36	%	N/A	N/A	
Frontier Communications	35,225,000	0.30	%	N/A	N/A	
Molalla Telephone Co	33,760,000	0.29	%	N/A	N/A	
Northwest Pipeline Corp	27,953,500	0.24	%	N/A	N/A	
AT& T Inc	27,296,000	0.23	%	N/A	N/A	
Verizon Communications	25,173,000	0.21	%	N/A	N/A	
Canby Telecom	22,439,200	0.19	%	N/A	N/A	
SUB TOTAL	2,322,700,398	19.70	%	110,709,661	1.49	
ALL OTHER TAXPAYERS	9,466,650,987	80.30	%	7,315,440,041	98.51	
TOTAL	\$ 11,789,351,385	100.00	%	\$ 7,426,149,702	100.00	%

Source: Clackamas County Department of Assessment and Taxation

N/A - Not Available

**NORTH CLACKAMAS SCHOOL DISTRICT 12**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Five Years**

	Dollars per \$1,000 True Cash Value				
	2014-15	2013-14	2012-13	2011-12	2010-11
<b>DIRECT:</b>					
North Clackamas School District Permanent Rate	\$ 4.87	\$ 4.87	\$ 4.87	\$ 4.87	\$ 4.87
North Clackamas School District Bond	1.95	2.22	2.25	2.71	
Weighted Average Direct (1)	<u>\$ 6.82</u>	<u>\$ 7.09</u>	<u>\$ 7.12</u>	<u>\$ 7.58</u>	<u>\$ 5.59</u>
<b>Overlapping:</b>					
City of Gladstone	5.81	5.81	5.81	5.81	
City of Happy Valley	2.05	2.05	2.05	2.05	2.05
City of Milwaukie	4.27	4.07	4.07	4.07	4.07
City of Portland	7.89	7.98	7.81	7.69	7.69
Clackamas Community College	0.71	0.71	0.72	0.70	0.55
Clackamas County Rural	3.22	3.22	3.22	3.22	3.22
Clackamas County ESD	0.37	0.37	0.37	0.37	0.36
Clackamas County RFPD 1	2.46	2.46	2.47	2.46	N/A
Metro	0.46	0.47	0.40	0.31	N/A
North Clackamas Parks & Rec District	5.67	0.54	0.54	0.54	N/A
Oak Lodge Sanitary District	0.00	0.00	0.00	0.00	N/A
Port of Portland	0.07	0.07	0.07	0.07	N/A
	<u>32.97</u>	<u>27.75</u>	<u>27.53</u>	<u>27.29</u>	<u>17.94</u>
Totals*	<u>\$ 39.79</u>	<u>\$ 34.84</u>	<u>\$ 34.65</u>	<u>\$ 34.87</u>	<u>\$ 23.53</u>

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

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

N/A - Not Available

Source: Clackamas County Department of Assessment and Taxation



**NORTH CLACKAMAS SCHOOL DISTRICT 12**

**PROPERTY TAX LEVIES AND COLLECTION**

Last Ten Years

FISCAL YEAR ENDED JUNE 30	TOTAL TAX LEVY FOR FISCAL YEAR			COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
	GENERAL FUND	DEBT SERVICE FUND	TOTAL	AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2014-15	55,663,451	23,109,625	78,773,076	74,803,660	95.0	1,843,839	76,647,499	97.3 %
2013-14	51,360,022	25,128,043	76,488,065	72,498,279	94.8	2,128,760	74,627,039	97.6
2012-13	47,868,010	24,014,870	71,882,880	67,760,995	94.3	1,969,835	69,730,830	97.0
2011-12	47,775,661	28,226,948	76,002,609	71,405,816	94.0	1,790,532	73,196,348	96.3
2010-11	47,765,469	20,841,828	68,607,297	64,200,669	93.6	2,212,667	66,413,336	96.8
2009-10	46,418,357	20,259,136	66,677,493	62,447,669	93.7	2,149,331	64,597,000	96.9
2008-09	44,638,974	19,343,165	63,982,139	59,566,924	93.1	1,604,236	61,171,160	95.6
2007-08	42,475,846	18,537,792	61,013,638	57,351,288	94.0	1,189,512	58,540,800	95.9
2006-07	39,685,525	9,725,322	49,410,847	46,785,598	94.7	1,069,950	47,855,548	96.9
2005-06	35,906,932	9,069,568	44,976,500	42,726,122	95.0	188,845	42,914,967	95.4

Source: Clackamas County Department of Assessment and Taxation.

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

# NORTH CLACKAMAS SCHOOL DISTRICT 12

## GENERAL BONDED DEBT OUTSTANDING

### Last Ten Fiscal Years

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING				TOTAL
	GENERAL	PENSION	UNAMORTIZED		
	OBLIGATION BONDS	OBLIGATION BONDS	PREMIUM		
2014-15	\$ 237,705,000	89,753,315	26,576,278		354,034,593
2013-14	234,831,142	92,440,452	9,478,724		336,750,318
2012-13	246,501,142	94,983,239	10,005,319		351,489,700
2011-12	256,681,142	97,566,604	10,531,915		364,779,661
2010-11	265,406,142	100,067,163	11,058,510		376,531,815
2009-10	279,291,142	102,464,395	11,585,105		393,340,642
2008-09	291,596,142	104,750,987	12,111,700		408,458,829
2007-08	302,476,142	106,902,612	11,675,837		421,054,591
2006-07	310,126,142	108,904,272	12,154,309		431,184,723
2005-06	85,980,000	110,725,258	(1,058,705)		195,646,553

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

# NORTH CLACKAMAS SCHOOL DISTRICT 12

## DIRECT AND OVERLAPPING GROSS BONDED DEBT

June 30, 2015

GOVERNMENTAL UNIT	2014-2015 REAL MARKET VALUATION	GROSS (1) BONDED DEBT	NET (2) DIRECT DEBT	PERCENT WITHIN SCHOOL DISTRICT(3)	OVERLAPPING	
					GROSS (1) BONDED DEBT	NET (2) DIRECT DEBT
<u>DIRECT DEBT</u>						
North Clackamas School District	\$	\$ 327,458,315	\$ 327,458,315	100.00%	\$ -	\$ -
<u>OVERLAPPING GOVERNMENT</u>						
City of Gladstone	1,132,998,595	1,695,000	-	6.36%	107,721	-
City of Happy Valley	2,506,384,937	3,750,000	3,750,000	98.76%	3,703,639	3,703,639
City of Milwaukie	2,286,954,775	8,392,651	4,542,651	99.14%	8,320,290	4,503,484
City of Portland	93,360,904,410	615,362,088	126,830,000	0.08%	502,751	103,620
Clackamas Community College	38,741,861,484	94,161,012	66,116,012	39.30%	37,002,359	25,981,543
Clackamas County	53,076,860,113	100,180,000	98,780,000	28.68%	28,735,230	28,333,660
Clackamas County ESD	50,340,306,466	23,405,000	-	30.24%	7,078,351	-
Clackamas Cty RFPD 1	21,700,527,978	18,290,000	-	69.33%	12,679,817	-
Metro	215,408,649,968	223,625,000	193,205,000	6.98%	15,609,472	13,486,095
North Clackamas Parks & Rec District	15,254,882,083	9,925,000	-	96.30	9,558,182	-
Oak Lodge Sanitary District	2,283,709,374	19,510,000	-	75.90	14,807,992	-
Port of Portland	234,450,071,682	65,302,566	-	6.49	4,240,487	169,444
TOTAL OVERLAPPING	730,544,111,865	1,183,598,317	493,223,663		142,346,291	76,281,485
TOTAL	\$ 730,544,111,865	\$ 1,511,056,632	\$ 820,681,978		\$ 142,346,291	\$ 76,281,485

Source: Debt Management Division, State of Oregon.

(1) Gross bonded debt includes all bonds backed by a general obligation pledge including self-supporting general obligation bonds and limited tax debt.

(2) Net direct debt including all tax-supported bonds. Self-supporting bonds are excluded.

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**NORTH CLACKAMAS SCHOOL DISTRICT 12**  
**OPERATING STATISTICS**  
**Last Ten Fiscal Years**

FISCAL YEAR	STUDENT ENROLLMENT(1)	AVERAGE DAILY MEMBERSHIP(2)	TEACHING STAFF (4)	PUPIL-TEACHER RATIO (3)
2014-2015	17,199	20,011	841.4	20.44
2013-2014	17,185	19,783	785.3	21.88
2012-2013	17,044	19,909	780.0	21.85
2011-2012	17,280	20,026	767.7	22.51
2010-2011	17,348	19,991	897.5	19.33
2009-2010	17,578	20,126	977.9	17.98
2008-2009	17,728	20,342	1021.2	17.36
2007-2008	17,569	20,453	959.6	18.31
2006-2007	17,436	19,916	904.4	19.28
2005-2006	17,039	19,682	858.5	19.85

FISCAL YEAR	NUMBER OF TYPE A LUNCES SERVED			NUMBER OF BREAKFASTS SERVED		
	PAID	FREE	REDUCED PRICE	PAID	FREE	REDUCED PRICE
2014-2015	426,601	648,923	113,433	50,839	244,557	34,884
2013-2014	396,840	678,311	120,794	39,494	271,555	37,265
2012-2013	401,027	709,000	120,300	40,236	279,846	37,954
2011-2012	467,704	765,052	124,806	49,109	296,456	40,430
2010-2011	490,255	730,743	116,440	41,612	272,296	36,469
2009-2010	550,239	718,336	149,117	51,161	278,994	49,358
2008-2009	579,677	594,974	154,973	62,431	236,134	37,347
2007-2008	554,029	508,044	137,813	64,555	196,106	30,998
2006-2007	N/A	N/A	N/A	N/A	N/A	N/A
2005-2006	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Enrollment in North Clackamas School District locations only.
  - (2) Average Daily Membership (ADM) includes all resident students regardless of where they attend (including charter schools, schools outside the district, and schools for special needs students operated by other agencies and education service districts).
  - (3) Enrollment to Teacher Ratio
  - (4) Includes all licensed staff, not just classroom teachers, (i.e., counselors, special education, librarians)
- N/A-Not Available

Sources: North Clackamas School District Human Resources Department, Food Service Department, High Schools, Enrollment and Attendance Records.