



Salem-Keizer Public Schools • District 24J
In Marion & Polk Counties
In the State of Oregon

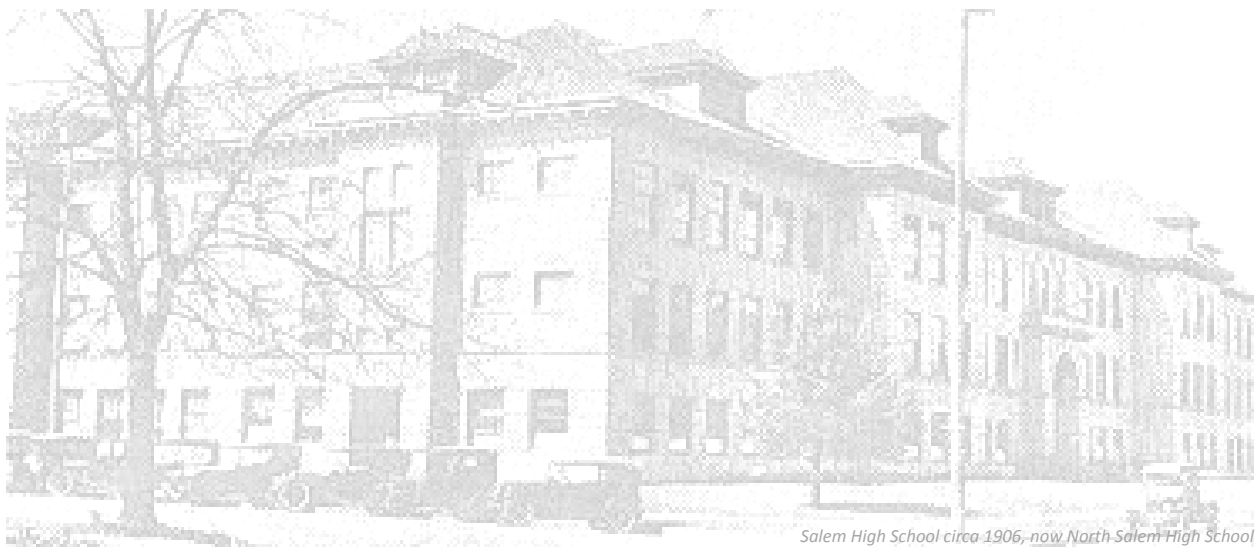


Our Vision: All students graduate and are prepared for a successful life.

Comprehensive Annual Financial Report

for the year ended June 30, 2016

Financial Services Department
2450 Lancaster Dr. NE Suite 220
Salem, OR 97305
503-399-3021



Salem High School circa 1906, now North Salem High School

SALEM-KEIZER SCHOOL DISTRICT 24J
Salem, Oregon

Christy Perry
Superintendent

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Report Issued by: The Financial Services Department

OUR VISION:

**All students graduate
and are prepared for a
successful life.**

**Graduation
for all!**



**SALEM-KEIZER SCHOOL DISTRICT 24J
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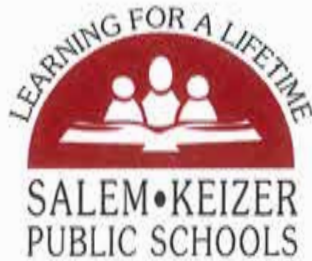


Introductory Section



Salem High School circa 1906, now North Salem High School





Salem-Keizer School District 24J
2450 Lancaster Dr. NE • Salem, Oregon 97305
503-399-3021 • Fax: 503-399-3407

December 30, 2016

Citizens and Board of Directors
Salem-Keizer School District No. 24J
2450 Lancaster Drive NE
Salem, Oregon 97305

Oregon Revised Statutes regarding Municipal Audit Law and State Financing of Public Schools require that the school district publish a complete set of audited financial statements within six months of the close of each fiscal year. A Securities Exchange Commission Rule requires that a district that has issued municipal bonds file annual financial statements with the Municipal Securities Exchange Repository through the Electronic Municipal Market Access System (EMMA). Pursuant to these requirements, we hereby issue the comprehensive annual financial report of the Salem Keizer School District 24J (District) for the fiscal year ended June 30, 2016. This report is presented in conformity with accounting principles generally accepted in the United States of America and was audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Oregon.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's 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. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive frame work of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of 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.

The District's financial statements have been audited by Grove, Mueller & Swank, P.C. a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the 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 Compliance Section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE DISTRICT

The District is one of 18 public school districts located in Marion and Polk Counties, Oregon. It is the second largest of the 197 school districts in Oregon providing a program of public education from kindergarten through grade twelve, as well as preschool programs. The District is required to report the number of students per school year to the state based on Average Daily Membership (ADM). ADM is the average number of full-time students enrolled in District schools and programs every day over the course of the entire school year compared to student enrollment which would be a snapshot on a given day of the headcount of all students enrolled. The District's ADM was 41,125 students in fiscal 2015-16. The projected ADM for fiscal 2016-17 is 41,680. The average age of the school buildings is 47 years.

Salem-Keizer School District was organized in January of 1855 by then county superintendent William P. Pugh, and consisted of a log cabin school at the southwest corner of Marion and Commercial streets. Today, the District consists of 42 elementary schools, 11 middle schools, 6 high schools, 4 District sponsored charter schools and 1 state sponsored charter school that is located within its boundaries. Located in Marion and Polk Counties, the District serves cities within those counties, primarily Keizer and Oregon's state capitol, Salem. It covers 172 square miles of Marion and Polk counties.

As of June 30, 2016 more than fifty-eight percent of Salem-Keizer's student populations are considered living in poverty based on the numbers who are receiving the Federal Free and Reduced Meal Program. This is down by three percent over the prior fiscal year. Eighty different languages are spoken in homes within the District.

In 2015-16, management staff included a superintendent, an assistant superintendent, a chief operations officer, three directors of elementary schools, a director of middle schools, a director of high schools, a director of instructional services, a director of student services, a director of community relations and communication, an executive director for human resources and a chief of staff. The District employed 164 management staff consisting of the positions described above, as well as principals, assistant principals, athletic directors, department managers, and supervisors. It employed 2,499 licensed staff consisting of teachers and counselors of which 99.5 percent were classified as "highly qualified" as defined by the State statute and 2,625 classified staff consisting of instructional assistants, custodians, bus drivers and clerical staff.

Under Oregon law, the District is considered a financially independent, special-purpose municipal corporation, and is responsible for educating all children residing within the boundaries of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for handicapped students, in accordance with State standards; and carrying out programs for transportation and feeding of pupils in accordance with District, State, and Federal guidelines.

The District's Governing Board, the Salem-Keizer School Board is organized under Section 332 of the Oregon Revised Statutes. The Salem-Keizer District School Board is elected on a district-wide basis and is the governing body of the District. It is comprised of seven citizens and has oversight responsibility, which includes, but are not limited to, the hiring of the Superintendent, the adoption of the annual budget, and negotiations of collective bargaining agreements. The Board operates under a policy governance structure by setting overarching guidance related to student achievement and approving Executive Limitations which establish operational, ethical and legal boundaries for district staff and decision-making. A Budget Committee, comprised of seven appointed volunteer members and the Salem-Keizer School Board, established by statute, reviews the Superintendent's recommended budget and approves the annual budget, which is forwarded to the Salem-Keizer School Board for final adoption.

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Component units must be reported as part of the primary government if they meet a fiscal dependency criterion and a financial benefit or burden relationship exists as defined under the Governmental Accounting Standards Board (GASB) Statement No. 61. The District has determined that its sponsored Charter Schools should be reported as component units. Although operation of these schools is the responsibility of their individual boards, they are financially dependent on the state funding that the District is required to allocate to them, they utilize licensed District staff for instruction, and they utilize many District services per their contracts with the District. In addition to reporting the component units, the District accounts for activity with charter schools in a separate fund within its Internal Service Funds.

The Salem-Keizer District is required by the State of Oregon to adopt an annual budget per Oregon Revised Statutes (294.305 through 294.565 inclusive). Oregon Budget Law specifies a process and format for a district's annual budget preparation and presentation. A school district is required to publish a budget using at least a "minimum chart of accounts" which includes fund, function and object. Each year, the District follows a process to develop and adopt a budget for the following school year. The District's Budget Committee receives the proposed budget from the superintendent, takes public testimony, deliberates, and approves the budget with a recommendation to the School Board for final adoption. The School Board normally adopts the budget in early June. Once adopted, the budget represents the financial plan for the School District. It contains estimates of revenues and expenditures needed to support the program offerings of the District for a single fiscal year. The budget is prepared for all funds which include Governmental, Proprietary and Fiduciary Funds. The annual expenditure budget serves as the foundation for the District's financial planning and control as revenue is estimated. Actual expenses may not exceed the appropriated amount of the budget by function and fund.

On July 10, 2015, President Obama signed the Every Student Succeeds Act (ESSA), which replaces No Child Left Behind (NCLB). ESSA is intended to build on progress made under NCLB and allow more flexibility. The state of Oregon is in the process of drafting a new plan to comply with this change and will finalize the plan in the spring of 2017.

As of 2016, forty-six states, including Oregon, and the District of Columbia have adopted and are working to implement Common Core Standards in their public schools. The standards define the knowledge and skills students should have developed in their K-12 education careers so that they will graduate from high school able to succeed in entry-level, credit-bearing academic college courses and in workforce training programs. The state will continue to utilize the Common Core Standards as guidance for success. In 2014-15, the state of Oregon replaced the Oregon Assessment of Knowledge and Skills with a new system of testing, the Smarter Balanced Assessment. Additional information regarding the Smarter Balanced Assessment can be found on Oregon Department of Education's website: <https://www.smarterbalanced.org/assessments/development/>.

It is the District's intent to remain centered on student achievement through implementation of its Strategic Plan. The 2016-17 Strategic Plan has two distinct components with goals to accomplish them. The components are as follows: improve and support student achievement. At the core of the Strategic Plan is the District's vision: *"All students graduate and are prepared for a successful life."* The District's 2016-17 Strategic Plan can be found on the District's website: www.salkeiz.k12.or.us.

The District Report Card shows the "District Profile" section which includes, but is not limited to student enrollment, ethnicity and median class size. The "Progress" section shows scores for the first year of the Smarter Balanced Assessment Tests by grades. There are 4 performance levels. Levels 3 and 4 are the levels where students are meeting the standards for school and district accountability. Comparatives between the entire state and a "Like-District Average" are shown. Other sections include, but are not limited to the graduation rate, student group outcomes, the curriculum and learning environment, and details regarding the District's Priority, Focus, and Model schools. The District's 2015-16 report card and report cards by school can be found on the following website: <http://www.ode.state.or.us/search/page/?id=1786>

ECONOMIC CONDITION

The Salem-Keizer School District is located in Marion and Polk Counties. Both counties are located south of the Portland metropolitan area in the center of the Willamette Valley. The City of Salem is the capital of the State, as well as the county seat for Marion County, and is the State's second largest city. The City of Keizer is the state's fourteenth largest city. Marion County is the largest producer of agricultural products of all of Oregon's counties, and Polk County has the second largest acreage producing grapes for wine production. Government agencies employ the majority of the population. Over 38 of Oregon's largest state agencies are located within the counties. Other industries in the counties are forest products and light manufacturing. There are two private universities and a community college located in Salem: Willamette University and Corban University are private liberal arts colleges which offer bachelor and master degree programs. Chemeketa Community College is a public community college offering associate degrees and technical programs. Major employers include the State of Oregon, the District, Salem Hospital, Marion and Polk Counties, Chemeketa Community College, City of Salem, and Norpac Foods.

The District receives approximately 77% of its General Fund revenue from State controlled sources. While Oregon's budget for the 2017-19 biennium shows an increase in funding for education, the District is still faced with even more significant increases in expenses. The District's largest expense is labor and its associated costs which includes the Oregon Public Employees Retirement System (PERS). While the District has restored furlough days and recovered in a variety of other ways from the 2008 downturn the increases in PERS costs will put pressure on programs in the coming years. Effective July 1, 2017 PERS rates increase by approximately 5.5% of payroll and are expected to increase at a similar rate for the next three biennia.

AWARDS AND ACKNOWLEDGEMENTS

In 2015-16 and four preceding years, the District was recognized for quality business practices by certification for (International Organization for Standardization) ISO. The ISO is recognized by the business world as a leader in quality assurance. The District is only one of a handful of districts across the nation that has this certification. The District adopted a Quality Assurance Model (QAM) to obtain the award. The QAM embraces continuous improvement by allowing the District to focus attention and resources on student achievement through enhancement of communication, use of data to drive decisions, standardization of processes, and understanding of the District's Strategic Plan. More information about the QAM program may be found on the District's website.

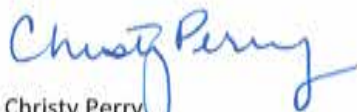
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Salem Keizer School District 24J for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 33rd consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for the 29th year.

We wish to express our appreciation to the entire Financial Services Department staff for their efforts and contributions to our Comprehensive Annual Financial Report. We also thank the members of the School Board for their continued support and dedication to the financial operations of the School District.

Respectively submitted,



Christy Perry
Superintendent



Michael Wolfe
Chief Operations Officer



Government Finance Officers Association

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

Presented to

**Salem-Keizer School District 24J
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Salem Keizer School District 24J for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 33rd consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award
is presented to**

Salem-Keizer Public Schools District 24J

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Name: Rick Kimball
Position: Chairperson
Zone: 5
Elected to Board: 2005
Occupation: Director of Ops,
 Truitt Family Foods
Phone: 503-588-8713

Name: Paul Kylo
Position: Vice Chairperson
Zone: 7
Elected to Board: 2013
Occupation: Retired
Phone: 503-393-4203



Name: Chris Brantley
Position: Director
Zone: 1
Elected to Board: 2009
Occupation: Retired Teacher
 and Principal
Phone: 503-581-5423



Name: Marty Heyen
Position: Director
Zone: 2
Elected to Board: 2015
Occupation: Retired
 IT Professional
Phone: 503-363-2501



Name: Nancy MacMorris-Adix
Position: Director
Zone: 3
Elected to Board: 2009
Occupation: Certified Nurse
 Mid-wife
Phone: 503-371-9471



Name: Jim Green
Position: Director
Zone: 4
Elected to Board: 2011
Occupation: Deputy Exec. Dir.
 Oregon School Boards Assoc.
Phone: 503-391-4880



Name: Chuck Lee
Position: Director
Zone: 6
Elected to Board: 2007
Occupation: President, Mtn.
 West Career Tech. Institute
Phone: 503-304-9135




Meet Your School Board

2015-16

Seven citizens provide leadership

Our School Board members represent you - our community. They are regular citizens elected by you to provide direction for our schools. Their main job is to set policy that allows our schools to provide a quality education for nearly 40,000 students.

Elected citizens

Each Board member is elected by local voters to serve a four-year term without pay. Even though each member represents a zone in our district, the entire Board works together to serve all students in Salem and Keizer.

Open to the public

Almost all meetings held by the School Board are open to the public. Our community is encouraged to attend and participate in the process. The only meetings that are closed to the public are Executive Sessions as authorized by law. All Board members want to hear from you, and continuously support your feedback.

Mark your calendar

School Board business meetings are held the second Tuesday of each month. The meetings start at 6 p.m. and are held at the Support Services Center, 2575 Commercial St. SE, unless otherwise noted. The Board also holds a work session on the fourth Tuesday of each month at which they discuss and examine a particular educational topic.

Watch meetings on TV or at your computer

All the business and work session meetings are televised on CCTV, cable channel 21 in Salem. You can also watch the meetings on your computer by going to www.cctvsalem.org.

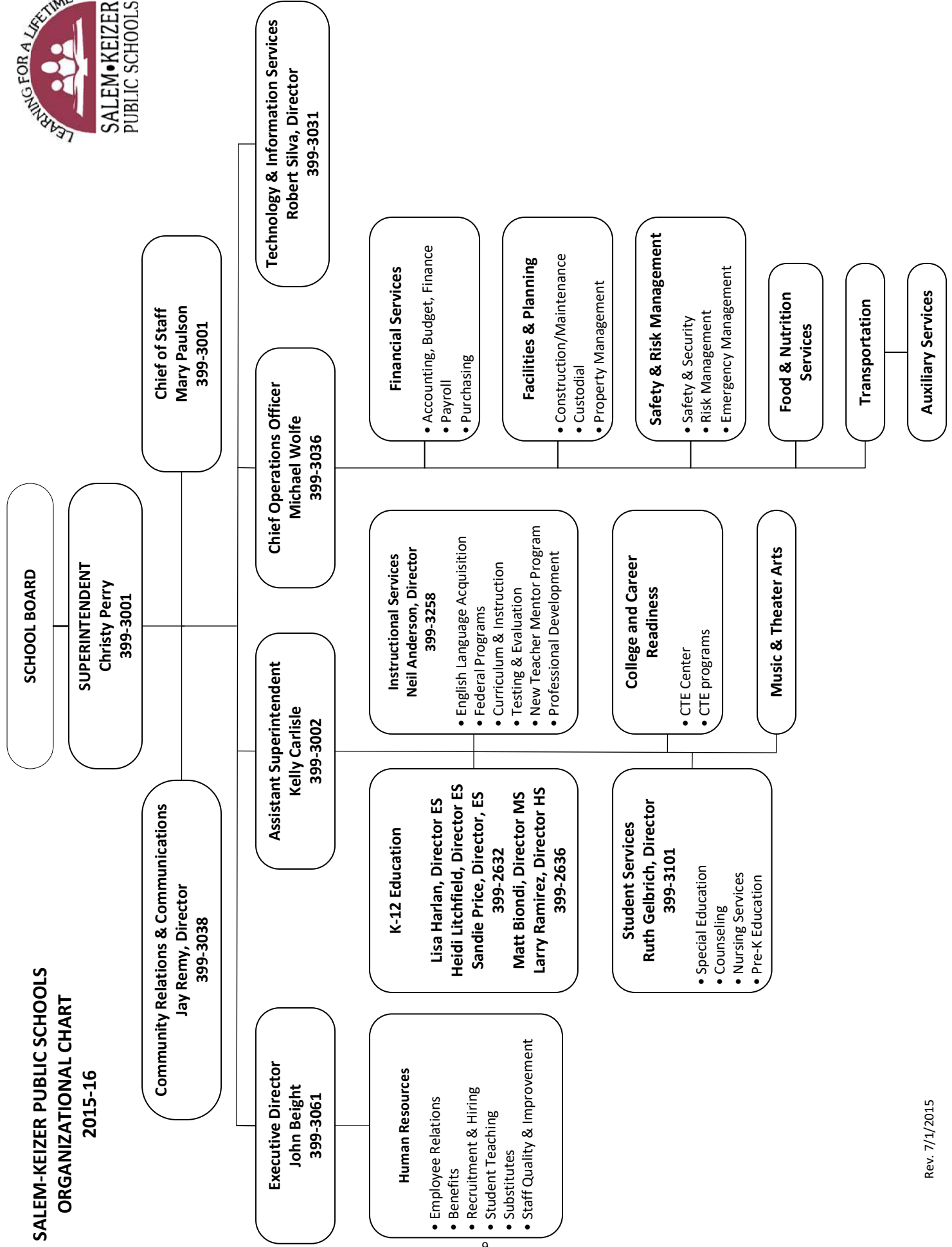
Stay up-to-date on special meetings and public hearings

The School Board sometimes schedules public hearings or special meetings on specific topics. These are advertised in the local news media, and posted on our district website at www.salemkeizer.org.

For more information

Please call us at 503-399-3001, or write to: Salem-Keizer School Board, P.O. Box 12024, Salem, OR 97309-0024.

**SALEM-KEIZER PUBLIC SCHOOLS
ORGANIZATIONAL CHART
2015-16**







Financial Section



Salem High School circa 1906, now North Salem High School



INDEPENDENT AUDITOR'S REPORT





GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

School Board and Management
Salem-Keizer School District 24J
Salem, Oregon 97305

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Salem-Keizer School District 24J, Marion County, Oregon (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, 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.

Auditor's 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 auditor's 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 District's 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 District's 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Salem-Keizer School District 24J, Marion County, Oregon as of and for the year ended June 30, 2016, and the respective changes in financial

position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the budgetary comparison information, the schedules of funding progress for other postemployment benefits, schedules of employer contributions for other postemployment benefits, PERS schedule of the District's proportionate share of the net pension liability, and PERS schedule of the District's contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required MD&A, the schedules of funding progress for other postemployment benefits, the schedules of employer contributions for other postemployment benefits, the PERS schedule of the District's proportionate share of the net pension liability, and the PERS schedule of the District's contributions 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedule for the General Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplemental information, and statistical section, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

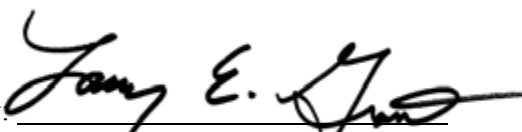
In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with

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 the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 30, 2016, on our consideration of the District's 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.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
December 30, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS



As management of Salem-Keizer School District 24J, 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, 2016. We present this information in conjunction with the information furnished in our Transmittal Letter which can be found in the introductory section of this report, and with the District’s financial statements, which follow.

Financial Highlights

- During the 2015-16 fiscal year the District’s net position decreased by \$90.5 million, to a deficit balance of \$68.5 million. The decrease can be attributed to the shift from PERS pension asset, or prepaid pension, at June 30, 2015 to a pension liability as of June 30, 2016. The pension liability is expected to be the normal position going forward since the Oregon Supreme Court overturned proposed revisions to the PERS plan.
- The District’s governmental funds reported a combined ending fund balance of \$103.3 million at June 30, 2016, a decrease of \$15.2 million from the prior year of fund balance of \$118.5.
- At the end of the fiscal year the unassigned fund balance for the General Fund was \$49.2 million, or 13% of total General Fund expenditures compared to \$44.1 million or 12% for the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The focus is both on the District as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden a basis for comparison, and enhance the District’s accountability. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *Government-Wide Financial statements* are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements. These statements include:

- **The Statement of Net Position:** The *Statement of Net Position* presents information on all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date on the statement with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- **The Statement of Activities:** The *Statement of Activities* presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues and expenses 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 compensated absences).

In the Statement of Net Position and the Statement of Activities, operations of the District are divided into three kinds of activities:

Governmental Activities: These activities outline the main functions of the District and are principally supported through Oregon’s State School Fund, property taxes, and other intergovernmental revenues. The governmental activities of the District include instruction, both regular and special education, support services, administration, operation and maintenance of plant services, student transportation services, child nutrition services, facilities services, operation of other non-instructional services, and interest on long-term debt.

Business-type Activities: The District charges fees to external customers (non-governmental entities) to help it cover all or part of the cost of certain services it provides. These transactions are recorded in the District’s Enterprise Fund. These costs include District facility rentals, transportation costs provided to organizations, reprographic services, and central store operations.

Component Units: The District sponsors four charter schools. Although legally separate, exclusion of them because of their relationship with the District would cause the District’s financial statements to be misleading or incomplete. Information about the component units is disclosed in Note 1A in the Notes to the Basic Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The *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. The Salem-Keizer School District 24J, 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 fit 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 use the modified accrual basis of accounting and 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 District’s near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains eleven individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and changes in Fund Balances for the General Fund, Debt Service Fund, Debt Service PERS Fund, and Capital Projects Fund, all of which the District considers major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining statements elsewhere in this report.

- **Proprietary funds:** The District maintains two types of proprietary funds: Enterprise and Internal Service Funds. The District has one Enterprise Fund which is used to account for business-type activities. It is the same as the business-type activities reported in the government-wide statements. The Internal Service Funds are accounting devices used to accumulate and allocate costs internally among the District’s various functions. The District uses Internal Service Funds to account for risk management insurance, printing, copying and central stores services, and a charter school services fund to account for the cost of District sponsored charter schools. Because these internal services recorded in the Internal Service Funds benefit governmental functions, they have been included within governmental activities in the Government-Wide Financial Statements. The District maintains three individual internal service funds. All of these funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

- **Fiduciary funds:** Fiduciary funds 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. Due to their custodial nature, fiduciary funds do not have a measurement focus. The District has two fiduciary funds. The District uses an agency fund to account for resources held for student activities and groups, and uses a private purpose trust fund to account for scholarships and memorial funds.

Notes to the Financial Statements

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

Other Information

This report presents certain required supplementary information concerning the District’s budget process. A schedule of revenues, expenditures and changes in fund balances - budget and actual has been provided for the General Fund as required supplementary information. There were no major Special Revenue Funds for the 2015-16 fiscal year. In addition, the required supplementary information contains information regarding the District’s pension plan and other post-employment benefits.

Other supplemental information for the combined non-major governmental funds and internal service funds and statistical information follows the required supplementary information.

Government-Wide Financial Analysis

Statement of Net Position

Governmental entities are required by Generally Accepted Accounting Principles (GAAP) to report on their net position. The Statement of Net Position presents the value of all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Net position may serve over time as an indicator of the District’s financial position, but pension liability can cause significant changes year over year. As of June 30, 2016, District liabilities and deferred inflows exceeded assets and deferred outflows by \$68.5 million compared to positive net position of \$22.0 million as of June 30, 2015. This is not unexpected with the significant shift in pension liability. PERS members had a pension asset, or prepaid balance, as of June 30, 2015 due to changes in the pension plan that were later overturned by the Oregon Supreme Court.

A portion of the District’s net position reflects its investment in capital assets net of accumulated depreciation (e.g. land, buildings, vehicles and equipment) and related outstanding debt (General Obligation Bonds and leases) used for acquisition of some of the assets. The District uses these capital assets to provide services to students and other District residents. The capital assets acquired through this debt may not be used to liquidate these liabilities because the resources needed to repay this debt must be provided from other sources (generally property taxes) under the terms of the bond debt and lease agreements.

Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$158,919,641	\$174,587,436	\$ 333,869	\$ 258,570	\$ 159,253,510	\$174,846,006
Capital Assets	431,323,086	416,135,610	-	-	431,323,086	416,135,610
Pre-Paid Pension Contribution	-	56,333,378	-	38,829	-	56,372,207
Total Assets	<u>590,242,727</u>	<u>647,056,424</u>	<u>333,869</u>	<u>297,399</u>	<u>590,576,596</u>	<u>647,353,823</u>
Deferred Outflows of Resources	<u>70,795,864</u>	<u>81,626,366</u>	<u>47,249</u>	<u>18,859</u>	<u>70,843,113</u>	<u>81,645,225</u>
Liabilities						
Current Liabilities	102,351,362	93,642,442	8,441	7,940	102,359,803	93,650,382
Long-term Debt	441,939,451	474,986,624	-	-	441,939,451	474,986,624
Post Employment Ben Obligations	31,399,633	29,552,662	-	-	31,399,633	29,552,662
Pension Liability - PERS	122,378,153	-	83,667	-	122,461,820	-
Total Liabilities	<u>698,068,599</u>	<u>598,181,728</u>	<u>92,108</u>	<u>7,940</u>	<u>698,160,707</u>	<u>598,189,668</u>
Deferred Inflows of Resources	<u>31,727,285</u>	<u>108,700,599</u>	<u>21,692</u>	<u>74,925</u>	<u>31,748,977</u>	<u>108,775,524</u>
Net Position						
Net Investment in Capital Assets	221,821,653	194,496,722	-	-	221,821,653	194,496,722
Restricted for Special Purposes	3,331,396	4,172,065	-	-	3,331,396	4,172,065
Restricted for Debt Service	3,573,241	2,705,660	-	-	3,573,241	2,705,660
Unrestricted	(297,483,583)	(179,573,984)	267,318	233,393	(297,216,265)	(179,340,591)
Total Net Position	<u>\$ (68,757,293)</u>	<u>\$ 21,800,463</u>	<u>\$ 267,318</u>	<u>\$ 233,393</u>	<u>\$ (68,489,975)</u>	<u>\$ 22,033,856</u>

Capital assets, which consist of the District’s land, buildings, building improvements, vehicles, and equipment, represent 73% of total assets. The remaining assets consist of cash, investments, receivables, and inventories.

Deferred Outflows of Resources represent a deferred amount on bond refunding and PERS pension plan expenses. The amount on bond refunding is the unamortized portion of the difference between the original cost of 2004 general obligation bonds refunded in fiscal 2013, the original cost of 2002 pension bonds refunded in fiscal 2011 and the actual price paid for the refunding bonds for both issues.

The District’s largest liability is for the repayment of long-term debt, which represents 63% of total liabilities.

Deferred Inflows of Resources represents the differences between projected and actual investment earnings of the District’s pension plan as required by GASB 68. See notes 1M and 1U of the Notes to the Basic Financial Statements.

Statement of Activities

The District’s Change in Net Position on the Statement of Activities for fiscal year 2015-16 was a decrease of \$90.5 million. This decrease of \$90.5 million includes pension expense associated with GASB 68 of \$112.1 million. The prior year showed a significant increase, which was caused by GASB 68 implementation. The following table shows the changes.

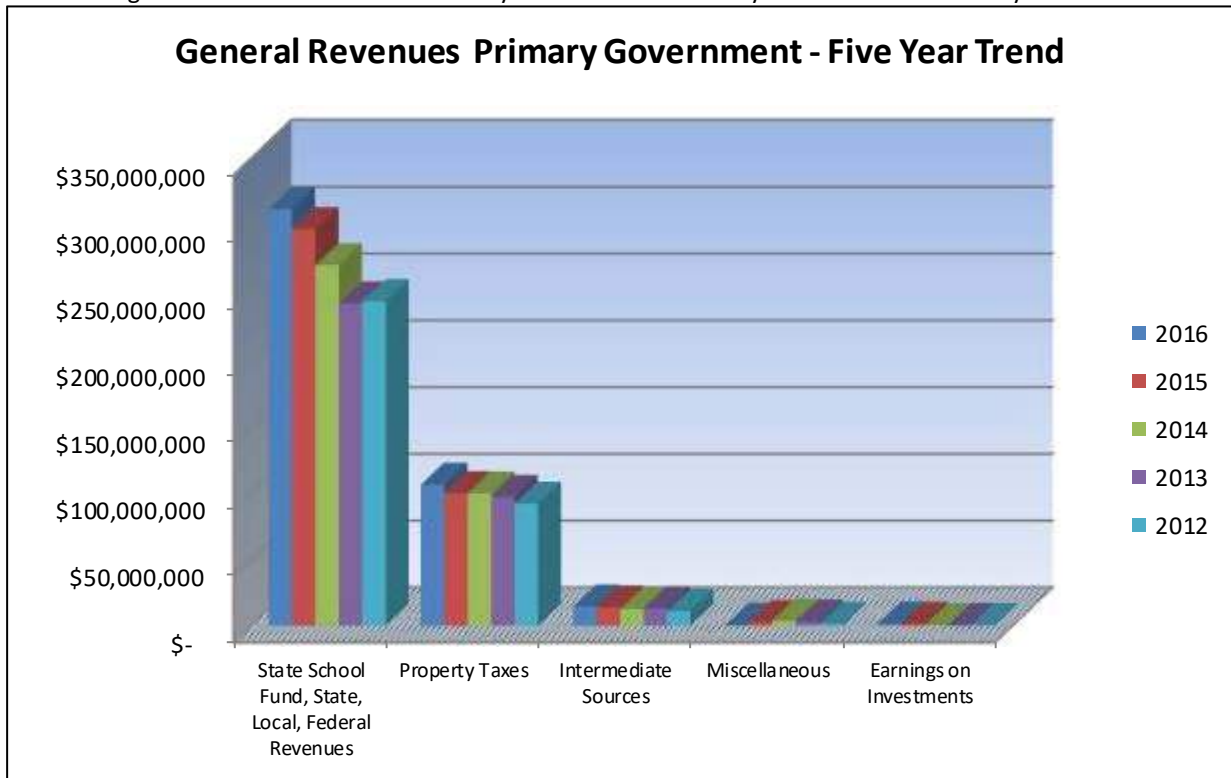
	Changes in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 22,247,614	\$ 19,459,002	\$ 481,732	\$ 408,432	\$ 22,729,346	\$ 19,867,434
Operating Grants and Contributions*	49,340,622	53,143,541	-	-	49,340,622	53,143,541
Capital Grants and Contributions	2,757,207	1,807,810	-	-	2,757,207	1,807,810
General Revenues:						
Property Taxes	105,651,297	99,217,521	-	-	105,651,297	99,217,521
Revenue from Intermediate Sources	14,481,720	13,766,319	-	-	14,481,720	13,766,319
State School Fund - General Support	302,486,193	289,804,828	-	-	302,486,193	289,804,828
Other State and Local Sources	9,390,899	6,205,930	-	-	9,390,899	6,205,930
Federal Forest Fees - General Support	251,928	162,004	-	-	251,928	162,004
Unrestricted State and Local Sources	11,252	879,048	-	-	11,252	879,048
Gain on Sale of Capital Asset	196,908	2,492	-	-	196,908	2,492
Earnings on Investments	1,627,285	1,371,023	-	-	1,627,285	1,371,023
Miscellaneous	540,979	2,668,228	-	-	540,979	2,668,228
Total Revenues	<u>508,983,904</u>	<u>488,487,746</u>	<u>481,732</u>	<u>408,432</u>	<u>509,465,636</u>	<u>488,896,178</u>
Expenses:						
Instructional Services*	347,430,098	201,776,777	-	-	347,430,098	201,776,777
Support Services*	197,004,216	126,465,229	-	-	197,004,216	126,465,229
Community Services*	1,827,365	494,157	447,807	355,360	2,275,172	849,517
Facilities Services*	14,983,797	4,414,637	-	-	14,983,797	4,414,637
Food Services*	13,691,167	14,916,120	-	-	13,691,167	14,916,120
Interest on Long-Term Debt	24,605,017	24,167,352	-	-	24,605,017	24,167,352
Total Expenses	<u>599,541,660</u>	<u>372,234,272</u>	<u>447,807</u>	<u>355,360</u>	<u>599,989,467</u>	<u>372,589,632</u>
Change in Net Position	(90,557,756)	116,253,474	33,925	53,072	(90,523,831)	116,306,546
Net Position, beginning of year	<u>21,800,463</u>	<u>(94,453,011)</u>	<u>233,393</u>	<u>180,321</u>	<u>22,033,856</u>	<u>(94,272,690)</u>
	<u>\$ (68,757,293)</u>	<u>\$ 21,800,463</u>	<u>\$ 267,318</u>	<u>\$ 233,393</u>	<u>\$ (68,489,975)</u>	<u>\$ 22,033,856</u>

* FY 2015 reclassified for comparability purposes

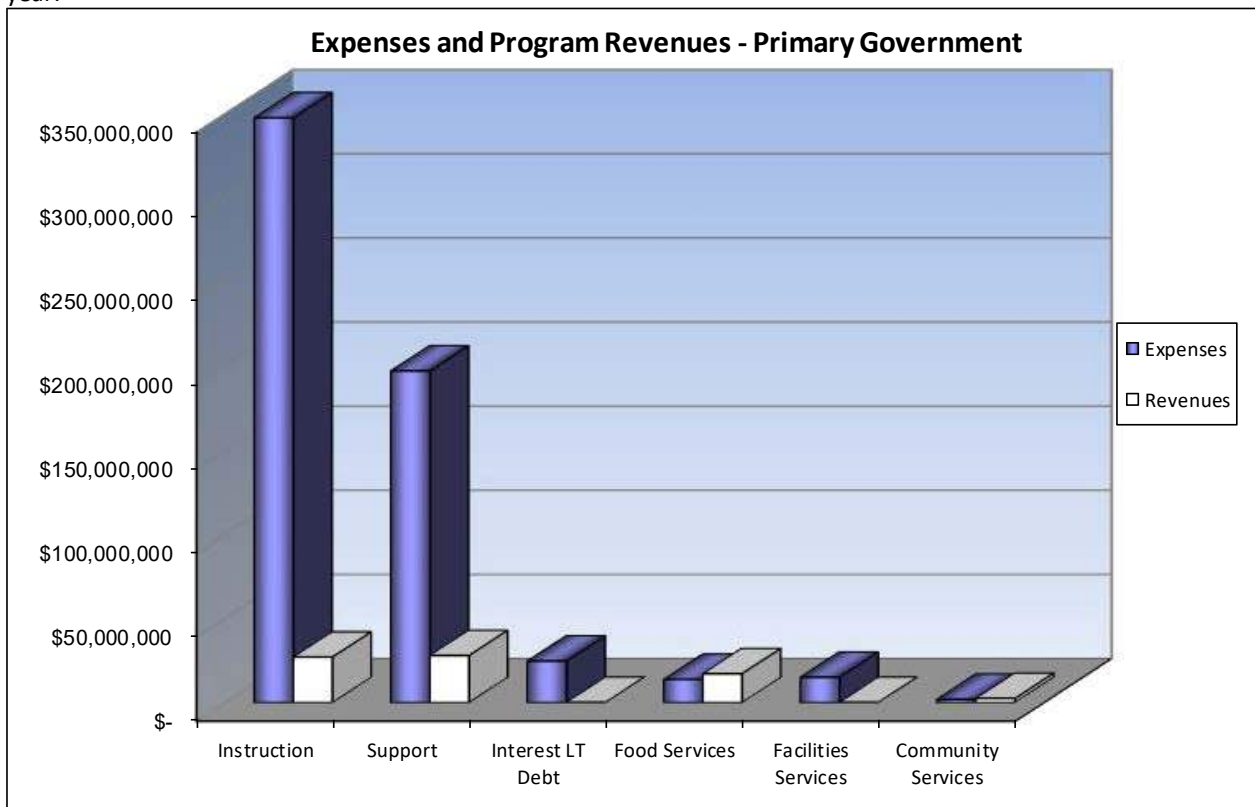
Other key elements of the change in the District’s net position for the year ended June 30, 2016 are as follows:

- Revenue from the State School Fund increased \$12.7 million, to \$302.5 million for fiscal year 2015-16.
- Expenses for Instructional Services increased by \$145.7 million. \$74.5 million is attributable to the GASB 68 adjustment. With the increase in state school funding, the District was able to make reductions in class sizes and restore some staffing that was lost in the recession.
- Expenses for Facilities Services increased by \$10.6 million. \$4.9 million is attributable to the GASB 68 adjustment. Increases in state funding allowed the District to spend more on deferred maintenance and upgrades.
- Expenses for Support Services increased by \$70.5 million. \$32.4 million is attributable to the GASB 68 adjustment. The remainder of this increase is due to higher administration costs at the school sites, higher spending for technology, and plant operation and maintenance.

The following chart shows General Revenues by Source for the Primary Government over five years.



The following chart compares expenses of the Primary Government with associated revenues for the current fiscal year:



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 near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, *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 the end of June 30, 2016, the District’s governmental funds reported combined ending fund balances of \$103.3 million, a decrease of \$15.2 million in comparison with the prior year. The majority of this decline was caused by the spending in capital outlay, as budgeted which caused a decline in restricted funds. There was a \$5.0 million increase in unassigned fund balance in the General Fund from reduced operational spending. Though the District has \$49.2 million of unassigned balance as of June 30, 2016, this is budgeted to decline significantly in fiscal year 2016-17.

General Fund

The General Fund is the primary operating fund of the District, and the majority of its revenue comes from state funding distributed through the State School Fund (SSF) by the Oregon Department of Education (ODE). The State of Oregon is the largest source of revenue for public education in Oregon. The Oregon Legislature allocates money to the State School Fund primarily from the State General Fund and lottery revenue. School Districts get 95.5% of the State School Fund dollars available less local revenue. Local revenues include tax offsets, local property taxes for school operations (specifically excludes taxes for voter approved general obligation bonds), common school fund, county school fund, federal forest, and state timber revenues.

SSF funding is distributed to Oregon school districts pursuant to a formula, the objective of which is to provide equal funding for all school districts. The SSF grant provides to each school district a general-purpose grant, a transportation grant, a high-cost disability grant, a facilities grant, and a network of quality teaching and learning grant, less local revenues. Other grants deducted from the SSF grant are much smaller and generally relate to a specific District activity or condition. Details of these may be found under “District Estimates and Warrants” on the Oregon Department of Education website.

The general purpose grant is determined by a distribution formula, which incorporates a system of weights connected to the student count. The student count begins with average daily membership (ADM). This becomes resident ADM (ADM_r). The ADM_r count is then adjusted to reflect the differences in the cost of educating students requiring more extensive educational services, such as English as a second language, special education, pregnant and parenting, impoverished, and students attending a remote small school. The total of all students is multiplied by a statewide target grant of \$4,500. In addition to a state derived funding ratio, a factor of \$25 per year per student that a district’s average teacher experience exceeds the state average is added to (or subtracted from, if below the State average) this calculation to arrive at the state general purpose grant.

The transportation grant is 70% of approved transportation costs. Approved costs are those attributable to transporting students from home to school (if over 1 mile from elementary school or 1.5 miles from secondary school), between schools, on field trips, and for other reasons in special cases.

The Facility Grant is distributed on a first-come, first-served basis to districts in the first year a new school facility is put into use. The facility grant is based on 8% of the total construction costs of a new school building excluding land but including the addition of new structures to existing school buildings and pre-manufactured buildings, if the new structures are used for instructing students.

The High Cost Disabilities Grant is equal to the approved costs of a resident pupil with disabilities for whom the approved costs to the school district of providing special education and related services exceed \$30,000. Other state grants are deducted from the formula. These grants include amounts for talented and gifted students, speech pathology, virtual school funding, long term care and state schools, a small high school grant, network of quality teaching and learning funding, a local option equalization grant, and an amount for pediatric and nursing facilities.

There is also a reserve of \$20.0 million which is distributed in May of the subsequent year. These amounts are approved by the state legislature and are subject to change every year.

As of June 30, 2016, unassigned fund balance in the General Fund was \$49.2 million compared to \$44.1 million as of June 30, 2015. In fiscal 2016, the District collected higher revenue than expected from state funding and property taxes. It continued to experience high vacancy rates for instructional staff budgeted for specialized positions. The District budgeted to spend a significant amount of the unassigned fund balance in the fiscal year 2016-17 Budget so this fund balance is expected to decline. The School Board has set a targeted annual fund balance of five to seven percent (5% to 7%) of the annual operating revenues.

Debt Service Fund

The Debt Service Fund has a total fund balance of \$3.6 million, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$0.9 million. The District intentionally normalizes its levied taxes for debt service on general obligation bonds to sustain a reasonable fund balance.

Debt Service PERS Fund

The Debt Service PERS Fund has a total fund balance of \$21.3 million. The fund was set up in fiscal year 2002-03 to account for the payment of principal and interest on long-term pension bonds. The payment of principal and interest on the new pension bonds is also accounted for in this fund. The major sources of revenue for the fund are charges to other funds and earnings from temporary investments. The District maintained the fund balance in anticipation of making future debt payments while sustaining a large increase in the percentage of payroll contributions for the Oregon Public Employees Retirement Plan (PERS). In addition, the fund balance may be utilized to mitigate payroll contributions in future periods to PERS based on the expectation that rates will rise significantly over the next three biennia.

Capital Projects Fund

The Capital Projects Fund has a total fund balance of \$10.9 million, which is a decrease of \$14.0 million compared to prior year. This fund balance is expected to continue to decline as the remaining proceeds of the 2008 voter approved general obligation bond issuance are spent. This amount was capitalized to land, building and land improvements, construction in progress and equipment within the limitations of the requirements of the District’s general obligation bonds.

Other Nonmajor Governmental Funds

Other Governmental Funds include the Grant Fund, Fee Supported Programs Fund, the Food Service Fund, the Energy Efficient Fund, the Asset Replacement Fund, the Special Capital Projects Fund and the Deferred Maintenance Fund. The total fund balance for the Other Governmental Funds was \$18.1 million as of June 30, 2016. These funds decreased overall by \$7.0 million from June 30, 2015, due to the planned capital expenditures in the Asset Replacement Fund and the Special Capital Projects Fund. The Grant Fund represents funding received from state and federal agencies for the purpose of expanding educational offerings and opportunities. Use of resources in this fund is restricted by federal and state statutes, state administrative rules, and the provisions of each individual grant. Per the terms of the grants, the District incurs expenditures for the grant programs and is reimbursed for the expenses primarily from the Oregon Department of Education as the fiduciary agency receiving the funds from the federal government and the state, or from other agencies that issued the grants. For fiscal year 2015-16, the District received \$32.4 million in funding compared to the prior year of \$37.2 million. The Asset Replacement Fund also receives a significant amount of funding for committed and assigned projects.

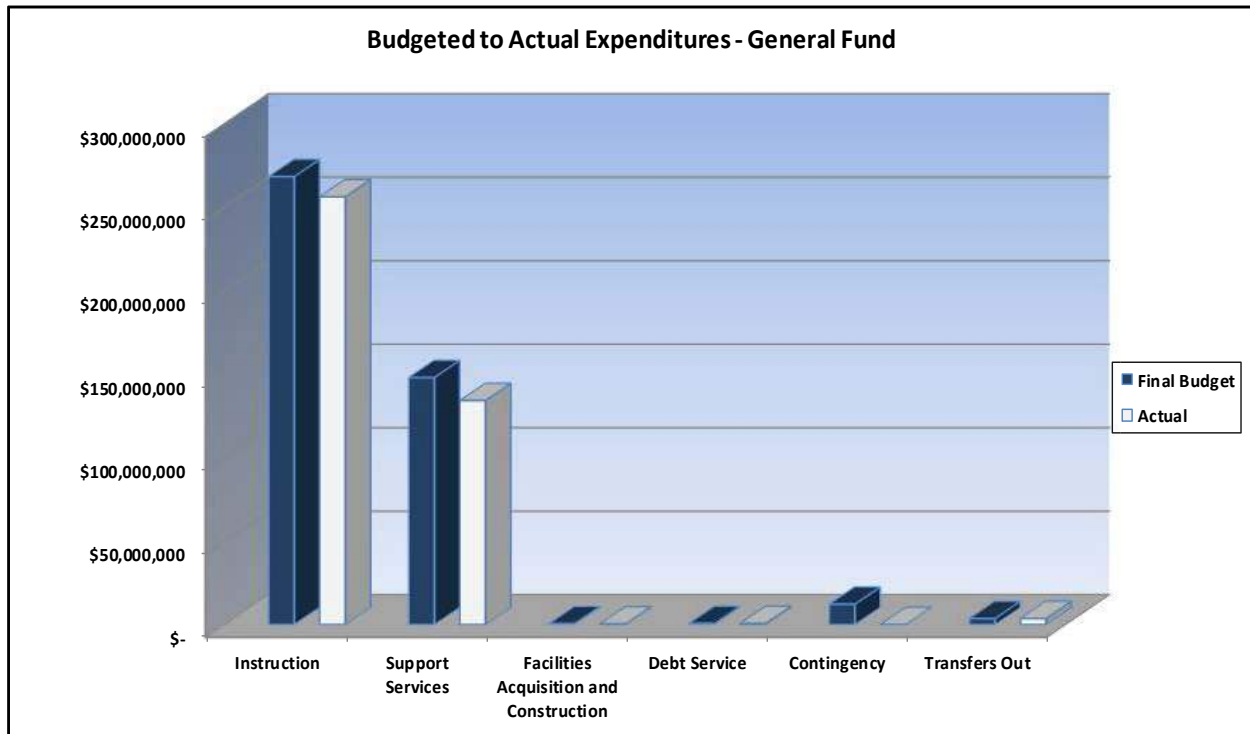
General Fund Budgetary Highlights

Actual revenues received were \$3.6 million dollars higher than budgeted revenues primarily due to an increase in state funding attributed to the Oregon Department of Education’s May adjustment (current and prior year) for revenue reflecting funding adjustments for the state reserve held back, fluctuations in local formula revenues, teacher experience and actual student enrollment. All General Fund expenditures were within budgeted appropriations.

The following table and chart shows the budgeted expenditures to actual expenditures for the General Fund for fiscal year 2015-16.

General Fund Expenditures & Transfers Out	Final Budget	Actual	Variances	
			Dollars	Percent
Instruction	\$ 268,279,135	\$ 256,178,277	\$ 12,100,858	4.5%
Support Services	147,951,572	134,182,202	13,769,370	9.3%
Facilities Acquisition and Construction	485,221	360,792	124,429	25.6%
Debt Service	660,472	660,448	24	0.0%
Contingency	12,171,602	-	12,171,602	100.0%
Transfers Out	3,620,000	3,620,000	-	0.0%
Total	\$ 433,168,002	\$ 395,001,719	\$ 38,166,283	9%

The District’s labor and benefits budget has been prepared based on high level assumptions in the past, which cause large variances. The budgeting method, combined with the difficulty in filling staffing vacancies, has generated significant favorable variances between budget and actual. Improvements in recruiting and implementation of position control are expected to lead to more detailed budgeting, thus closing the gap between budget and actual in future years.



Capital Assets

The District’s investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2016, the District had invested \$431.3 million in capital assets, net of accumulated depreciation, as shown in the following table:

	2016	2015
Land and Construction In Progress	\$ 38,143,410	\$ 38,754,524
Buildings and Improvements	377,649,506	368,894,310
Vehicles and Equipment	15,530,170	8,486,776
Total	\$ 431,323,086	\$ 416,135,610

During fiscal year 2015-16, the District’s investment in net capital assets increased by \$15.2 million. The major capital asset events for the year include the following:

- Acquired 63 new buses
- Completed addition of five portable classrooms
- Significant investment in wireless infrastructure and other technology for classrooms

Additional information on the District’s capital assets can be found in Note 1L and Note 4 in the Notes to the Basic Financial Statements of this report.

Long-term Debt

At the end of the current fiscal year, the District had total long-term debt, including capital leases, outstanding of \$441.9 million versus \$475.0 million at the end of fiscal year 2014-15. This debt outstanding as of June 30, 2016, includes general obligation bonds of \$205.1 million and pension bonds of \$221.5 million.

State statute ORS 328.245 limits the amount of general obligation debt a school district may issue up to 7.95% of its real market value. The current debt limitation for the District is \$2.1 billion which is significantly in excess of the District’s outstanding general obligation debt of \$205.1 million. Additional information on the District’s long-term debt can be found in Note 1R and Note 5 in the Notes to the Basic Financial Statements of this report.

Economic Factors in Current and Next Year’s Budget

The most significant economic factor for the District is the funding level from the State of Oregon’s State School Fund. State funding is the largest source of funding for school districts. While it is increasing, the rate of increase does not match the rate that pension and other costs are increasing. The District is optimistic that state funding for education will continue to increase given the Governor’s emphasis on educational outcomes. However, concerns remain regarding funding for the District’s increasing PERS rates and overcrowded facilities.

For the 13-15 biennium, the Oregon legislature increased the funding allocation for K-12 education from \$5,713,160,000 for 2011-13 to \$6,650,401,000. The State School Fund for the 2015-17 biennium is eleven percent higher than the 13-15 biennium. The District’s enrollment continues to increase modestly from year to year. Average Daily Membership (ADM) is the state calculation of enrolled students based on days of attendance and is utilized in the state funding formula (ADMw) for school districts modified by factors such as poverty levels, half of kindergarten students, special education students and other items. In fiscal 2015-16 the District implemented full-day kindergarten which provided another .5 weight to the District’s ADMw. The District’s ADM increased by 618 in fiscal year 2015-16, and an increase of 349 is estimated for fiscal year 2016-17.

Year Ended	ADM
2006	38,093
2007	38,718
2008	39,074
2009	39,399
2010	39,469
2011	39,427
2012	39,611
2013	39,664
2014	39,974
2015	40,181
2016	40,799
2017*	41,148
2018*	41,120
2019*	41,538
2020*	41,673
2021*	41,779

* Projected ADM

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 our accountability. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to Business Services, 2450 Lancaster Dr. NE, Suite 220, Salem, OR 97305.



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS:				
Pooled Cash and Investments	\$ 143,660,547	\$ 267,024	\$ 143,927,571	\$ 1,358,658
Accounts Receivable:				
Property Taxes	5,887,541	-	5,887,541	-
Other Receivables	8,443,308	66,845	8,510,153	74,532
Inventories	928,245	-	928,245	-
Prepays	-	-	-	22,775
Capital Assets not Depreciated:				
Land	31,719,150	-	31,719,150	-
Construction in Progress	6,424,260	-	6,424,260	-
Capital Assets, Net of Accumulated Depreciation:				
Land Improvements	27,842,526	-	27,842,526	-
Buildings and Improvements	349,806,980	-	349,806,980	1,258
Equipment	4,851,844	-	4,851,844	9,847
Vehicles	10,678,326	-	10,678,326	-
TOTAL ASSETS	590,242,727	333,869	590,576,596	1,467,070
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Amount on Bond Refunding	1,686,323		1,686,323	
Pension Deferred Outflow - PERS	69,109,541	47,249	69,156,790	87,175
Total Deferred Outflows	70,795,864	47,249	70,843,113	87,175
LIABILITIES:				
Accounts Payable	8,684,659	43	8,684,702	28,711
Accrued Salaries and Benefits	23,043,412	-	23,043,412	13,332
Accrued Interest Payable	66,901,545	-	66,901,545	-
Accrued Compensated Absences Payable-Current	1,406,528	8,398	1,414,926	-
Accrued Claims Losses-Current	1,988,833	-	1,988,833	-
Unearned Revenue	326,385	-	326,385	-
Noncurrent Liabilities:				
Due within One Year:				
Due within One Year:	32,117,060	-	32,117,060	-
Due in More than One Year:	409,822,391	-	409,822,391	-
Other Post Employment Benefit Obligations	31,399,633	-	31,399,633	-
Pension Liability - PERS	122,378,153	83,667	122,461,820	200,812
TOTAL LIABILITIES	698,068,599	92,108	698,160,707	242,855
DEFERRED INFLOWS OF RESOURCES:				
Pension Deferred Inflow - PERS	31,727,285	21,692	31,748,977	46,900
Total Deferred Inflows	31,727,285	21,692	31,748,977	46,900
NET POSITION:				
Net Investment in Capital Assets	221,821,653	-	221,821,653	11,105
Restricted for Special Purposes	3,331,396	-	3,331,396	2,372
Restricted for Debt Service	3,573,241	-	3,573,241	-
Unrestricted	(297,483,583)	267,318	(297,216,265)	1,251,013
TOTAL NET POSITION	\$ (68,757,293)	\$ 267,318	\$ (68,489,975)	\$ 1,264,490

The notes to the financial statements are an integral part of this statement.

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
Instructional Services	\$ 347,430,098	\$ 9,824,531	\$ 17,134,168	\$ -	\$ (320,471,399)	\$ -	\$ (320,471,399)	\$ (2,477,704)
Support Services								
Pupil Transportation	19,138,280	-	-	711,943	(18,426,337)	-	(18,426,337)	-
Other Support Services	177,865,936	11,002,719	16,124,424	60,546	(150,678,247)	-	(150,678,247)	(1,209,258)
Community Services	1,827,365	1,985	428,024	1,984,718	587,362	-	587,362	9,444
Food Services	13,691,167	1,414,001	15,654,006	-	3,376,840	-	3,376,840	-
Facilities Services	14,983,797	4,378	-	-	(14,979,419)	-	(14,979,419)	-
Interest on Long-term Debt	24,605,017	-	-	-	(24,605,017)	-	(24,605,017)	-
Total Governmental Activities	599,541,660	22,247,614	49,340,622	2,757,207	(525,196,217)	-	(525,196,217)	
Business-type activities								
Community Services	447,807	481,732	-	-	-	33,925	33,925	
Total Primary Government	\$ 599,989,467	\$ 22,729,346	\$ 49,340,622	\$ 2,757,207	(525,196,217)	33,925	(525,162,292)	
Component Units:								
Charter Schools	\$ 3,854,144	\$ 59,586	\$ 117,040	\$ -				(3,677,518)
General Revenues:								
Property Taxes Levied for General Purposes					71,975,251	-	71,975,251	-
Property Taxes Levied for Debt Service					33,676,046	-	33,676,046	-
Revenue from Intermediate Sources					14,481,720	-	14,481,720	-
State School Fund (SSF) - General Support					302,486,193	-	302,486,193	3,654,419
SSF - Unrestricted High Cost Disability Grant					4,594,624	-	4,594,624	-
Common School Fund					4,796,275	-	4,796,275	-
Federal Forest Fees - General Support					251,928	-	251,928	-
Unrestricted State and Local Sources					11,252	-	11,252	-
Gain on Sale of Capital Assets					196,908	-	196,908	-
Earnings on Investments					1,627,285	-	1,627,285	812
Net Increase in the Fair Value of Investments					-	-	-	(7,480)
Miscellaneous					540,979	-	540,979	15,926
Total General Revenues					434,638,461	-	434,638,461	3,663,677
CHANGE IN NET POSITION					(90,557,756)	33,925	(90,523,831)	(13,841)
Net Position, June 30, 2015					21,800,463	233,393	22,033,856	1,278,331
Net Position, June 30, 2016					<u>\$ (68,757,293)</u>	<u>\$ 267,318</u>	<u>\$ (68,489,975)</u>	<u>\$ 1,264,490</u>

The notes to the financial statements are an integral part of this statement.



BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

SALEM-KEIZER SCHOOL DISTRICT 24J
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Debt Service Fund	Debt Service PERS Fund
ASSETS			
Pooled Cash and Investments	\$ 67,671,731	\$ 3,153,885	\$ 21,265,512
Property Tax Receivable	4,003,907	1,883,634	-
Accounts and Other Receivables	2,960,413	-	-
Due from Other Funds	3,336,777	-	-
Inventories	248,221	-	-
Total Assets	\$ 78,221,049	\$ 5,037,519	\$ 21,265,512
LIABILITIES			
Accounts Payable	\$ 2,619,406	\$ -	\$ -
Accrued Payroll	7,343,546	-	-
Payroll Taxes and Withholding Payable	15,699,866	-	-
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	25,662,818	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	3,112,774	1,464,278	-
Total Deferred Inflows of Resources	3,112,774	1,464,278	-
FUND BALANCES			
Nonspendable	248,221	-	-
Restricted	-	3,573,241	-
Committed	-	-	3,000,000
Assigned	-	-	18,265,512
Unassigned	49,197,236	-	-
Total Fund Balances	49,445,457	3,573,241	21,265,512
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 78,221,049	\$ 5,037,519	\$ 21,265,512

The notes to the financial statements are an integral part of this statement.

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 11,412,303	\$ 21,251,502	\$ 124,754,933
-	-	5,887,541
-	5,391,654	8,352,067
-	-	3,336,777
-	-	248,221
<u>\$ 11,412,303</u>	<u>\$ 26,643,156</u>	<u>\$ 142,579,539</u>
\$ 475,441	\$ 4,852,260	\$ 7,947,107
-	-	7,343,546
-	-	15,699,866
-	3,336,777	3,336,777
-	326,385	326,385
<u>475,441</u>	<u>8,515,422</u>	<u>34,653,681</u>
-	-	4,577,052
-	-	<u>4,577,052</u>
-	-	248,221
10,936,862	3,331,396	17,841,499
-	7,496,094	10,496,094
-	7,300,244	25,565,756
-	-	49,197,236
<u>10,936,862</u>	<u>18,127,734</u>	<u>103,348,806</u>
<u>\$ 11,412,303</u>	<u>\$ 26,643,156</u>	<u>\$ 142,579,539</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2016

TOTAL GOVERNMENTAL FUND BALANCES		\$ 103,348,806
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Non-depreciable Assets	\$ 38,143,410	
Depreciable Assets	591,674,265	
Accumulated Depreciation	(198,494,589)	431,323,086
Deferred outflows of resources related to deferred amounts on refundings of bonds payable are not reported in the funds.		
		1,686,323
Long-term pension assets/liabilities not payable in the current year are not reported as governmental fund liabilities. These consist of:		
Pension Deferred Outflow - PERS	69,109,541	
Pension Liability - PERS	(122,378,153)	
Pension Deferred Inflow - PERS	(31,727,285)	(84,995,897)
Deferred inflows of resources related to property taxes and miscellaneous revenues that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures are deferred in the funds.		
		4,577,052
Internal service funds are used by the District to charge the costs of district services and insurance costs to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position:		
Net Position	16,276,981	
Capital Assets	(360,550)	
Pension Deferred Outflow - PERS	(802,138)	
Pension Liability - PERS	1,420,414	
Pension Deferred Inflow - PERS	368,251	
Compensated Absences	47,536	16,950,494
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued Interest Payable	(66,901,545)	
Bonds Payable	(426,571,343)	
	(5,774,211)	
Capital Leases Payable	(9,593,897)	
Post Employment Benefit Obligations	(31,399,633)	
Compensated Absences Payable	(1,406,528)	(541,647,157)
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ (68,757,293)

The notes to the financial statements are an integral part of this statement.



SALEM-KEIZER SCHOOL DISTRICT 24J

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

YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>
Revenues:		
Taxes	\$ 72,084,410	\$ 33,860,319
Local Sources	2,664,494	-
Earnings on Investments	1,627,032	243
Intergovernmental Revenues		
Intermediate Sources	14,610,936	-
State Sources	308,777,092	-
Federal Sources	251,928	-
Total Revenues	<u>400,015,892</u>	<u>33,860,562</u>
Expenditures		
Current:		
Instruction	256,047,996	-
Support Services	133,788,962	-
Enterprise and Community Services	-	-
Facilities Acquisition and Construction	300,258	-
Debt Service:		
Principal	525,852	29,770,000
Interest	134,596	3,222,981
Capital Outlay	584,055	-
Total Expenditures	<u>391,381,719</u>	<u>32,992,981</u>
Revenues over (under) Expenditures	<u>8,634,173</u>	<u>867,581</u>
Other Financing Sources (Uses):		
Capital Lease Financing	-	-
Sale of Capital Assets	-	-
Transfers In	-	-
Transfers Out	(3,620,000)	-
Total Other Financing Sources (Uses)	<u>(3,620,000)</u>	<u>-</u>
Net Change in Fund Balance	5,014,173	867,581
Fund Balances, July 1, 2015	<u>44,431,284</u>	<u>2,705,660</u>
Fund Balances, June 30, 2016	<u>\$ 49,445,457</u>	<u>\$ 3,573,241</u>

The notes to the financial statements are an integral part of this statement.

Debt Service PERS Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 105,944,729
20,111,955	4,379	10,926,788	33,707,616
10	-	-	1,627,285
-	-	609,052	15,219,988
-	-	10,646,981	319,424,073
-	-	40,436,412	40,688,340
<u>20,111,965</u>	<u>4,379</u>	<u>62,619,233</u>	<u>516,612,031</u>
-	-	21,421,208	277,469,204
1,000	-	24,670,285	158,460,247
-	-	16,562,335	16,562,335
-	3,992,409	770,848	5,063,515
6,898,769	-	1,621,344	38,815,965
13,167,072	-	71,658	16,596,307
-	10,022,920	14,838,341	25,445,316
<u>20,066,841</u>	<u>14,015,329</u>	<u>79,956,019</u>	<u>538,412,889</u>
<u>45,124</u>	<u>(14,010,950)</u>	<u>(17,336,786)</u>	<u>(21,800,858)</u>
-	-	6,479,944	6,479,944
-	-	196,908	196,908
-	-	3,620,000	3,620,000
-	-	-	(3,620,000)
-	-	10,296,852	6,676,852
45,124	(14,010,950)	(7,039,934)	(15,124,006)
<u>21,220,388</u>	<u>24,947,812</u>	<u>25,167,668</u>	<u>118,472,812</u>
<u>\$ 21,265,512</u>	<u>\$ 10,936,862</u>	<u>\$ 18,127,734</u>	<u>\$ 103,348,806</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

NET CHANGES IN FUND BALANCES \$ (15,124,006)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Additions to Capital Assets	\$	25,465,072	
Depreciation Expense		(10,520,542)	14,944,530

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

Capital Lease Proceeds		(6,479,944)	
Bond and Capital Lease Debt Principal Repaid		38,815,965	
Accrued Interest		(8,162,259)	24,173,762

In the governmental funds amortization is not recognized for bond premiums and refunding amounts on bonds:

Amortization on Bond Premium		711,152	
Amortize Amount on Bond Refunding		(557,603)	153,549

Governmental Funds report pension contributions as expenditures. In the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense. (111,338,540)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied. (293,432)

Internal service funds are used by the District to charge the costs of printing services and insurance premiums and claims to the individual funds. The change in net position of the internal service funds is reported with governmental activities. (1,206,374)

Post employment benefits are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities early retirement incentives and other post employment benefits are recognized as expenditures when earned. (1,846,971)

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as expenditures when earned. (20,274)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (90,557,756)**

The notes to the financial statements are an integral part of this statement.

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 267,024	\$ 18,905,614
Restricted cash and investments	-	-
Receivables	66,845	91,241
Inventories	-	680,024
Total Current Assets	333,869	19,676,879
Capital Assets, Net of Accumulated Depreciation	-	360,550
TOTAL ASSETS	333,869	20,037,429
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Deferred Outflow - PERS	47,249	802,138
Contribution Differences	0	0
Total Deferred Outflows	47,249	802,138
LIABILITIES		
Current Liabilities		
Accounts Payable	43	737,552
Accrued Claims Liability	-	1,988,833
Accrued Compensated Absences	8,398	47,536
Pension Liability - PERS	83,667	1,420,414
TOTAL LIABILITIES	92,108	4,194,335
DEFERRED INFLOWS OF RESOURCES:		
Pension Deferred Inflow - PERS	21,692	368,251
Total Deferred Inflows	21,692	368,251
NET POSITION		
Investment in Capital Assets	-	360,550
Unrestricted	267,318	15,916,431
TOTAL NET POSITION	\$ 267,318	\$ 16,276,981

The notes to the financial statements are an integral part of this statement.

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
Operating Revenues		
Rentals	\$ 367,528	\$ -
Charges for Services	114,204	12,580,352
Total Revenue	481,732	12,580,352
Operating Expenses		
Salaries	168,171	2,855,025
Employee Benefits	121,364	2,232,159
Purchased Services	95,671	3,865,816
Supplies and Materials	53,087	4,813,970
Depreciation	-	19,756
Other	9,514	-
Total Operating Expenses	447,807	13,786,726
Change in Net Position	33,925	(1,206,374)
Net Position, July 1, 2015	233,393	17,483,355
Net Position, June 30, 2016	\$ 267,318	\$ 16,276,981

The notes to the financial statements are an integral part of this statement.

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:		
Receipts for Services Provided	\$ 440,307	\$ 12,566,977
Payments to Employees for Services	(248,204)	(4,412,384)
Payments to Suppliers for Goods and Services	(148,715)	(5,272,830)
Payments for Dues and Fees	(9,514)	-
Payments for Claims	-	(2,568,630)
	<u>33,874</u>	<u>313,133</u>
Cash Provided by Operating Activities		
Cash flows from Capital and Related Financing Activities:		
Purchases of Capital Assets	-	(262,701)
	<u>-</u>	<u>(262,701)</u>
Increase (Decrease) in Cash and Cash Equivalents		
	33,874	50,432
Cash and Cash Equivalents at Beginning of Year		
	<u>233,150</u>	<u>18,855,182</u>
Cash and Cash Equivalents at End of Year		
	<u>\$ 267,024</u>	<u>\$ 18,905,614</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:		
Operating Income	\$ 33,925	\$ (1,206,374)
Adjustments to Reconcile Operating Income to Cash Used in Operating Activities:		
Depreciation Expense	-	19,756
GASB 68 Pension Expense Adjustment	40,873	672,575
Change in Assets and Liabilities:		
Change in Receivables	(41,425)	(13,375)
Change in Inventories	-	(39,759)
Change in Accounts Payable	43	609,096
Change in Accrued Claims Liability	-	268,989
Change in Accrued Compensated Absences	458	2,225
	<u>(51)</u>	<u>1,519,507</u>
Total Adjustments	<u>(51)</u>	<u>1,519,507</u>
	<u>\$ 33,874</u>	<u>\$ 313,133</u>
Cash Provided by Operating Activities	<u>\$ 33,874</u>	<u>\$ 313,133</u>

The notes to the financial statements are an integral part of this statement.

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 252,528	\$ 336,329
LIABILITIES		
Accounts Payable	\$ -	\$ 6,415
Due to Outside Groups	-	329,914
TOTAL LIABILITIES	-	\$ 336,329
NET POSITION		
Net Position Held in Trust for Scholarships	251,946	
TOTAL NET POSITION	251,946	
TOTAL LIABILITIES AND NET POSITION	\$ 251,946	

The notes to the financial statements are an integral part of this statement.

**SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Loretta Isom Scholarship Fund</u>	<u>Small Memorials Fund</u>	<u>Total Trust Funds</u>
Additions			
Contributions	\$ -	\$ 21,902	\$ 21,902
Deductions			
Expenditures	4,000	14,692	18,692
Total Deductions	<u>4,000</u>	<u>14,692</u>	<u>18,692</u>
Net Decrease	(4,000)	7,210	3,210
Net Position, July 1, 2015	<u>26,018</u>	<u>222,718</u>	<u>248,736</u>
Net Position, June 30, 2016	<u>\$ 22,018</u>	<u>\$ 229,928</u>	<u>\$ 251,946</u>

The notes to the financial statements are an integral part of this statement.

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of Salem-Keizer School District 24J (the District) is presented to assist in understanding the School District's financial statements. The following is a summary of the more significant policies:

A. Financial Reporting Entity

The District is a municipal corporation governed by a separately elected seven-member Board of Directors. Administrative officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the 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. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These financial statements present the School District (primary government) and its component units. The component units consist of discretely presented Charter Schools. The District has no component units that would be required to be reported as blended units under GASB 61.

Discretely Presented Component Units

In May of 1999 the State of Oregon passed Oregon's Charter School Law (Oregon Revised Statute 338) which permits parents, teachers, or community members to contract with the School District or the State as a sponsor for the operation of a charter school. The charter schools are financed by a portion of the State School Funds distributed to the District based on enrollment as regulated per the provisions of ORS 338 as well as other revenues generated independently by the charter schools. The District currently sponsors four charter schools: The Optimum Learning Environment, Howard Street Charter School, Valley Inquiry Charter School (formerly Baker Charter School), and Jane Goodall Environmental Middle School. Jane Goodall Environmental Middle School does not operate on District property. The other three charters operate in District facilities and the amount of this rent has not been recorded as revenue or expense as these amounts have not been determined. The charter schools are reported as discretely presented component units in the financial statements under the provisions of GASB 61 because the teachers of these charter schools are employees of the School District. The District has no equity interest in the charter schools, and they are considered legally separate organizations. The District is not financially responsible for the charter schools, but the nature and significance of their financial relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These component units are presented in total in a separate column in the government-wide financial statements to emphasize that they are legally separate organizations from the District. The Charter Schools' complete financial statements may be obtained from their administrative offices.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the governmental financial activities of the overall District (primary government), except fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements to minimize the double counting of internal activities and business-type activities, except for interfund services. Net position is reported as restricted when constraints placed on net position are either externally

restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services. They are reported separately from business type activities, which rely to a significant extent on charges for support. In addition, the primary government is reported separately from the legally separate component units (charter schools).

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds include the General Fund, Debt Service Fund, Debt Service PERS Fund, and the Capital Projects Fund. Other Non-Major Government Funds are reported as a separate column in the fund financial statements.

C. Measurement Focus and Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds (excluding the Agency Fund) financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. For the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then to general resources.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the School District's governmental and business-type activities and component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds, and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be

spent and the means by which spending activities are controlled. The financial statements provide information about the District's funds including those of a fiduciary nature. The District presents separate financial statements for governmental funds, proprietary funds, and fiduciary funds. All proprietary funds are combined in the statements in that there are no nonmajor proprietary funds. Major individual governmental funds are reported in separate columns in the fund financial statements with nonmajor funds being combined into a single column regardless of fund type.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are an apportionment from the State of Oregon and property taxes.

Debt Service Fund - This fund accounts for the payment of principal and interest on general obligation bonded debt. Principal revenue source is property taxes. This fund did not qualify as a major fund this year, but the District has continued to include it in this category for community interest.

Debt Service PERS Fund - This fund accounts for the payment of principal and interest on pension bonds. Principal revenue sources are charges to other funds and earnings from investments.

Capital Projects Fund - This fund accounts for major capital outlay expenditures relating to the acquisition, construction and renovation of school facilities. Principal funding sources are proceeds from the sale of general obligation bonds and earnings from temporary investments.

Nonmajor governmental funds include:

Special Revenue Funds - These funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are restricted, committed or assigned to expenditures for specific purposes. Special Revenue Funds of the district consist of the Grant Fund, Fee Supported Programs Fund, Food Service Fund, Energy Efficient Fund and the Asset Replacement Fund.

Capital Projects Funds - These funds account for the proceeds of specific revenue sources that are restricted or committed to deferred maintenance or to specific capital projects designated by the District.

The District reports the following proprietary funds:

Enterprise Fund - This fund accounts for activity with external customers related to facility rentals, transportation, reprographics and central stores operations.

Internal Service Funds - These account for insurance, printing, the central stores operation, minor building modification services, and services to charter schools. These are services provided to other departments of the District on a cost reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Enterprise Fund are rental and lease charges for facility use and service charges to external customers for goods and services or transportation. Operating expenses for the Enterprise Fund include salaries and benefits, supplies, materials and administrative expenses. The principal operating revenues of the District's Internal Service Funds are charges to other funds for insurance or goods or services. Operating expenses for the Internal Service Funds include self-insurance, salaries and benefits, supplies, materials and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses in both the Enterprise Fund and the Internal Service Funds.

The District reports the following fiduciary funds:

Fiduciary Funds – The School District’s fiduciary funds include private purpose trust funds and an agency fund. The private-purpose trust funds of the School District account for student scholarships and memorials. The agency funds of the School District account for activities administered by the District on behalf of others controlled directly by parent and student groups. The School District’s agency funds apply the accrual basis of accounting, but do not have a measurement focus.

E. Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, as well as, the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

F. Budget and Budgetary Accounting

A budget is prepared and legally adopted for each governmental fund type, and proprietary fund type, on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types. The exception is capital outlay expenditures, including items below the District's capitalization level, which are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Expenditures may exceed budgeted expenses at lower detail levels than functions. Unexpected additional resources may be added to the budget through the use of a supplemental budget and an appropriation resolution.

Supplemental budgets less than 10% of a fund’s original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund’s original budget requires hearings before the public, publication in newspaper and approval by the Board. Budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year. Oregon law prohibits expenditures in excess of board approved appropriations. The board approves appropriations for each fund by major function. For the year ended June 30, 2016, there were no instances where expenditures exceeded appropriations.

G. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at cost, which approximates fair value.

The District's investments consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Time certificates of deposit are stated at cost, which approximates fair value. Banker's acceptances, commercial paper and U.S. Government Agency securities are stated at amortized cost, which approximates fair value. The LGIP is

stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury (OST) administers the LGIP. It is an open-ended no-load diversified portfolio. The OST offers the LGIP to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

H. Property Taxes Receivable

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. 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.

I. Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. The District pursues the collection of debt to the full extent allowed by Oregon State statute. As of June 30, 2016 no allowance for bad debt was considered necessary.

J. Grants

Grant revenues are recognized as grants receivable as reimbursable expenditures are incurred. As expenditures are incurred revenue is recognized and a receivable is recognized. Grants received prior to the eligibility of expenditures are recorded as unearned revenue.

K. Inventories

Inventories of supplies and materials in the governmental funds are stated at cost. Inventories of food and supplies are valued at invoice cost (first-in, first-out). Inventoried items are charged to expenditures of the user department at the time of withdrawal from inventory (consumption method). Commodity inventories are not recorded as title to them is not considered to pass to the District until they are consumed.

General Fund inventory consist of transportation parts and fuel. Internal Service Fund inventory consists of warehouse fund inventory primarily of expendable supplies and equipment held at the central warehouse for issuance to district schools, other school district locations or to other school districts.

L. Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year.

Capital assets are depreciated using the straight-line method over the following useful lives:

- Land improvements - 15 to 75 years
- Buildings and improvements - 15 to 75 years
- Equipment and Vehicles - 5 to 15 years

M. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are defined by a consumption of net position by the District that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net position by the District

that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

Deferred outflows on debt refunding result when the net carrying value of refunded debt exceeds its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension deferred outflow relates to employee contributions subsequent to the PERS measurement date and the net difference between projected and actual pension plan activity.

Pension deferred inflow reflects the net difference between projected and actual pension plan activity.

N. Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement Fund generally referred to as PERS. It is a cost-sharing multiple-employer defined benefit pension plan. PERS is administered by the Public Employees Retirement Board as required by Oregon Revised Statutes (ORS) chapters 238 and 238A. The financial reporting information pertaining to the District's participation in PERS was prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The Net Position and additions and deductions from the Net Position relating to the District's pension obligation were calculated based on an actuarial study completed by PERS. A copy of the study may be obtained on the following website:

http://www.oregon.gov/PERS/EMP/Pages/section/er_general_information/gasb-68.aspx

The 2003 Oregon Legislature passed PERS reform legislation and essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees became members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

As a member of Oregon Public Employees Retirement System (PERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees which are administered by PERS. RHIA is a cost-sharing multiple-employer defined benefit plan. Contributions to PERS for RHIA are made on a current basis as required by the plan and are charged as expenses.

O. Other Post-Employment Benefits

Certificated employees with ten years of service and 30 years of participation in Oregon PERS (if under age 58), and administrative supervisors and confidential employees with three consecutive service years and 30 years participation in Oregon PERS (unless age 58) are eligible for early retirement benefits from the District, which are funded and charged to expenses/expenditures as payments become due to early retirees. This retirement benefit is valued under GASB Statement 27. Estimated future incentive payments for the Districts' early retirement benefits are recorded in the Statement of Net Position, and this benefit is scheduled to phase out and will end as of July 1, 2017.

The District offers continued medical coverage for eligible retirees, their spouses and dependents until they are eligible for Medicare. The retiree must pay the entire premium in exchange for this coverage. The premium itself does not represent the full cost of coverage because the retirees are expected to generate higher medical claims and therefore higher medical premiums for the District. This additional cost to the District is required to be valued under GASB Statement 45.

The District also offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code, and a deferred compensation plan established pursuant to Section 457(g) of the Internal Revenue Code.

The District also offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code, and a deferred compensation plan established pursuant to Section 457(g) of the Internal Revenue Code.

P. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

It is the District's policy to permit employees to accumulate earned but unused vacation pay benefits; however, unused benefits must be used or forfeited within one fiscal year of the fiscal year earned. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Compensated absences have been and will be paid from general revenues from the District's General Fund and are expected to be paid within the next twelve months.

Q. Self-Insurance- Accrued Claims Losses- Current

The Risk Management Fund - Internal Service accounts for the costs incurred for workers' compensation claims, general liability claims, unemployment claims, and property and fire losses.

The District currently provides for estimated losses to be incurred from pending claims and for claims incurred, but not reported (IBNR). IBNR claims are claims that are incurred through the end of the fiscal year but not reported until after that date. These liabilities are based on actuarial valuations or District estimates.

The District is self-insured for costs up to policy deductible limits as follows:

- General Liability, auto liability, fire loss, property damage, all risk (theft, vandalism, etc.): self-insured retention (SIR) is \$600,000. Insured limits are \$7,000,000 per occurrence, \$7,000,000 combined annual aggregate.
- Life insurance claims for death per employee – classified \$10,000, licensed \$35,000, and supervisory/confidential \$100,000.
- Workers' compensation claims self-insured retention (SIR)-\$600,000 per occurrence.

R. Long-term Obligations

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported as net of the applicable bond premium or discount.

In the fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

S. Net Position

In the government-wide financial statements, net position consist of assets invested in capital assets (net of related debt), restricted and unrestricted net position. The restricted net position is restricted by state statute for debt service, for a voters' measure, and for other state funding restricted for certain useage. Long-term debt is reported as a liability in the Statement of Net Position.

T. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation, or are legally restricted by outside parties for use for a specific purpose. Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers. The restrictions are constraints placed on the use of the resources, externally imposed by creditors, grantors, contributors, laws and regulations of the state, federal government, or other governments or may be imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision-making authority, the District's School Board through a School Board Resolution. The committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by passing another resolution to uncommit the amounts or utilize them for another purpose.
- **Assigned** fund balance comprises amounts intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.
- **Unassigned** fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Positive unassigned amounts will be reported only in the General Fund. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

If an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, and unassigned) amounts are available, the District applies restricted resources first if applicable. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The General Fund reports inventory as nonspendable fund balance. The Debt Service Fund and the Capital Projects Fund have restricted fund balances dedicated to the debt service of the General Obligation Bonds of the District and capital projects of the district respectively. Both the balances are restricted due to provisions of the District's General Obligation Bonds, voter approved legislation, and state law. The Capital Projects Fund is also committed in that the School Board must approve the Capital Projects through resolution that the District undertakes. Non-major governmental funds have restricted balances that are required to be utilized for specific purposes such as energy efficient capital projects, and the state facilities grant. They have committed and assigned funding for the asset replacement fund, the Special Capital Projects Fund and the Deferred Maintenance Fund. The District set up a PERS Debt Service Fund to accrue funding to service the debt payment of its PERS pension bonds. It classifies the fund balance in this fund as assigned. The remaining fund balance in the Governmental Funds is unassigned General Fund balance.

U. New Pronouncements

The District will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementation of any of the following pronouncements:

- GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68” *(effective for fiscal years beginning after June 15, 2016)*
- GASB Statement No. 74 “Financial Reporting for Postemployment Benefit Plans Other than Pension Plans” *(effective for fiscal years beginning after June 15, 2016)*
- GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefit Plans other than Pension Plans” *(effective for fiscal years beginning after June 15, 2017)*
- GASB Statement No. 77 “Tax Abatement Disclosures.” The statement establishes accounting and reporting guidance on tax abatement agreements for governments. The statement is effective for fiscal years beginning after December 15, 2015.
- GASB Statement No. 78 “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.” The statement is effective for fiscal years beginning after December 15, 2015.
- GASB Statement No. 79 “Certain External Investment Pools and Pool Participants.” The statement is effective for fiscal years beginning after December 15, 2015.
- GASB Statement No. 80 “Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.” The statement is effective for fiscal years beginning after June 15, 2016.
- GASB Statement No. 81 “Irrevocable Split-Interest Agreements.” The statement is effective for fiscal years beginning after December 15, 2016.
- GASB Statement No. 82 “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.” The statement is effective for fiscal years beginning after June 15, 2016.

Information about these pronouncements may be found on the Governmental Accounting Standards’ Board website- www.gasb.org/.

Note 2: Pooled Cash and Investments

The District maintains an internal cash and investments pool that is available for use by all funds. Each fund type's portion of the pool is displayed in the basic financial statements as Pooled Cash and Investments.

Cash and investments are comprised of the following as of June 30, 2016:

Petty Cash	\$ 56,125
Deposits with Financial Institutions:	
Cash on Deposit	7,304,795
Investments	137,155,508
Total Cash and Investments	\$ 144,516,428
Statement of Net Position	
Cash and Investments	\$ 143,927,571
Statement of Net Position Fiduciary Funds	
Cash and Cash Equivalents	588,857
Total Cash and Investments	\$ 144,516,428

As required and authorized by Oregon Revised Statutes, Chapter 295, all deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. A bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. At June 30, 2016, bank balances of \$250,000 were insured by FDIC insurance. At June 30, 2016, the net carrying amount of the District's balance was \$7,304,795 and the bank balance was \$12,158,084.

Investments

As of June 30, 2016, the District held the following investments and maturities:

Investment Type	Fair Value Amount	Weighted Average Maturity in Years	% of Investment Portfolio	YTM 365 Equivalent %
State of Oregon Treasurer's Local Government Investment Pool	\$ 46,319,370	0.003	33.8%	0.875%
Federal Agency Coupon Securities, Maturing through September 8, 2017	48,611,944	0.553	35.4%	0.610%
Municipal Securities Maturing through June 30, 2017	4,546,327	0.818	3.3%	0.786%
Corporate Notes Maturing through January 25, 2018	37,677,867	1.150	27.5%	1.048%
Total	\$ 137,155,508	0.540	100.00%	0.826%

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. As of June 30, 2016, \$11,908,084 of the District's bank balances were exposed to custodial credit risk as they were not covered by federal depository insurance; however, deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held in the name of the institution.

As a means of limiting the District to fair value losses in case of rising interest rates, the District's investment policy limits investments as follows:

<u>Investment Type</u>	<u>Maximum % of Portfolio</u>	<u>Maximum length to maturity</u>
U.S. Treasury Securities	100%	1.5 yrs, 3 yrs for Capital Projects Funds
U.S Agency Securities	100%	1.5 yrs, 3 yrs for Capital Projects Funds
State and Local Government Obligations (OR, WA, ID, CA)	25%	1.5 yrs, 3 yrs for Capital Projects Funds
Commercial/Corporate Paper Securities	35%	18 months
Bankers' Acceptances	25%	18 months
Repurchase Agreement	25%	90 days
Time Deposits, Certificates of Deposits, Savings - Commercial Banks & Credit Unions	25%	18 months
Deposit Open Accounts - Commercial Banks and Credit Unions	10%	N/A
Local Government Investment Pool	Statutory Limit	N/A

With the exception of pass-through funds, the maximum amount of pooled investments to be placed in the Local Government Investment Pool (LGIP) is limited by Oregon Statute and increases annually in proportion to the U.S. City Average Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments above, except for the investment in the LGIP and the bank time certificates of deposit are evidenced by securities and perfected in the name of the District. All other District investment securities are held in safekeeping by U.S. Bank in the District's account name.

The District's policy, which adheres to State of Oregon law, is to limit its investments to the following: Issuers within Oregon must be rated A (bonds) or A-2/P-2 (commercial paper) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization. With certain exceptions, Issuers not in Oregon must be rated AA/Aa (bonds) or A-1/P-1 (commercial paper) or better.

The Oregon State Treasurer maintains the Oregon Short Term Fund, of which the LGIP is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short Term Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

The District's investments include the LGIP, including LGIP balances held with the County Treasurer. Investments are stated at cost which approximates fair value of the pool shares. The Oregon State Treasury administers the LGIP.

The pool is an open-ended, no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature

established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

The District's policy for investing in individual issuers varies depending on the type of investments. U.S. treasury and agency securities do not have restrictions regarding concentration with any one issuer. No more than 10% of the total portfolio at settlement date may be invested in a single issuer of bankers' acceptances. Investments in commercial paper or corporate indebtedness with any one issuer may not exceed 5% of the total portfolio at settlement date. Certificates of Deposit of commercial banks shall not represent more than 15% of the total portfolio at settlement date with any one financial institution, and 10% for banks and credit unions. In addition, the combination of Banker's Acceptance, Corporate Indebtedness, Deposit Open Accounts, and Certificates of Deposit with any one financial institution or entity shall not exceed 33% of the total portfolio at settlement date.

The District investment objective is foremost to preserve capital and protect investment principal; to conform with federal, state, and other legal requirements; to maintain sufficient liquidity to meet operating requirements; to diversify to avoid unreasonable risks regarding security instruments or individual institutions; and to attain a reasonable rate of return.

At June 30, 2016, the District's investments were rated as follows:

Rating by Moody's Service

<u>Investment Type</u>	<u>Total</u>	<u>Aaa</u>	<u>Aa</u>	<u>A/P-1</u>	<u>Not Rated</u>
State of Oregon Treasurer's LGIP	\$ 46,319,370	\$ -	\$ -	\$ -	\$ 46,319,370
Federal Agency Coupon Securities, Maturing through December 9, 2016	48,611,944	35,057,944	8,552,435	-	5,001,565
Municipal Securities Maturing through June 30, 2017	4,546,327	-	3,230,775	-	1,315,552
Corporate Notes Maturing through November 5, 2017	37,677,867	-	20,050,768	17,627,099	-
	<u>\$ 137,155,508</u>	<u>\$ 35,057,944</u>	<u>\$ 31,833,978</u>	<u>\$ 17,627,099</u>	<u>\$ 52,636,487</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in U.S. Treasury securities, U.S. Agency securities, state and local government obligations, and corporate securities are valued using quoted market prices (Level 1 inputs).

Note 3: Receivables

Receivables for the District are comprised of the following as of June 30, 2016:

Governmental Funds	
Property Tax Receivable	\$ 5,887,541
Grants	4,273,139
Other Receivables	4,078,928
	<u>14,239,608</u>
Enterprise Funds	
Receivables	66,845
Internal Service Funds	
Receivables	91,241
Total Receivables	<u>\$ 14,397,694</u>

Note 4: Capital Assets

Capital assets activity for the year was as follows:

Governmental Activities	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets not Depreciated:				
Land	\$ 31,719,150	\$ -	\$ -	\$ 31,719,150
Construction in Progress	7,035,374	5,968,543	(6,579,656)	6,424,260
<i>Total Capital Assets not Depreciated</i>	<u>38,754,524</u>	<u>5,968,543</u>	<u>(6,579,656)</u>	<u>38,143,410</u>
Capital Assets Depreciated:				
Land Improvements	32,176,712	3,059,473	-	35,236,185
Buildings and Improvements	494,545,657	13,839,796	(46,128)	508,339,325
Equipment	16,707,579	2,259,963	-	18,967,542
Vehicles	26,009,678	7,159,901	(4,038,365)	29,131,213
<i>Total Capital Assets Depreciated</i>	<u>569,439,626</u>	<u>26,319,133</u>	<u>(4,084,493)</u>	<u>591,674,265</u>
Less Accumulated Depreciation for:				
Land Improvements	(6,830,386)	(563,273)	-	(7,393,659)
Buildings and Improvements	(150,997,674)	(7,580,799)	46,128	(158,532,345)
Equipment	(13,411,423)	(704,275)	-	(14,115,698)
Vehicles	(20,819,057)	(1,672,195)	4,038,365	(18,452,887)
<i>Total Accumulated Depreciation</i>	<u>(192,058,540)</u>	<u>(10,520,542)</u>	<u>4,084,493</u>	<u>(198,494,589)</u>
<i>Total Capital Assets Depreciated, Net</i>	<u>377,381,086</u>	<u>15,798,591</u>	<u>-</u>	<u>393,179,676</u>
<i>Total Capital Assets, Net</i>	<u>\$ 416,135,609</u>	<u>\$ 21,767,133</u>	<u>\$ (6,579,656)</u>	<u>\$ 431,323,086</u>

Depreciation expense for the year was charged to the following programs:

Governmental Activities

Depreciation Expense:

Program

Instructional Services	\$ 3,957,828
Pupil Transportation	1,344,525
Support Services	576,526
Facilities Services	4,532,249
Food Services	109,414
Total Depreciation Expense - Governmental Activities	<u>\$ 10,520,542</u>

Note 5: Long Term Debt

Bonds Payable

General Obligation Debt

In March 2009, the District issued general obligation bonds for \$178,715,187 to construct four new schools and renovate existing facilities. In December 2009, the District issued general obligation bonds for \$31,760,000, and in June 2011, the District issued general obligation bonds for \$31,620,000 to construct and renovate existing facilities. These issues were to fulfill the \$242,100,000 authorization approved by voters in November of 2008. The \$4,813 difference between the bonds issued and the authorization represents the bonding denominations sold.

The March 2009 bonds sold at a premium of \$6,248,840. The June 2011 bonds sold at a premium of \$3,763,732. The premiums are recognized as a reduction of future interest expense and are being amortized using the straight-line method over the life of the bonds.

In February 2013, the District issued \$46,260,000 of general obligation bonds to advance refund \$42,865,000 (par value) of the callable portion of the outstanding 2004 refunding bonds, maturing on June 15 in the years 2015 through 2019. Total issuance cost was \$298,514. The refunding resulted in a net present value savings of interest in the amount of \$3,783,210.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of school facilities.

Pension Bonds

The District participated as one of twenty Oregon school districts and education service districts in issuing limited tax pension bonds in 2002 and 2004. The proceeds were used to finance a portion of the estimated unfunded actuarial liability of each participating district with the Oregon Public Employees Retirement System (PERS). The Oregon School Boards Association (OSBA) sponsored this pooled limited tax pension bond program. OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the payment of its pension bond payments and additional charges when due, each participating district has no obligation or liability to any other participating districts' pension bonds or liabilities to PERS. The District records the amounts deposited with PERS as a prepayment on its actuarial obligation, and accounts for the payment of principal, interest and the amortization of the prepayment as pension expense over the life of the bonds. The District anticipates that the total costs of financing the District's actuarial obligation in this way will result in savings to the District when compared to paying for such costs in additional contribution rates to PERS.

The District issued \$114,614,763 Limited Tax Pension Obligation, Series 2002 and \$88,815,000 Limited Tax Pension Obligation, Series 2004 (Federally Taxable). The Limited Tax Pension Obligations are payable annually through June 2028. Interest on the current coupon bonds is payable semiannually at rates ranging from 4.92% to 6.10%.

To achieve debt service savings, in August of 2011, the District refinanced \$7,640,000 (par value) of its 2002 callable pension bonds which matured on June 30, 2021 with an interest rate of 5.5% to a lower interest rate of 4.12%. The actual debt issued in the refinancing was \$7,820,000 - Series 2011 Limited Tax Pension Obligation Bonds. The bonds are interest only, payable in full at maturity in June 2021. The bonds are federally taxable and subject to optional prepayment prior to their stated maturities. The refunding resulted in a net present value savings of interest in the amount of \$646,626.

In 2015, the District issued \$50,145,000 Full Faith and Credit Pension Bonds, Series 2015 (Federally Taxable). The proceeds were used to finance the District's estimated unfunded actuarial liability with PERS at the time of the issuance of the bonds. The Pension Obligations are payable annually through June 2034. Interest on the current coupon bonds is payable semi-annually at rates ranging from 0.13% to 3.21%.

Changes in bonds outstanding are as follows:

Issue Date	Original Issue	Outstanding July 1, 2015	Amortized and Paid Premium	Matured and Redeemed	Outstanding June 30, 2016	Amounts Due in One Year
General Obligation						
March 16, 2009	\$ 178,715,189	\$ 140,130,187	\$ -	\$ 20,000,000	\$ 120,130,187	\$ 8,013,230
Dec. 16, 2009	31,760,000	31,760,000	-	-	31,760,000	-
June 30, 2011	31,620,000	27,115,000	-	1,065,000	26,050,000	6,015,000
February 25, 2013	46,260,000	35,835,000	-	8,705,000	27,130,000	8,765,000
	<u>288,355,189</u>	<u>234,840,187</u>	<u>-</u>	<u>29,770,000</u>	<u>205,070,187</u>	<u>22,793,230</u>
Pension Bonds						
Oct. 31, 2002	106,974,763	89,624,924	-	2,293,770	87,331,154	2,336,508
Feb. 19, 2004	88,815,000	81,380,000	-	2,635,000	78,745,000	3,135,000
June 30, 2011	7,820,000	7,820,000	-	-	7,820,000	-
January 29, 2015	50,145,000	49,575,000	-	1,970,000	47,605,000	2,125,000
	<u>253,754,763</u>	<u>228,399,924</u>	<u>-</u>	<u>6,898,770</u>	<u>221,501,154</u>	<u>7,596,508</u>
Total Bonds		<u>463,240,111</u>	<u>-</u>	<u>36,668,770</u>	<u>426,571,341</u>	<u>30,389,738</u>
Unamortized Premium on GO Bond						
March 16, 2009		4,394,400	292,960	-	4,101,440	-
June 30, 2011		2,090,963	418,192	-	1,672,771	-
Total Bonds and Unamortized Premiums		<u>\$ 469,725,474</u>	<u>\$ 711,152</u>	<u>\$ 36,668,770</u>	<u>\$ 432,345,552</u>	<u>\$ 30,389,738</u>
General obligation bonds - issued March 2009, due in annual installments of \$1,189,388 to \$20,000,000, plus interest paid semi-annually at 4.0% to 5.84% through 2030.					\$ 120,130,187	
General obligation bonds - issued December 2009, due in one annual installment of \$31,760,000 in the year 2020, plus interest paid semi-annually at 1.25% through 2020.					31,760,000	
General obligation bonds - issued June 2011, due in semi-annual installments of \$1,030,000 to \$14,300,000 plus interest paid semi-annually at 2.0% to 5.0% through 2020.					26,050,000	
General obligation refunding bonds - issued February 2013, due in annual installments of \$8,565,000 to \$9,300,000, plus interest paid semi-annually at .77% to 1.78% through 2019.					27,130,000	
PERS bonds - issued October 2002, due in annual installments of \$2,232,857 to \$15,225,000, plus interest paid semi-annually at 5.48% to 6.10% through 2028.					87,331,154	
PERS bonds - issued February 2004, due in annual installments of \$2,175,000 to \$11,190,000, plus interest paid semi-annually at 5.12% to 5.53% through 2028.					78,745,000	
PERS bonds - partially refunded from 2002, issued August 2011, due in one annual installment of \$7,820,000 in the year 2021, plus interest paid semi-annually at 4.12% through 2021.					7,820,000	
PERS bonds - issued in January 29, 2015, due in annual installments of \$1,735,000 to \$3,475,000 plus interest paid semi-annually at .52% to 3.21% through 2034.					47,605,000	
					<u><u>\$ 426,571,341</u></u>	

Future maturities are as follows:

<i>Fiscal Year</i> <i>Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 30,389,738	\$ 16,810,767	\$ 47,200,505
2018	32,847,170	15,915,206	48,762,376
2019	24,874,051	16,354,312	41,228,363
2020	45,632,043	16,498,795	62,130,838
2021	28,312,987	19,805,595	48,118,582
2022-2026	164,850,498	102,980,847	267,831,345
2027-2031	91,104,854	83,294,095	174,398,949
2032-2034	8,560,000	591,981	9,151,981
Total	<u>\$ 426,571,341</u>	<u>\$ 272,251,598</u>	<u>\$ 698,822,939</u>

Outstanding issues are callable as follows:

October 31, 2002 – current interest obligations:

- Due June 30, 2021 at par plus accrued interest beginning June 30, 2008
- Due June 30, 2028 mandatory prepayment in part, pro rata on or after June 30, 2024 at par plus accrued interest

In prior years, the District defeased general obligation bonds and capital lease obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the District's basic financial statements. At June 30, 2016, \$7,640,000 of general obligation bonds and pension bonds outstanding are considered defeased.

The general obligation bonds will be paid from property tax revenues from the debt service fund. Pension bonds will be paid from revenues in the PERS debt service fund generated by charges to other funds.

Other Long-Term Liabilities

Capital Leases

Capital lease activity for the year is as follows:

<i>Outstanding</i> <i>July 1, 2015</i>	<i>Additions</i>	<i>Payments</i>	<i>Outstanding</i> <i>June 30, 2016</i>	<i>Amount Due</i> <i>In One Year</i>
<u>\$ 5,261,148</u>	<u>\$ 6,479,944</u>	<u>\$ 2,144,736</u>	<u>\$ 9,596,356</u>	<u>\$ 1,727,322</u>

The majority of capital lease obligations are for bus replacements and are being paid from reimbursement from the state under a transportation grant from the Asset Replacement Fund and from General Fund revenues. Other capital lease proceeds were used to fund land, buildings, software and mail equipment. The addition during fiscal year 2016 was for buses.

Cost of capital assets under capital leases at June 30, 2016 totaled \$19,912,531 and had a book value net of accumulated depreciation of 13,558,848. Depreciation expense on assets under capital leases for the year ended June 30, 2016 was \$1,432,416.

Land, buildings and equipment under capital leases as of June 30, 2016 include the following:

Asset Class	Asset Purchase Price	Depreciated Asset Value
Land	\$ 4,813,723	\$ 4,813,723
Buildings	1,363,458	736,267
Equipment	13,735,350	2,769,214
Total Assets	\$ 19,912,531	\$ 8,319,204

Future minimum payments for capital leases are as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30			
2017	\$ 1,729,781	\$ 277,331	\$ 2,007,112
2018	1,636,048	220,534	1,856,582
2019	1,294,238	165,085	1,459,323
2020	1,039,100	122,085	1,161,185
2021	920,236	89,594	1,009,830
2022-2023	2,976,953	141,726	3,118,679
Total	\$ 9,596,356	\$ 1,016,355	\$ 10,612,711

Operating Leases

Other leases are classified as operating leases with the lease payments recorded as expenditures during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or be replaced by other leases. Future minimum payments for operating leases are as follows:

Fiscal Year Ending	Copy Machines	Total
June 30,		
2017	\$ 272,988	\$ 272,988
2018	272,988	272,988
2019	272,988	272,988
Total	\$ 818,964	\$ 818,964

Compensated Absences

Compensated absences activity for the year is as follows:

Outstanding July 1, 2015	Increases	Payments	Outstanding June 30, 2016	Accounts Due In One Year
\$ 1,391,969	\$ 4,355,548	\$4,332,591	\$ 1,414,926	\$ 1,414,926

The General Fund is the primary fund in which the compensated absences liability is liquidated.

Note 6: Interfund Balances and Transfers

Interfund receivables and payables on June 30, 2016 are comprised of the following:

<u>Due To</u>	<u>Due From</u> <u>Grant Fund</u>
General Fund	\$ 3,336,777

Interfund balances represent cash owed by one fund to another. At June 30, 2016, the Grant Fund was advanced \$3,336,777 by the General Fund for reimbursable expenditures that have not been received from granting agencies.

Interfund transfers for the year included the following:

<u>Transfers In</u>	<u>Transfers Out</u> <u>General Fund</u>
Asset Replacement Fund	\$ 420,000
Special Capital Projects Fund	2,200,000
Deferred Maintenance Fund	1,000,000
	<u>\$ 3,620,000</u>

The District made a transfer from the General Fund to various funds for specific projects and designated needs. These transfers were approved by the School Board in the Adopted Budget.

Note 7: Pension Plan

Oregon Public Employees Retirement System (PERS)

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing, multiple-employer defined benefit plan, administered by the PERS Board of Trustees with authority granted by the Oregon Legislature.

Plan description: Employees of the District are provided with pensions through PERS. All the benefits of PERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. PERS issues a publicly available financial report that can be obtained at:

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

Benefits provided under Chapter 238 - Tier 1/Tier 2

Pension Benefits: The OPERS 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, 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 either under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits: Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by an 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 an PERS-covered job, or
- Member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits: A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

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 of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

Benefits provided under Chapter 238A - Oregon Public Service Retirement Plan (OPSRP)

Pension Benefits: The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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.

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.

A member of the OPSRP 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.

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.

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.

Benefit Changes After Retirement: Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Benefits provided Individual Account Program (IAP) - Oregon Public Service Retirement Plan (OPSRP)

The District makes employer contributions for its PERS members at 6% of the member's annual salary. The member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20 year period of an anticipated live span option. Each distribution option has a \$200 minimum distribution limit. The IAP is not a Defined Benefit Plan, and it belongs to the individual account holder.

Contributions

OPERS 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. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The state of Oregon and certain entities, including the District, have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2016 were \$18,530,684.

The rates in effect for the fiscal year ended June 30, 2016 were:

- Tier 1/Tier 2: 10.53%
- OPSRP general service: 5.84%
- OPSRP IAP: 6%

The following information applies to Tier1/Tier 2 and OPSRP plans:

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016 the District reported a liability of \$122,461,820 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. 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 entities, actuarially determined. At June 30, 2016 the District's proportion was 2.133%, which was a decrease from its 2.487% proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$112,051,989 in the Government-wide Financial Statements in addition to the current year contributions paid to PERS.

As of June 30, 2016 the District recognized deferred outflows and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,603,761	\$ -
Net difference between projected and actual earnings on pension plan investments	-	25,670,774
Changes in proportionate share	-	6,078,203
Differences between employe contributions and employer's proportionate share	44,022,345	-
District contributions subsequent to the measurement date	18,530,684	-
	\$ 69,156,790	\$ 31,748,977

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30			
2017	\$	(2,067,075)	
2018		(2,067,075)	
2019		(2,067,075)	
2020		21,130,790	
2021		3,947,566	
Total	\$	18,877,131	

Actuarial Valuations

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier 1/Tier 2 component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution 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 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.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected Salary Increases	3.75 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries:</p> <p>RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:</p> <p>Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees:</p> <p>Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

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 plan members and those of the contributing employers are made at the contractually require 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 of 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 (asset) to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount rate	6.75%	7.75%	8.75%
Proportionate share of the net pension liability (asset)	\$295,557,045	\$122,461,820	\$(23,411,981)

Long-Term Expected Rate of Return

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

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Assumed Inflation – Mean		2.75%

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report available at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Note 8: Other Post-Employment Benefits

Retirement Health Insurance Account

Plan Description

As a member of Oregon Public Employees Retirement System (PERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. The plan, which was established under Oregon Revised Statutes (ORS) 238.420, provides for a payment of up to \$60 per month toward the costs of Medicare companion health insurance for eligible retirees. A comprehensive annual financial report of the funds administered by PERS may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling 503-598-7377, or on the PERS website at www.oregon.gov/PERS/.

Funding Policy

Participating school districts are contractually required to contribute at a rate assessed each year by PERS, currently 0.53% of annual covered OPERF (Oregon Public Employees Retirement Fund) employees' payroll and 0.45% of covered OPSRP (Oregon Public Service Retirement Plan) employees' payroll. The PERS Board of Trustees sets the rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2016, 2015 and 2014 were \$1,092,941, \$1,154,235, and \$900,058, respectively, which equaled the required contributions each year.

Early Retirement Program

The District sponsors an Early Retirement Program with two main plans: stipend benefits and medical benefits. Both of the plans are valued on an actuarial basis. The District has an actuarial study completed every two years. The most recent valuation date was as of July 1, 2015. The active number of participants in the Early Retirement Program as of the most recent valuation date was 4,839.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For both plans, the District's annual post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statements 27 and 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 closed period not to exceed thirty years. Typically, ARCs calculated as of a given measurement date are valid for up to two fiscal years provided there are no major changes to plan provisions in the interim.

The actuaries calculate an Annual Pension Cost (APC) for GASB Statement 27 for the stipend benefits and an Annual OPEB Cost (AOC) for the medical benefits. This is an expense that is included in the Government-wide Financial

Statements. A Net Pension Obligation for GASB Statement 27 and a net OPEB Obligation for Statement 45 is calculated which is shown as a liability on the Government-Wide Financial Statements.

For both plans, the Projected Unit Credit Actuarial Cost Method was used to determine contribution levels. The contribution levels are comprised of two components: Normal Cost and Amortization Payments.

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability.

A copy of the most current Actuarial Valuation Report for Salem-Keizer School District's Early Retirement Program may be obtained by contacting the District Office.

Descriptions of the plans are as follows:

(A) Early Retirement-Stipend Benefits

Plan Description

The District maintains a single employer early retirement supplement program for its employees. This program covers all full-time certificated, confidential, classified supervisors and administrative personnel of the District. This pension-type benefit is required to be valued under GASB Statement 27. This pension benefit is only for those employees who retire before July 1, 2017. The District does not issue a standalone report for this plan.

The program has generally been established under separate collective bargaining agreements and provides provisions for early retirement after 10 years regular service and 30 years of participation in Oregon PERS (unless age 58) for certificated personnel; or at least three consecutive service years with the District immediately preceding retirement and 30 years participation in Oregon PERS (unless age 58) for classified supervisors, confidential and administrative personnel. The contributions and obligations of the plan may only be amended with an approved change of the collective bargaining agreement by all parties with voting rights. This optional early retirement program provides the employee with the following:

- For eligible certificated employees a monthly stipend of \$728 is provided until age 62.
- For eligible classified supervisors, confidential and administrative employees a monthly stipend of \$802 is provided until age 62.

Funding Policy

The plan is not funded through a trust or equivalent arrangement at this time.

Funded Status and Funding Progress

For this plan, the District expects that most of the stipend benefits will be paid out over the next 2 years (The plan covers only employees who are expected to retire before July 1, 2017). There is no obligation on the part of the District to fund these benefits in advance. For these reasons, the District has chosen to pay these benefits as they come due.

The schedule of funded status and funding progress are presented as required supplementary information following the notes to the financial statements. The funding progress for the most recent actuarial valuation date, July 1, 2015, is presented as follows:

Stipend Benefits	
Actuarial Valuation Date	July 1, 2015
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability	\$ 2,844,369
Unfunded Accrued Liability	\$ 2,844,369
Funded Ratio	0.00%
Covered payroll	\$ 210,838,659
UAL/Payroll	1.35%

Amortization of Unfunded Liability

The District has used an amortization period of 2 years and has chosen not to amortize over a period that is longer than the expected payout of the bulk of the benefits. The amortization period is open. The amortization method used is a level percentage of projected payrolls.

Contributions

Contributions are financed from the General Fund. Expenditures are recorded in the General Fund on a pay-as-you-go basis. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds in the General Fund are recognized when due and payable in accordance with the terms of the plan.

The cost of these benefits in fiscal years 2016, 2015, and 2014 amounted to \$1,306,581, \$1,657,642, and \$1,901,080, respectively. There were 185 participants during the year ended June 30, 2016, 178 participants during the year ended June 30, 2015, and 268 participants during fiscal year 2014.

Net Pension Obligation and Annual Pension Costs under GASB 27 - Early Retirement Stipend Benefits

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Required Contribution (ARC)	\$ 1,495,478	\$ 1,620,744	\$ 1,565,936
Interest on Net Pension Obligation	58,767	85,384	125,350
Adjustment to Annual Required Contribution	<u>(734,590)</u>	<u>(713,916)</u>	<u>(789,361)</u>
Annual Pension Cost	819,655	992,212	901,925
Contributions Made	<u>(1,220,787)</u>	<u>(1,657,642)</u>	<u>(1,901,080)</u>
Increase in Net Pension Obligation	(401,132)	(665,430)	(999,155)
Net Pension Obligation- Beginning of Year	<u>1,469,179</u>	<u>2,134,609</u>	<u>3,133,764</u>
Net Pension Obligation- End of Year	<u><u>\$ 1,068,047</u></u>	<u><u>\$ 1,469,179</u></u>	<u><u>\$ 2,134,609</u></u>

Percentage of Annual Pension Cost Contributed	149%	167%	211%
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Actuarial Methods and Assumptions

As of June 30, 2016, the last actuarial report completed was for the period ended July 1, 2015 to be applied to the financial reporting periods ending June 30, 2016 and June 30, 2017. The following represents the assumptions used:

1. Interest rate for discounting future liabilities is 4.0% per year.
2. Overall payroll growth is 3.0% per year.
3. School District employees are assumed to retire at over 30 years of service in PERS OPERF plans below age 52 at rates of 15% and OPSRP at 0% with rates gradually increasing to 90% at age 70 for both PERS plans.

Other assumptions included but were not limited to mortality rates, turnover rates, disability rates, marital status, and aging factors. These rates were based on the rates used by Oregon PERS for school Districts which may be found on the Oregon PERS website <http://www.oregon.gov/PERS/>.

The Projected Unit Credit Actuarial Cost Method was used to determine contribution levels. The contribution levels are comprised of two components: Normal Cost and Amortization Payments. Under this method the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries) is allocated in equal proportion over the participant’s years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll, over a closed period of four years for stipend benefits.

(B) Early Retirement Medical Benefits

Plan Description

The District maintains a single employer medical benefit supplement program for its retired employees. The District offers continued medical coverage to eligible retirees and their spouses and dependents until eligible for Medicare. The retiree must pay the entire premium in exchange for this coverage. However, the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the “implicit subsidy”, and is required to be valued under GASB Statement 45. This benefit is expected to continue indefinitely, in part because it is required by Oregon statute, and therefore the obligations could be amended through the employees’ collective bargaining agreements by vote of all parties with voting rights if the amendment is in compliance with the Oregon statute.

Funding Policy

The plan is not funded through a trust or equivalent arrangement at this time.

Funded Status and Funding Progress

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.

The schedule of funded status and funding progress are presented as required supplementary information following the notes to the financial statements. The funding progress for the most recent actuarial valuation date, July 1, 2015, is presented as follows:

Medical Benefits	
Actuarial Valuation Date	July 1, 2015
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability	\$ 42,484,008
Unfunded Accrued Liability	\$ 42,484,008
Funded Ratio	0.00%
Covered payroll	\$ 210,838,659
UAL/Payroll	20.15%

Calculations reflect the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations of the plan reflect a long-term perspective.

Amortization of Unfunded Liability

The District is amortizing the unfunded liability over the maximum 30-year period as a percent of payroll allowed under GASB 45. The unfunded accrued liability is being amortized as a level percentage of payroll.

Contributions

Contributions are financed from the General Fund. Expenditures are recorded in the General Fund on a pay-as-you-go basis. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds in the General Fund are recognized when due and payable in accordance with the terms of the plan.

Net OPEB Obligation and Annual Benefit Costs under GASB 45 - Early Retirement Medical Benefits

	2016	2015	2014
Annual Required Contribution (ARC)	\$ 4,352,337	\$ 4,429,044	\$ 4,279,270
Interest on OPEB Obligation	1,123,339	1,046,771	962,688
Adjustment to Annual Required Contribution	<u>(1,002,981)</u>	<u>(934,617)</u>	<u>(859,544)</u>
Annual OPEB Cost	4,472,695	4,541,198	4,382,414
Contributions Made	<u>(2,224,592)</u>	<u>(2,626,967)</u>	<u>(2,280,378)</u>
Increase in OPEB Obligation	2,248,103	1,914,231	2,102,036
Net OPEB Obligation- Beginning of Year	28,083,483	26,169,252	24,067,216
Net OPEB Obligation- End of Year	<u>\$ 30,331,586</u>	<u>\$ 28,083,483</u>	<u>\$ 26,169,252</u>

Percentage of Annual OPEB Cost Contributed	50%	58%	52%
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Actuarial Methods and Assumptions

As of June 30, 2016, the last actuarial report completed was for the period ended July 1, 2015 to be applied to the financial reporting periods ending June 30, 2016 and June 30, 2017. The following represents the assumptions used:

1. Interest rate for discounting future liabilities is 4.0% per year.
2. Overall payroll growth is 3.0% per year.
3. Annual medical premium rate (assumed to decrease) starts at 7.0% for fiscal year 2015-16, decreasing gradually to 5% by fiscal year 2031-32.

There is an assumption that active participants currently enrolled in a health plan will continue to be covered in that plan at retirement. Other assumptions included but were not limited to mortality rates, turnover rates, disability rates, marital status, and aging factors. These rates were based on the rates used by Oregon PERS for school Districts which may be found on the Oregon PERS website <http://www.oregon.gov/PERS/>.

The Projected Unit Credit Actuarial Cost Method was used to determine contribution levels. The contribution levels are comprised of two components: Normal Cost and Amortization Payments. Under this method the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll, over an open period of thirty years for medical benefits.

Tax Sheltered Annuity

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. Only one employee's contract requires contributions from the District. As of June 30, 2016, there were 1,018 employees participating in the plan.

Note 9: 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; and natural disasters for which the District carries commercial insurance. Workers' compensation and unemployment settlements have not exceeded insurance coverage. Changes in the balances of claims liabilities for the fiscal years ended June 30, 2016, 2015 and 2014 are as follows:

	2016	2015	2014
Accrued Claim Losses, July 1	\$ 1,719,944	\$ 1,298,623	\$ 1,304,268
Included Claims, Including an Estimate of Claims Incurred but not Reported (IBNR)	1,855,180	1,983,053	1,080,281
Claim Payments	(1,586,291)	(1,561,732)	(1,085,926)
Accrued Claim Losses, June 30	\$ 1,988,833	\$ 1,719,944	\$ 1,298,623

The District has had no significant changes in insurance coverage from the previous year.

Note 10: Commitments and Contingencies

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

There is a targeted year-end fund balance of (5% to 7%) of annual operating revenues per District policy which the District may not go below without a School Board Resolution.

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - accounts for the District's main operating budget. The fund pays for instruction of students, schools, and general operations. The majority of the money that makes up the General Fund comes from State sources, such as the State School Fund and the Common School Fund.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Taxes	\$ 72,084,410	\$ 72,182,844	\$ 72,182,844	\$ (98,434)
Local Sources	2,664,494	3,389,997	3,389,997	(725,503)
Earnings on Investments	1,627,032	450,000	450,000	1,177,032
Intermediate Sources	14,610,836	14,316,948	14,316,948	293,888
State Sources	308,777,192	306,055,734	306,055,734	2,721,458
Federal Sources	251,928	-	-	251,928
Total Revenues	<u>400,015,892</u>	<u>396,395,523</u>	<u>396,395,523</u>	<u>3,620,369</u>
Expenditures:				
Instruction	256,178,277	268,311,592	268,279,135	12,100,858
Support Services	134,182,202	147,919,115	147,951,572	13,769,370
Facilities Acquisition and Construction	360,792	485,221	485,221	124,429
Debt Service	660,448	660,472	660,472	24
Contingency	-	12,171,602	12,171,602	12,171,602
Total Expenditures	<u>391,381,719</u>	<u>429,548,002</u>	<u>429,548,002</u>	<u>38,166,283</u>
Revenues over (under) Expenditures	8,634,173	(33,152,479)	(33,152,479)	41,786,652
Other Financing Sources (Uses):				
Transfers In	-	3	3	(3)
Transfers Out	(3,620,000)	(3,620,000)	(3,620,000)	-
Total Other Financing Sources (Uses)	<u>(3,620,000)</u>	<u>(3,619,997)</u>	<u>(3,619,997)</u>	<u>(3)</u>
Net Change in Fund Balance	5,014,173	(36,772,476)	(36,772,476)	41,786,649
Fund Balance, Beginning of Year	<u>44,431,284</u>	<u>36,772,476</u>	<u>36,772,476</u>	<u>7,658,808</u>
Fund Balance, End of Year	<u>\$ 49,445,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,445,457</u>

The notes to the required supplemental information are an integral part of this schedule.

**SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULES OF FUNDING PROGRESS
FOR OTHER POST-EMPLOYMENT BENEFITS**

YEAR ENDED JUNE 30, 2016

Stipend Benefits

The Schedule of Funding Progress under GASB 27 is as follows:

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL / Payroll
7/1/2007	\$ -	\$ 16,642,213	\$ 16,642,213	0%	\$ 179,867,081	9.3%
7/1/2009	-	13,001,615	13,001,615	0%	201,828,688	6.4%
7/1/2011	-	9,613,961	9,613,961	0%	218,764,108	4.4%
7/1/2013	-	5,737,599	5,737,599	0%	199,457,515	2.9%
7/1/2015	-	2,844,369	2,844,369	0%	200,324,048	1.4%

Medical Benefits

The Schedule of Funding Progress under GASB 45 is as follows:

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL / Payroll
7/1/2007	\$ -	\$ 56,801,434	\$ 56,801,434	0%	\$ 179,867,081	31.6%
7/1/2009	-	59,373,817	59,373,817	0%	201,828,688	29.4%
7/1/2011	-	42,914,448	42,914,448	0%	218,764,108	19.6%
7/1/2013	-	42,476,515	42,476,515	0%	199,457,515	21.3%
7/1/2015	-	42,484,008	42,484,008	0%	200,324,048	21.2%

The notes to the required supplemental information are an integral part of this schedule.

**SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULES OF EMPLOYER CONTRIBUTIONS
FOR OTHER POST-EMPLOYMENT BENEFITS**

YEAR ENDED JUNE 30, 2016

Year Ended	Stipend Benefits Accounting- GASB 27		Medical Benefits Accounting- GASB 45	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2008	\$ 3,402,531	79%	\$ 6,881,802	32%
2009	3,521,619	80%	7,122,665	40%
2010	3,687,995	70%	7,032,953	28%
2011	3,817,075	59%	7,279,107	32%
2012	5,127,191	43%	4,464,124	45%
2013	5,306,643	44%	4,620,369	48%
2014	1,565,936	121%	4,279,270	53%
2015	1,620,744	104%	4,429,044	59%
2016	1,495,478	87%	4,352,337	70%

The notes to the required supplemental information are an integral part of this schedule.

**SALEM-KEIZER SCHOOL DISTRICT 24J
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

YEAR ENDED JUNE 30, 2016

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Ten Fiscal Years***

<u>Date</u>	<u>District's Proportion of the Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>District's Covered Employee Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
6/30/2016	2.13%	\$ 122,461,820	\$ 210,838,659	58.08%	91.88%
6/30/2015	2.49%	(56,372,207)	200,324,048	-28.14%	103.60%
6/30/2014	2.49%	126,913,031	195,456,300	64.93%	92.00%

**SCHEDULE OF DISTRICTS CONTRIBUTIONS
Last Ten Fiscal Years***

<u>Date</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>District's Covered Employee Payroll</u>	<u>Contributions as a Percentage of its Covered Employee Payroll</u>
6/30/2016	\$ 18,358,399	\$ 18,358,399	\$ -	\$ 224,660,318	8.17%
6/30/2015	28,183,368	28,183,368	-	210,838,659	13.37%
6/30/2014	26,925,455	26,925,455	-	200,324,048	13.44%

*The amounts presented for each year were actuarially determined at December 31 and rolled forward to the measurement date.

*The requirement of this schedule is to present ten years. Until ten years of information is available, the district will present available data.

The notes to the required supplemental information are an integral part of this schedule.

Note 1: Budget Basis of Accounting

The schedule of revenues, expenditures, and changes in fund balances- budget and actual has been prepared on the prescribed budget basis of accounting for the School District. All District Funds were budgeted on a generally accepted accounting (GAAP) basis with the exception of the Agency Fund which is not required to be budgeted under state law. The most significant budgeted fund is the General Fund.

Normal adjustments were made to budgeted expenses to accommodate operational needs of the District that were within functions required by Oregon Budget Law.

Note 2: Oregon Public Employees Retirement System

See Note 7 Pension Plan in Notes to the Basic Financial Statements for additional information regarding Oregon PERS.



OTHER SUPPLEMENTAL INFORMATION

Debt Service Fund - accounts for the payment of principal and interest on long-term general obligation bonds. The major sources of revenue are property taxes and earnings from temporary investments.

Debt Service PERS Fund - accounts for the payment of principal and interest on long-term pension bonds. The major sources of revenue are charges to other funds and earnings from temporary investments.

Capital Projects Fund - accounts for major capital outlay expenditures relating to the acquisition, construction, and renovation of school facilities. Its principal financing sources are the sale of general obligation bonds and earnings from temporary investments.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2016

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
Revenues:				
Taxes	\$ 33,860,319	\$ 32,906,907	\$ 32,906,907	\$ 953,412
Earnings on Investments	243	-	-	243
Total Revenues	<u>33,860,562</u>	<u>32,906,907</u>	<u>32,906,907</u>	<u>953,655</u>
Expenditures:				
Debt Service:				
Principal	29,770,000	29,770,000	29,770,000	-
Interest	<u>3,222,981</u>	<u>3,222,981</u>	<u>3,222,981</u>	<u>-</u>
Total Expenditures	<u>32,992,981</u>	<u>32,992,981</u>	<u>32,992,981</u>	<u>-</u>
Unappropriated Balance:				
Reserve for Future Years	<u>-</u>	<u>1,667,017</u>	<u>1,667,017</u>	<u>1,667,017</u>
Net Change in Fund Balance	867,581	(1,753,091)	(1,753,091)	2,620,672
Fund Balance, Beginning of Year	<u>2,705,660</u>	<u>1,753,091</u>	<u>1,753,091</u>	<u>952,569</u>
Fund Balance, End of Year	<u>\$ 3,573,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,573,241</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
DEBT SERVICE PERS FUND
YEAR ENDED JUNE 30, 2016

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Local Sources	\$ 20,111,965	\$ 20,315,842	\$ 20,315,842	\$ (203,877)
Total Revenues	<u>20,111,965</u>	<u>20,315,842</u>	<u>20,315,842</u>	<u>(203,877)</u>
Expenditures:				
Support Services:				
Purchased Services	1,000	137,529	137,529	136,529
Debt Service:				
Principal	6,898,769	6,898,770	6,898,770	1
Interest	<u>13,167,072</u>	<u>13,167,072</u>	<u>13,167,072</u>	<u>-</u>
Total Expenditures	<u>20,066,841</u>	<u>20,203,371</u>	<u>20,203,371</u>	<u>136,530</u>
Revenues over (under) Expenditures	45,124	112,471	112,471	(67,347)
Other Financing Sources (Uses)				
Transfer to General Fund		(1)	(1)	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>1</u>
Unappropriated Balance:				
Reserve for Future Years	-	20,300,255	20,300,255	(20,300,255)
Net Change in Fund Balance	45,124	(20,187,785)	(20,187,785)	20,232,909
Fund Balance, Beginning of Year	<u>21,220,388</u>	<u>20,187,785</u>	<u>20,187,785</u>	<u>1,032,603</u>
Fund Balance, End of Year	<u>\$ 21,265,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,265,512</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
Revenues:				
Miscellaneous Local Revenue	\$ 4,379	\$ 636,713	\$ 636,713	\$ (632,334)
Total Revenues	<u>4,379</u>	<u>636,713</u>	<u>636,713</u>	<u>(632,334)</u>
Expenditures:				
Facilities Acquisition and Construction	14,015,329	22,617,082	22,617,082	8,601,753
Total Expenditures	<u>14,015,329</u>	<u>22,617,082</u>	<u>22,617,082</u>	<u>8,601,753</u>
Net Change in Fund Balance	(14,010,950)	(21,980,369)	(21,980,369)	7,969,419
Fund Balance, Beginning of Year	<u>24,947,812</u>	<u>21,980,369</u>	<u>21,980,369</u>	<u>2,967,443</u>
Fund Balance, End of Year	<u>\$ 10,936,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,936,862</u>

NONMAJOR GOVERNMENTAL FUNDS

The following funds are considered Special Revenue Funds and account for revenues and expenditures for specific educational projects. Included are the following funds:

Grant Programs Fund – this special revenue fund accounts for resources and expenditures from Federal and State grants.

Fee Supported Programs Fund – Accounts for the District’s activity and athletic programs. The major sources of revenue are student participation fees and receipts from event admission charges.

Food Service Fund – Accounts for revenues and expenditures for the food dispensing programs. Principal revenue sources are sales of food and subsidies under the National School Lunch and Breakfast Programs received through the State of Oregon.

Energy Efficient Fund – This fund reflects the activities of a state energy conservation program that was created to make energy efficient modifications to district facilities in order to reduce overall energy consumption. The principal revenue source is subsidies from Pacific Gas and Electric. The District must submit reports to the utility itemizing expenses it has incurred. The fund was moved in 2011-12 from Internal Service Funds to Special Revenue Funds to meet reporting requirements of the Oregon Department of Education.

Asset Replacement Fund – Principal revenue sources for this fund are the state reimbursement for bus depreciation, a portion of the state school fund that has been committed by the School Board, the state facilities grant, and the sale of surplus equipment. The fund is designated specifically for purchases and replacement of equipment and technology.

The following funds are considered Capital Projects Funds and account for revenues and expenditures for specific special capital projects and deferred maintenance on capital assets. Included are the following funds:

Special Capital Projects Fund – The Principal revenue source for this fund is a portion of the state school fund that has been committed by the School Board for special capital projects.

Deferred Maintenance Fund – The Principal revenue source for this fund is a budget transfer from the General Fund to support smaller deferred maintenance projects on the buildings and grounds of the District.

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds	
	Grant Fund	Fee Supported Programs Fund	Food Service Fund	Energy Efficient Fund	Asset Replacement Fund	Special Capital Projects Fund		Deferred Maintenance Fund
ASSETS								
Pooled Cash and Investments	\$ -	\$ 6,034,677	\$ 3,776,868	\$ 1,258,698	\$ 5,672,622	\$ 3,124,614	\$ 1,384,023	\$ 21,251,502
Receivables	4,273,139	259,063	859,452	-	-	-	-	5,391,654
Total Assets	<u>\$ 4,273,139</u>	<u>\$ 6,293,740</u>	<u>\$ 4,636,320</u>	<u>\$ 1,258,698</u>	<u>\$ 5,672,622</u>	<u>\$ 3,124,614</u>	<u>\$ 1,384,023</u>	<u>\$ 26,643,156</u>
LIABILITIES & FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 623,848	\$ 524,446	\$ 2,895,649	\$ -	\$ 289,362	\$ 517,919	\$ 1,036	\$ 4,852,260
Due to Other Funds	3,336,777	-	-	-	-	-	-	3,336,777
Unearned Revenue	312,514	13,049	822	-	-	-	-	326,385
Total Liabilities	<u>4,273,139</u>	<u>537,495</u>	<u>2,896,471</u>	<u>-</u>	<u>289,362</u>	<u>517,919</u>	<u>1,036</u>	<u>8,515,422</u>
Fund Balances:								
Restricted	-	-	-	1,258,698	2,072,698	-	-	3,331,396
Committed	-	5,756,245	1,739,849	-	-	-	-	7,496,094
Assigned	-	-	-	-	3,310,562	2,606,695	1,382,987	7,300,244
Total Fund Balances	<u>-</u>	<u>5,756,245</u>	<u>1,739,849</u>	<u>1,258,698</u>	<u>5,383,260</u>	<u>2,606,695</u>	<u>1,382,987</u>	<u>18,127,734</u>
Total Liabilities and Fund Balances	<u>\$ 4,273,139</u>	<u>\$ 6,293,740</u>	<u>\$ 4,636,320</u>	<u>\$ 1,258,698</u>	<u>\$ 5,672,622</u>	<u>\$ 3,124,614</u>	<u>\$ 1,384,023</u>	<u>\$ 26,643,156</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds	
	Grant Fund	Fee Supported Programs Fund	Food Service Fund	Energy Efficient Fund	Asset Replacement Fund	Special Capital Projects Fund		Deferred Maintenance Fund
Revenues:								
Local Sources	\$ 441	\$ 8,796,274	1,414,001	\$ 672,783	\$ 43,289	\$ -	\$ -	\$ 10,926,788
Intermediate Sources	609,052	-	-	-	-	-	-	609,052
State Sources	6,558,305	-	216,187	-	2,272,489	1,600,000	-	10,646,981
Federal Sources	25,183,874	-	15,252,538	-	-	-	-	40,436,412
Total Revenues	32,351,672	8,796,274	16,882,726	672,783	2,315,778	1,600,000	-	62,619,233
Expenditures:								
Instruction	14,350,774	6,448,705	-	-	996,895	-	-	21,796,374
Support Services	16,253,521	4,448,523	416,472	-	11,533,766	-	-	32,652,282
Enterprise and Community Services	613,305	-	16,577,805	-	-	-	-	17,191,110
Facilities Acquisition and Construction	1,134,072	-	-	-	-	5,374,194	114,985	6,623,251
Debt Service	-	-	-	-	1,693,002	-	-	1,693,002
Total Expenditures	32,351,672	10,897,228	16,994,277	-	14,223,663	5,374,194	114,985	79,956,019
Revenues over (under) Expenditures	-	(2,100,954)	(111,551)	672,783	(11,907,885)	(3,774,194)	(114,985)	(17,336,786)
Other Financing Sources (Uses):								
Debt Financing	-	-	-	-	6,479,944	-	-	6,479,944
Sale of assets	-	-	3,445	-	193,463	-	-	196,908
Transfers in	-	-	-	-	420,000	2,200,000	1,000,000	3,620,000
Total Other Financing Sources (Uses)	-	-	3,445	-	7,093,407	2,200,000	1,000,000	10,296,852
Net Change in Fund Balances	-	(2,100,954)	(108,106)	672,783	(4,814,478)	(1,574,194)	885,015	(7,039,934)
Fund Balances, Beginning of Year	-	7,857,199	1,847,955	585,915	10,197,738	4,180,889	497,972	25,167,668
Fund Balances, End of Year	\$ -	\$ 5,756,245	\$ 1,739,849	\$ 1,258,698	\$ 5,383,260	\$ 2,606,695	\$ 1,382,987	\$ 18,127,734

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
GRANT FUND
YEAR ENDED JUNE 30, 2016

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Local Sources	\$ 441	\$ -	\$ 441	\$ -
Intermediate Sources	609,052	427,714	867,469	(258,417)
State Sources	6,558,305	5,387,680	7,351,896	(793,591)
Federal Sources	25,183,874	29,731,319	36,268,892	(11,085,018)
Total Revenues	<u>32,351,672</u>	<u>35,546,713</u>	<u>44,488,698</u>	<u>(12,137,026)</u>
Expenditures:				
Instruction	14,350,774	18,228,754	20,955,999	6,605,225
Support Services	16,253,521	15,797,456	21,563,210	5,309,689
Enterprise and Community Services	613,305	545,503	831,231	217,926
Facilities Acquisition and Construction	1,134,072	975,000	1,138,258	4,186
Total Expenditures	<u>32,351,672</u>	<u>35,546,713</u>	<u>44,488,698</u>	<u>12,137,026</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
FEE SUPPORTED PROGRAMS FUND
YEAR ENDED JUNE 30, 2016

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
Revenues:				
Local Sources	\$ 8,204,102	\$ 8,222,018	\$ 8,222,018	\$ (17,916)
Tuition	592,172	522,261	522,261	69,911
Total Revenues	<u>8,796,274</u>	<u>8,744,279</u>	<u>8,744,279</u>	<u>51,995</u>
Expenditures:				
Instruction	6,448,705	11,161,389	11,161,389	4,712,684
Support Services	4,448,523	4,608,467	4,608,467	159,944
Total Expenditures	<u>10,897,228</u>	<u>15,769,856</u>	<u>15,769,856</u>	<u>4,872,628</u>
Net Change in Fund Balance	(2,100,954)	(7,025,577)	(7,025,577)	4,924,623
Fund Balance, Beginning of Year	<u>7,857,199</u>	<u>7,025,577</u>	<u>7,025,577</u>	<u>831,622</u>
Fund Balance, End of Year	<u>\$ 5,756,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,756,245</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2016

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
Revenues:				
Cafeteria Sale of Meals	\$ 1,392,789	\$ 2,155,442	\$ 2,155,442	\$ (762,653)
Cafeteria State Grants	216,187	218,690	218,690	(2,503)
Cafeteria Federal Grants	15,252,538	15,991,475	15,991,475	(738,937)
Miscellaneous Revenues	21,212	19,062	19,062	2,150
Total Revenues	<u>16,882,726</u>	<u>18,384,669</u>	<u>18,384,669</u>	<u>(1,501,943)</u>
Expenditures:				
Support Services	416,472	568,999	568,999	152,527
Enterprise and Community Services	16,577,805	19,534,030	19,534,030	2,956,225
Total Expenditures	<u>16,994,277</u>	<u>20,103,029</u>	<u>20,103,029</u>	<u>3,108,752</u>
Revenues over (under) Expenditures	(111,551)	(1,718,360)	(1,718,360)	1,606,809
Other Financing Sources (Uses):				
Sale of Assets	3,445	3,000	3,000	445
Total Other Financing Sources (Uses)	3,445	3,000	3,000	445
Net Change in Fund Balance	(108,106)	(1,715,360)	(1,715,360)	1,607,254
Fund Balance, Beginning of Year	1,847,955	1,715,360	1,715,360	132,595
Fund Balance, End of Year	<u>\$ 1,739,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,739,849</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
ENERGY EFFICIENT FUND
YEAR ENDED JUNE 30, 2016

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
Revenues:				
Miscellaneous Revenues	\$ 672,783	\$ 667,989	\$ 667,989	\$ 4,794
Total Revenues	<u>672,783</u>	<u>667,989</u>	<u>667,989</u>	<u>4,794</u>
Expenditures:				
Support Services	-	434,539	434,539	434,539
Facilities Acquisition and Construction	-	870,163	870,163	870,163
Total Expenditures	<u>-</u>	<u>1,304,702</u>	<u>1,304,702</u>	<u>1,304,702</u>
Revenues over (under) Expenditures	<u>672,783</u>	<u>(636,713)</u>	<u>(636,713)</u>	<u>1,309,496</u>
Net Change in Fund Balance	672,783	(636,713)	(636,713)	1,309,496
Fund Balance, Beginning of Year	<u>585,915</u>	<u>636,713</u>	<u>636,713</u>	<u>(50,798)</u>
Fund Balance, End of Year	<u>\$ 1,258,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,258,698</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
ASSET REPLACEMENT FUND
YEAR ENDED JUNE 30, 2016

	Budget			Variance with Final Budget
	Actual	Adopted	Final	
Revenues:				
Local Sources	\$ 43,289	\$ 10,000	\$ 10,000	\$ 33,289
State School Fund	1,500,000	-	-	1,500,000
State School Fund Transportation Equipment	711,943	1,491,172	1,491,172	(779,229)
State Other Restricted Grants	60,546	-	-	60,546
Total Revenues	2,315,778	1,501,172	1,501,172	814,606
Expenditures:				
Instruction	996,895	1,497,868	1,497,868	500,973
Support Services	11,533,766	15,318,239	15,318,239	3,784,473
Debt Service	1,693,002	1,783,925	1,783,925	90,923
Total Expenditures	14,223,663	18,600,032	18,600,032	4,376,369
Revenues over (under) Expenditures	(11,907,885)	(17,098,860)	(17,098,860)	5,190,975
Other Financing Sources (Uses):				
Long-Term Debt Financing Sources	6,479,944	6,479,945	6,479,945	(1)
Transfers In	420,000	420,000	420,000	-
Sale of Assets	193,463	115,000	115,000	78,463
Transfers Out	-	(1)	(1)	1
Total Other Financing Sources (Uses)	7,093,407	7,014,944	7,014,944	78,463
Net Change in Fund Balance	(4,814,478)	(10,083,916)	(10,083,916)	5,269,438
Fund Balance, Beginning of Year	10,197,738	10,083,916	10,083,916	113,822
Fund Balance, End of Year	\$ 5,383,260	\$ -	\$ -	\$ 5,383,260

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
SPECIAL CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
Revenues:				
State School Fund	\$ 1,600,000	\$ -	\$ -	\$ 1,600,000
Total Revenues	<u>1,600,000</u>	<u>-</u>	<u>-</u>	<u>1,600,000</u>
Expenditures:				
Facilities Acquisition and Construction	5,374,194	8,425,000	8,425,000	3,050,806
Total Expenditures	<u>5,374,194</u>	<u>8,425,000</u>	<u>8,425,000</u>	<u>3,050,806</u>
Other Financing Sources (Uses):				
Sale of Assets	-	1,200,000	1,200,000	(1,200,000)
Transfer In	2,200,000	2,200,000	2,200,000	-
Total Other Financing Sources (Uses)	<u>2,200,000</u>	<u>3,400,000</u>	<u>3,400,000</u>	<u>(1,200,000)</u>
Net Change in Fund Balance	(1,574,194)	(5,025,000)	(5,025,000)	3,450,806
Fund Balance, Beginning of Year	<u>4,180,889</u>	<u>5,025,000</u>	<u>5,025,000</u>	<u>(844,111)</u>
Fund Balance, End of Year	<u>\$ 2,606,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,606,695</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
DEFERRED MAINTENANCE FUND
YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
Revenues:				
Miscellaneous Local Revenue	\$ -	\$ 500,000	\$ 500,000	\$ (500,000)
Total Revenues	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>(500,000)</u>
Expenditures:				
Facilities Acquisition and Construction	114,985	1,500,000	1,500,000	1,385,015
Total Expenditures	<u>114,985</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,385,015</u>
Other Financing Sources (Uses):				
Transfer In	1,000,000	1,000,000	1,000,000	-
Total Other Financing Sources (Uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net Change in Fund Balance	885,015	-	-	885,015
Fund Balance, Beginning of Year	<u>497,972</u>	<u>-</u>	<u>-</u>	<u>497,972</u>
Fund Balance, End of Year	<u>\$ 1,382,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,382,987</u>

ENTERPRISE FUND

This fund is self-supporting from user charges and fees to other non-governmental entities outside of the primary government. The District has one Enterprise Fund.

District Services & Facility Rentals Fund – This fund accounts for activity with external customers related to facility rentals, transportation, reprographics and central stores operations.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
DISTRICT SERVICES & FACILITY RENTALS FUND
YEAR ENDED JUNE 30, 2016

	Actual	Budget		Variance with Final Budget
		Adopted	Final	
Revenues:				
Rentals	\$ 367,528	\$ 408,413	\$ 408,413	\$ (40,885)
Charges for Services	114,204	280,000	280,000	(165,796)
Total Revenue	481,732	688,413	688,413	(206,681)
Expenditures:				
Community Services:				
Salaries	168,171	171,651	171,651	3,480
Employee Benefits	80,491	84,708	84,708	4,217
Purchased Services	95,671	410,196	410,196	314,525
Supplies and Materials	53,087	170,000	170,000	116,913
Capital Outlay	-	71,860	71,860	71,860
Other	9,514	30,717	30,717	21,203
Total Expenditures	406,934	939,132	939,132	532,198
Net Change in Fund Balance	74,798	(250,719)	(250,719)	325,517
Fund Balance, Beginning of Year	250,630	250,719	250,719	(89)
Fund Balance, End of Year	\$ 325,428	\$ -	\$ -	\$ 325,428

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one District department to other District departments, on a cost reimbursement basis. Included are:

Risk Management Fund – Accounts for the financing of insurance premiums, unemployment claims, worker's compensation and long-term disability claims, and partial funding for probable maximum exposures.

Services Fund – Accounts for the user fees, printing and warehouse costs incurred by the various departments and government agencies.

Charter School Services Fund – Accounts for the activities of District sponsored Charter Schools. The cost of these activities is funded through revenues related to Charter School students.

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Risk Management Fund	Services Fund	Charter School Services Fund	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 17,021,127	\$ 1,441,746	\$ 442,741	\$ 18,905,614
Receivables	400	90,841	-	91,241
Inventories	-	680,024	-	680,024
Total Current Assets	17,021,527	2,212,611	442,741	19,676,879
Capital Assets:				
Equipment	113,972	1,185,629	-	1,299,601
Building Improvements	-	493,024	-	493,024
Less Accumulated Depreciation	(3,947)	(1,428,128)	-	(1,432,075)
Total Capital Assets	110,025	250,525	-	360,550
Total Assets	17,131,552	2,463,136	442,741	20,037,429
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Deferred Outflow - PERS	121,166	232,515	448,457	802,138
Total Deferred Outflows	121,166	232,515	448,457	802,138
LIABILITIES				
Current Liabilities:				
Accounts Payable	526,334	209,216	2,002	737,552
Accrued Claims Liability	1,988,833	-	-	1,988,833
Accrued Compensated Absences	16,738	30,798	-	47,536
Pension Liability - PERS	214,559	411,733	794,122	1,420,414
Total Current Liabilities	2,746,464	651,747	796,124	4,194,335
Total Liabilities	2,746,464	651,747	796,124	4,194,335
DEFERRED INFLOWS OF RESOURCES:				
Pension Deferred Inflow - PERS	55,626	106,744	205,881	368,251
Total Deferred Inflows	55,626	106,744	205,881	368,251
NET POSITION				
Investment in Capital Assets	110,025	250,525	-	360,550
Unrestricted	14,340,603	1,686,635	(110,807)	15,916,431
Total Net Position	\$ 14,450,628	\$ 1,937,160	\$ (110,807)	\$ 16,276,981

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Risk Management Fund	Services Fund	Charter School Services Fund	Total
Operating Revenues:				
Charges for Services	\$ 4,389,141	\$ 4,536,792	\$ 3,654,419	\$ 12,580,352
Operating Expenses:				
Salaries	431,262	827,582	1,596,181	2,855,025
Employee Benefits	356,393	701,678	1,174,088	2,232,159
Purchased Services	1,644,607	984,029	1,237,180	3,865,816
Supplies and Materials	3,013,932	1,737,305	62,733	4,813,970
Depreciation	3,947	15,809	-	19,756
Total Operating Expenses	5,450,141	4,266,403	4,070,182	13,786,726
Nonoperating Revenues (Expenses):				
Earnings on Investments	-	-	-	-
Operating Income (loss) Before Transfers	(1,061,000)	270,389	(415,763)	(1,206,374)
Transfers:				
Transfers Out	-	-	-	-
Change in Net Position	(1,061,000)	270,389	(415,763)	(1,206,374)
Net Position, beginning of year	15,511,628	1,666,771	304,956	17,483,355
Net Position, end of year	\$ 14,450,628	\$ 1,937,160	\$ (110,807)	\$ 16,276,981

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Risk Management Fund	Services Fund	Charter School Services Fund	Total
Cash Flows from Operating Activities:				
Receipts for Services Provided	\$ 4,388,741	\$ 4,523,817	\$ 3,654,419	\$ 12,566,977
Payments to Employees for Services	(670,139)	(1,341,831)	(2,400,414)	(4,412,384)
Payments to Suppliers for Goods and Services	(1,346,256)	(2,628,229)	(1,298,345)	(5,272,830)
Payments for Claims	(2,568,630)	-	-	(2,568,630)
Cash Flows Provided (Used) by Operating Activities	<u>(196,284)</u>	<u>553,757</u>	<u>(44,340)</u>	<u>313,133</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of Capital Assets	(113,972)	(148,729)	-	(262,701)
Increase (Decrease) in Cash and Cash Equivalents	(310,256)	405,028	(44,340)	50,432
Cash and Cash Equivalents at Beginning of Year	<u>17,331,383</u>	<u>1,036,718</u>	<u>487,081</u>	<u>18,855,182</u>
Cash and Cash Equivalents at End of Year	<u>\$ 17,021,127</u>	<u>\$ 1,441,746</u>	<u>\$ 442,741</u>	<u>\$ 18,905,614</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (1,061,000)	\$ 270,389	\$ (415,763)	\$ (1,206,374)
Adjustments to Reconcile Operating Income (Loss) to Cash Flows from Operating Activities:				
Depreciation Expense	3,947	15,809	-	19,756
GASB 68 Pension Expense Adjustment	105,172	197,548	369,855	672,575
Change in Assets and Liabilities:				
Change in Receivables	(400)	(12,975)	-	(13,375)
Change in Inventories	-	(39,759)	-	(39,759)
Change in Accounts Payable	474,664	132,864	1,568	609,096
Change in Accrued Claims Liability	268,989	-	-	268,989
Change in Accrued Compensated Absences	12,344	(10,119)	-	2,225
Total Adjustments	<u>864,716</u>	<u>283,368</u>	<u>371,423</u>	<u>1,519,507</u>
Cash Flows Provided (Used) by Operating Activities	<u>\$ (196,284)</u>	<u>\$ 553,757</u>	<u>\$ (44,340)</u>	<u>\$ 313,133</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
RISK MANAGEMENT FUND
YEAR ENDED JUNE 30, 2016

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Charges for Services	\$ 4,389,141	\$ 4,177,214	\$ 4,177,214	\$ 211,927
Total Revenues	<u>4,389,141</u>	<u>4,177,214</u>	<u>4,177,214</u>	<u>211,927</u>
Expenditures:				
Support Services:				
Salaries	431,262	318,122	318,122	(113,140)
Employee Benefits	251,221	172,693	172,693	(78,528)
Purchased Services	1,644,607	3,639,884	3,639,884	1,995,277
Supplies and Materials	3,013,932	16,242,284	16,242,284	13,228,352
Capital Outlay	113,972	34,437	34,437	(79,535)
Total Expenditures	<u>5,454,994</u>	<u>20,407,420</u>	<u>20,407,420</u>	<u>14,952,426</u>
Other Financing Sources (Uses):				
Transfers Out	-	(1)	(1)	1
Net Change in Fund Balance	(1,065,853)	(16,230,207)	(16,230,207)	15,164,354
Fund Balance, Beginning of Year	<u>15,555,475</u>	<u>16,230,207</u>	<u>16,230,207</u>	<u>(674,732)</u>
Fund Balance, End of Year	<u>\$ 14,489,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,489,622</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
SERVICES FUND
YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
		<u>Adopted</u>	<u>Final</u>	
Revenues:				
Charges for Services	\$ 4,536,792	\$ 5,632,588	\$ 5,632,588	\$ (1,095,796)
Total Revenues	<u>4,536,792</u>	<u>5,632,588</u>	<u>5,632,588</u>	<u>(1,095,796)</u>
Expenditures:				
Support Services:				
Salaries	827,582	1,127,434	1,127,434	299,852
Employee Benefits	504,130	734,820	734,820	230,690
Purchased Services	984,029	2,684,427	2,684,427	1,700,398
Supplies and Materials	1,737,305	1,807,738	1,807,738	70,433
Capital Outlay	148,730	537,646	537,646	388,916
Other Uses:				
Debt Service	-	85,272	85,272	85,272
Total Expenditures	<u>4,201,776</u>	<u>6,977,337</u>	<u>6,977,337</u>	<u>2,775,561</u>
Other Financing Sources (Uses):				
Debt Proceeds	-	100,000	100,000	(100,000)
Net Change in Fund Balance	335,016	(1,244,749)	(1,244,749)	1,579,765
Fund Balance, Beginning of Year	<u>1,755,185</u>	<u>1,244,749</u>	<u>1,244,749</u>	<u>510,436</u>
Fund Balance, End of Year	<u>\$ 2,090,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,090,201</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
CHARTER SCHOOL SERVICES FUND
YEAR ENDED JUNE 30, 2016

	<u>Budget</u>			Variance with Final Budget
	<u>Actual</u>	<u>Adopted</u>	<u>Final</u>	
Revenues:				
Charges for Services	\$ 3,654,419	\$ 4,479,260	\$ 4,479,260	\$ (824,841)
Total Revenues	<u>3,654,419</u>	<u>4,479,260</u>	<u>4,479,260</u>	<u>(824,841)</u>
Expenditures:				
Instructional Services:				
Salaries	1,596,181	-	-	(1,596,181)
Employee Benefits	804,233	-	-	(804,233)
Purchased Services	1,237,180	4,896,451	4,896,451	3,659,271
Supplies and Materials	62,733	-	-	(62,733)
Total Expenditures	<u>3,700,327</u>	<u>4,896,451</u>	<u>4,896,451</u>	<u>1,196,124</u>
Net Change in Fund Balance	(45,908)	(417,191)	(417,191)	371,283
Fund Balance, Beginning of Year	<u>486,647</u>	<u>417,191</u>	<u>417,191</u>	<u>69,456</u>
Fund Balance, End of Year	<u>\$ 440,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,739</u>

AGENCY FUND

Agency Fund reporting focuses on changes in total assets and in total liabilities. The District has one agency fund.

Agency Fund – This fund is purely custodial and does not involve measurement of result of operations. Therefore its operational activity is not reported in this section. The fund accounts for parent teacher group activities and departmental activities of the various schools and departments, accounting for sales and other revenue generating activities for support of students and staff not provided by district funds.

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

DISTRICT AGENCY FUND

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
ASSETS				
Cash and Cash Equivalents	\$ 340,030	\$ 508,810	\$ 512,511	\$ 336,329
Total Assets	<u>\$ 340,030</u>	<u>\$ 508,810</u>	<u>\$ 512,511</u>	<u>\$ 336,329</u>
LIABILITIES				
Liabilities:				
Accounts Payable	\$ 7,794	\$ 284,562	\$ 285,941	\$ 6,415
Due to Outside Groups	332,236	508,810	511,132	329,914
Total Liabilities	<u>\$ 340,030</u>	<u>\$ 793,372</u>	<u>\$ 797,073</u>	<u>\$ 336,329</u>

OTHER FINANCIAL SCHEDULES

SALEM-KEIZER SCHOOL DISTRICT 24J
REVENUE SUMMARY BY ALL FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Fund 100</u>	<u>Fund 200</u>	<u>Fund 300</u>
Local Sources:			
1110 Current Year Taxes	\$ 69,706,580	\$ -	\$ 32,803,097
1112 Prior Year Taxes	2,263,471	-	1,057,223
1113 Foreclosed Property Taxes	22,842	-	-
1114 Payments in Lieu of Property Taxes	91,517	-	-
1311 Tuition from Individuals	-	500,392	-
1312 Tuition from Other Districts	93,861	91,780	-
1500 Earnings on Investments	1,627,032	4,550,660	253
1600 Food Service	-	-	-
1700 Extracurricular Activities	78,334	1,392,789	-
1800 Community Services Activities	-	-	-
1910 Rentals	-	254,795	-
1920 Contributions from Private Sources	5,639	687,296	-
1940 Services Provided	307,149	3,400	-
1950 Textbook Sales and Rentals	-	23,786	-
1960 Recovery of Prior Years' Expenditure	38,197	-	-
1970 Services Provided Other Funds	-	-	20,111,955
1980 Fees Charged to Grants	1,227,140	277,000	-
1990 Miscellaneous	914,174	3,144,890	-
Total Local Sources	<u>76,375,936</u>	<u>10,926,788</u>	<u>53,972,528</u>
Intermediate Sources:			
2101 County School Funds	129,216	-	-
2200 Restricted Revenue	14,481,720	609,052	-
Total Intermediate Sources	<u>14,610,936</u>	<u>609,052</u>	<u>-</u>
State Sources:			
3101 State School Fund	299,386,193	1,500,000	-
3102 State School Fund - School Lunch Match	-	165,981	-
3103 Common School Fund	4,796,275	-	-
3199 Other Unrestricted Grants-in-Aid	4,594,624	-	-
3222 State School Fund (SSF) Transportation	-	711,943	-
3299 Other Restricted Grants-in-Aid	-	6,669,057	-
Total State Sources	<u>308,777,092</u>	<u>9,046,981</u>	<u>-</u>
Federal Sources:			
4300 Restricted Direct From Federal	-	532,440	-
4500 Restricted Through State	-	37,989,345	-
4700 Federal Grants	-	712,324	-
4801 Federal Forest Fees	251,928	-	-
4900 Commodities	-	1,202,303	-
Total Federal Sources	<u>251,928</u>	<u>40,436,412</u>	<u>-</u>
Other Sources:			
5100 Issuance of Debt	-	6,479,944	-
5200 Interfund Transfers	-	420,000	-
5300 Sale of Fixed Assets	-	196,908	-
5400 Resources - Beginning Fund Balance	44,431,284	20,488,807	23,926,048
Total Other Sources	<u>44,431,284</u>	<u>27,585,659</u>	<u>23,926,048</u>
Total Revenues	<u>\$ 444,447,176</u>	<u>\$ 88,604,892</u>	<u>\$ 77,898,576</u>

<u>Fund 400</u>	<u>Fund 500</u>	<u>Fund 600</u>	<u>Fund 700</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 102,509,677
-	-	-	-	3,320,694
-	-	-	-	22,842
-	-	-	-	91,517
-	-	-	-	500,392
-	-	-	-	185,641
-	-	-	-	6,177,945
-	-	-	-	-
-	-	-	-	1,471,123
-	-	-	-	-
-	367,528	-	-	622,323
-	-	-	2,000	694,935
-	-	108,193	-	418,742
-	-	-	-	23,786
1,871	-	19,839	-	59,907
-	-	6,585,549	-	26,697,504
-	-	-	-	1,504,140
2,508	114,205	5,866,771	370,415	10,412,964
<u>4,379</u>	<u>481,733</u>	<u>12,580,352</u>	<u>372,415</u>	<u>154,714,132</u>
-	-	-	-	129,216
-	-	-	-	<u>15,090,771</u>
-	-	-	-	<u>15,219,987</u>
1,600,000	-	-	-	302,486,193
-	-	-	-	165,981
-	-	-	-	4,796,275
-	-	-	-	4,594,624
-	-	-	-	711,943
-	-	-	-	<u>6,669,057</u>
<u>1,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,424,073</u>
-	-	-	-	532,440
-	-	-	-	37,989,345
-	-	-	-	712,324
-	-	-	-	251,928
-	-	-	-	<u>1,202,303</u>
-	-	-	-	<u>40,688,340</u>
-	-	-	-	6,479,944
3,200,000	-	-	-	3,620,000
-	-	-	-	196,908
<u>29,626,673</u>	<u>250,630</u>	<u>17,797,306</u>	<u>580,972</u>	<u>137,101,720</u>
<u>32,826,673</u>	<u>250,630</u>	<u>17,797,306</u>	<u>580,972</u>	<u>147,398,572</u>
<u>\$ 34,431,052</u>	<u>\$ 732,363</u>	<u>\$ 30,377,658</u>	<u>\$ 953,387</u>	<u>\$ 677,445,104</u>

**SALEM-KEIZER SCHOOL DISTRICT 24J
GENERAL FUND (100) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016**

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>
Instruction				
1111 Elementary, K-5	\$ 55,659,672	\$ 29,577,894	\$ 1,002,198	\$ 6,055,290
1121 Middle/Junior High Programs	21,618,263	11,125,549	506,570	783,582
1122 Middle/Junior High School Extracurricular	498,045	154,924	159,225	52,585
1131 High School Programs	29,364,530	15,010,670	783,069	1,187,816
1132 High School Extracurricular	2,113,538	636,319	503,541	40,215
1210 Programs for the Talented and Gifted	281,693	110,556	9,767	15,782
1220 Restrictive Programs for Students with Disabilities	20,743,643	13,782,885	196,015	171,885
1250 Less Restrictive Programs for Students with Disabilities	13,418,423	7,738,003	354,569	99,395
1260 Treatment and Habilitation	110,086	58,085	4,969	15,698
1280 Alternative Education	3,344,093	1,882,190	5,418,810	129,060
1291 English Second Language Programs	5,687,022	3,858,204	77,188	177,527
1292 Teen Parent Programs	684,059	300,791	9,379	6,235
1294 Youth Corrections Education	30,964	24,208	94	-
1299 Other Programs	84,709	51,137	19,383	20,678
1400 Summer School Programs	77,893	23,920	9,512	16,386
Total Instruction	<u>153,716,633</u>	<u>84,335,335</u>	<u>9,054,289</u>	<u>8,772,134</u>
Support Services				
2110 Attendance and Social Work Services	4,068,016	2,321,140	873,210	24,828
2120 Guidance Services	5,836,655	3,032,846	4,776	4,098
2130 Health Services	1,182,652	600,429	44,585	2,402
2140 Psychological Services	950,624	445,282	9,261	27,302
2150 Speech Pathology and Audiology Services	2,853,554	1,395,250	379,059	34,845
2160 Other Student Treatment Services	766,784	389,938	92,551	13,768
2190 Service Direction, Student Support Services	763,026	345,069	32,515	77,666
2210 Improvement of Instruction Services	1,323,104	583,380	216,474	91,287
2220 Educational Media Services	2,417,629	1,557,429	175,426	368,876
2230 Assessment and Testing	443,330	230,633	134,875	5,053
2240 Instructional Staff Development	2,876,820	1,257,486	497,714	52,172
2310 Board of Education Services	501	165	365,592	1,333
2320 Executive Administration Services	947,670	449,521	48,388	7,096
2410 Office of the Principal Services	17,431,024	9,423,574	573,792	559,755
2490 Other Support Services - School Administration	1,358,893	657,516	76,911	48,200
2520 Fiscal Services	1,147,670	602,751	156,336	30,523
2540 Operation and Maintenance of Plant Services	10,211,207	6,656,225	8,806,593	1,415,309
2550 Student Transportation Services	7,759,598	5,765,198	362,731	733,947
2570 Internal Services	801,198	312,446	23,846	(2,913)
2630 Information Services	246,373	131,776	47,484	8,277
2640 Staff Services	2,281,563	1,154,784	384,776	80,225
2660 Technology Services	4,504,809	2,384,393	1,378,547	3,202,856
2690 Other Support Services - Central	1,043	417,484	329,468	-
2700 Supplemental Retirement Program	1,043	44,423	-	-
Total Support Services	<u>70,174,786</u>	<u>40,159,138</u>	<u>15,014,910</u>	<u>6,786,905</u>
Facilities Acquisition and Construction				
4110 Service Area Direction	87,183	38,468	16,870	12,249
4120 Site Acquisition and Development Services	-	-	3,564	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	124,155
Total Facilities Acquisition and Construction	<u>87,183</u>	<u>38,468</u>	<u>20,434</u>	<u>136,404</u>
Other Uses				
5100 Debt Service	-	-	-	-
5200 Transfers of Funds	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contingency				
6000 Operating Contingency	-	-	-	-
Total Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 223,978,602</u>	<u>\$ 124,532,941</u>	<u>\$ 24,089,633</u>	<u>\$ 15,695,443</u>

Object 500	Object 600	Object 700	Total	Adopted	Final	Variance with Final Budget
\$ 41,448	\$ 3,465	\$ -	\$ 92,339,967	\$ 98,975,999	\$ 98,886,088	6,546,121
	80,781	-	34,114,745	35,175,333	35,177,163	1,062,418
31,125	-	-	895,904	917,569	918,069	22,165
20,000	41,371	-	46,407,456	46,176,907	46,189,025	(218,431)
37,708	18,565	-	3,349,886	3,612,673	3,606,415	256,529
-	1,325	-	419,123	547,972	547,972	128,849
-	233	-	34,894,661	37,435,915	37,497,417	2,602,756
-	-	-	21,610,390	20,381,013	20,375,201	(1,235,189)
-	-	-	188,838	133,002	133,002	(55,836)
-	23,707	-	10,797,860	12,343,187	12,339,571	1,541,711
-	148	-	9,800,089	10,907,866	10,905,056	1,104,967
-	-	-	1,000,464	1,024,848	1,024,848	24,384
-	-	-	55,266	115,144	115,144	59,878
-	10	-	175,917	210,674	210,674	34,757
-	-	-	127,711	353,490	353,490	225,779
<u>130,281</u>	<u>169,605</u>	<u>-</u>	<u>256,178,277</u>	<u>268,311,592</u>	<u>268,279,135</u>	<u>12,100,858</u>
-	-	-	7,287,194	8,076,619	8,076,619	789,425
-	125	-	8,878,500	9,264,428	9,264,428	385,928
-	279	-	1,830,347	1,936,702	1,936,702	106,355
-	-	-	1,432,469	1,302,716	1,302,716	(129,753)
-	-	-	4,662,708	5,120,670	5,120,670	457,962
-	-	-	1,263,041	1,220,202	1,220,202	(42,839)
-	225	-	1,218,501	1,291,808	1,291,808	73,307
-	3,560	-	2,217,805	1,948,985	2,348,985	131,180
-	432	-	4,519,792	5,034,717	5,034,717	514,925
-	59	-	813,950	942,201	942,201	128,251
-	7,635	-	4,691,827	5,698,306	4,988,722	296,895
-	18,940	-	386,531	585,129	585,129	198,598
4,669	-	-	1,457,344	1,488,959	1,488,959	31,615
10,709	12,804	-	28,011,658	29,412,188	29,378,117	1,366,459
-	1,852	-	2,143,372	2,170,498	2,170,498	27,126
-	11,884	-	1,949,164	2,178,598	2,178,598	229,434
7,450	25,644	-	27,122,428	29,374,438	29,301,196	2,178,768
150,681	237,730	-	15,009,885	18,691,022	18,691,022	3,681,137
-	2,132	-	1,136,709	1,487,191	1,487,191	350,482
-	659	-	434,569	472,034	472,034	37,465
73,378	8,311	-	3,983,037	3,959,235	4,126,640	143,603
151,022	6,177	-	11,627,804	12,973,041	13,054,990	1,427,186
-	-	-	747,995	798,964	1,013,214	265,219
-	-	-	45,466	2,490,464	2,476,214	2,430,748
<u>397,909</u>	<u>338,448</u>	<u>-</u>	<u>132,872,096</u>	<u>147,919,115</u>	<u>147,951,572</u>	<u>15,079,476</u>
-	17,769	-	172,539	220,954	220,954	48,415
-	-	-	3,564	-	-	(3,564)
60,534	-	-	184,689	264,267	264,267	79,578
<u>60,534</u>	<u>17,769</u>	<u>-</u>	<u>360,792</u>	<u>485,221</u>	<u>485,221</u>	<u>124,429</u>
-	660,448	-	660,448	660,472	660,472	24
-	-	3,620,000	3,620,000	3,620,000	3,620,000	-
-	660,448	3,620,000	4,280,448	4,280,472	4,280,472	24
-	-	-	-	12,171,602	12,171,602	12,171,602
-	-	-	-	12,171,602	12,171,602	12,171,602
<u>\$ 588,724</u>	<u>\$ 1,186,270</u>	<u>\$ 3,620,000</u>	<u>\$ 393,691,613</u>	<u>\$ 433,168,002</u>	<u>\$ 433,168,002</u>	<u>\$ 39,476,389</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>
Instruction				
1111 Primary, K-5	\$ 127	\$ 15	\$ 352	\$ 64,703
1113 Elementary Extracurricular	11,676	1,547	331,264	595,910
1121 Middle/Junior High Programs	3,357	992	4,889	714,962
1122 Middle/Junior High School Extracurricular	45,811	12,457	325,007	458,120
1131 High School Programs	103,785	28,097	40,221	507,734
1132 High School Extracurricular	195,388	47,585	1,072,233	1,779,019
1140 Pre-Kindergarten Programs	1,569,431	809,564	174,351	211,677
1210 Programs for the Talented and Gifted	-	-	-	7,629
1220 Restrictive Programs for Students with Disabilities	1,431,211	845,957	3,967	5,802
1250 Less Restrictive Programs for Students with Disabilities	694,402	328,691	2,616	3,051
1260 Treatment and Habilitation	438,127	235,302	-	-
1271 Remediation	-	-	2,214	-
1272 Title I	3,525,671	2,025,783	649,135	684,114
1280 Alternative Education	52,947	34,063	-	-
1291 English Second Language Programs	28,172	8,488	1,529	1,215
1292 Teen Parent Program	-	-	-	-
1293 Migrant Education	114,123	89,960	14,937	2,224
1294 Youth Corrections Education	-	-	50,000	-
1299 Other Programs	96,604	43,377	9,208	5,629
1400 Summer School Programs	150,836	46,152	83,015	19,397
Total Instruction	8,461,668	4,558,030	2,764,938	5,061,186
Support Services				
2110 Attendance and Social Work Services	232,827	154,402	9,785	15,147
2120 Guidance Services	7,687	1,581	25,331	-
2130 Health Services	128,807	66,499	5,398	8,959
2140 Psychological Services	9,840	4,765	1,130	60
2150 Speech Pathology and Audiology Services	537,919	325,408	-	-
2160 Other Student Treatment Services	83,807	30,461	-	-
2190 Service Direction, Student Support Services	686,736	394,628	1,750	2,128
2210 Improvement of Instruction Services	1,334,654	597,287	976,888	188,014
2220 Educational Media Services	-	-	-	-
2230 Assessment and Testing	18,334	6,032	3,350	-
2240 Instructional Staff Development	4,185,699	1,855,585	1,411,702	194,797
2490 Other Support Services - School Administration	722,647	364,738	52,266	17,324
2520 Fiscal Services	64,513	39,008	2,013	7,886
2540 Operation and Maintenance of Plant Services	98,401	60,960	179,651	167,831
2550 Student Transportation Services	-	-	-	-
2570 Internal Services	-	-	-	-
2620 Planning, Research, Development, Evaluation	-	-	107	879
2630 Information Services	116,186	54,001	-	-
2640 Staff Services	116,186	10,218	-	-
2660 Technology Services	483,869	175,979	775,940	6,205,310
Total Support Services	8,828,112	4,141,552	3,445,311	6,808,335
Enterprise and Community Services				
3100 Food Services	41,757	27,704	13,705,742	1,768,920
3300 Community Services	158,865	84,665	134,809	49,685
Total Enterprise and Community Services	200,622	112,369	13,840,551	1,818,605
Facilities Acquisition and Construction				
4120 Site Acquisition and Development Services	-	-	-	-
4150 Building Acquisition, Construction, and Improvement	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-
Other Uses				
5100 Debt Service	-	-	-	-
5200 Transfers of Funds	-	-	-	-
Total Other Uses	-	-	-	-
Total Expenditures	\$ 17,490,402	\$ 8,811,951	\$ 20,050,800	\$ 13,688,126

Object 500	Object 600	Object 700	Total	Budget		Variance with Final Budget
				Adopted	Final	
\$ 10,499	\$ 50	\$ -	\$ 75,746	\$ 635,040	\$ 881,617	\$ 805,871
40,221	6,306	-	986,924	2,623,579	2,627,579	1,640,655
-	-	-	724,200	774,802	771,301	47,101
3,916	22,334	-	867,645	2,008,818	2,029,200	1,161,555
45,766	2,453	-	728,056	353,339	1,023,059	295,003
274,765	523,549	-	3,892,539	5,237,122	5,251,250	1,358,711
-	19,314	-	2,784,337	3,116,210	3,291,912	507,575
-	127	-	7,756	8,118	8,118	362
-	370	-	2,287,307	3,264,922	2,880,464	593,157
-	-	-	1,028,760	1,970,802	2,610,238	1,581,478
-	-	-	673,429	651,329	681,698	8,269
-	-	-	2,214	-	8,963	6,749
-	881	-	6,885,584	8,218,148	10,490,613	3,605,029
-	-	-	87,010	95,479	123,484	36,474
-	-	-	39,404	1,240,686	46,329	6,925
-	-	-	-	15,480	15,480	15,480
-	-	-	221,244	260,727	31,332	(189,912)
-	-	-	50,000	50,000	50,000	-
-	-	-	154,818	142,946	168,135	13,317
-	-	-	299,400	220,465	624,485	325,085
<u>375,167</u>	<u>575,384</u>	<u>-</u>	<u>21,796,373</u>	<u>30,888,012</u>	<u>33,615,257</u>	<u>11,818,884</u>
-	2,962	-	415,123	438,394	320,105	(95,018)
-	-	-	34,599	80,795	79,354	44,755
-	-	-	209,663	228,890	338,041	128,378
-	-	-	15,795	17,575	25,112	9,317
-	-	-	863,327	874,557	955,787	92,460
-	-	-	114,268	142,834	160,706	46,438
8,163	-	-	1,093,405	795,022	2,061,578	968,173
129,097	-	-	3,225,940	2,060,444	3,463,565	237,625
-	-	-	-	9,513	9,513	9,513
-	9,661	-	37,377	115,890	131,000	93,623
-	14,246	-	7,662,029	9,155,261	11,301,223	3,639,194
-	69	-	1,157,044	1,085,911	1,388,532	231,488
-	1,506,381	-	1,619,801	1,880,145	2,377,401	757,600
199,519	1,355	-	707,717	1,863,254	1,863,254	1,155,537
6,479,944	-	-	6,479,944	7,369,869	7,369,869	889,925
264,182	-	-	264,182	313,301	313,301	-
-	3,540	-	4,526	11,460	11,460	6,934
-	-	-	170,187	167,932	167,932	(2,255)
-	-	-	126,404	377,549	376,617	250,213
901,092	-	-	8,542,190	9,739,104	9,739,104	1,196,914
<u>7,981,997</u>	<u>1,538,214</u>	<u>-</u>	<u>32,743,521</u>	<u>36,727,700</u>	<u>42,453,454</u>	<u>9,660,814</u>
628,775	590,188	-	16,763,086	19,594,170	19,700,626	2,937,540
-	-	-	428,024	485,363	664,635	236,611
<u>628,775</u>	<u>590,188</u>	<u>-</u>	<u>17,191,110</u>	<u>20,079,533</u>	<u>20,365,261</u>	<u>3,174,151</u>
43,473	-	-	43,473	-	42,813	(660)
1,090,599	-	-	1,090,599	1,845,163	1,965,608	875,009
<u>1,134,072</u>	<u>-</u>	<u>-</u>	<u>1,134,072</u>	<u>1,845,163</u>	<u>2,008,421</u>	<u>874,349</u>
-	1,693,002	-	1,693,002	1,783,925	1,783,925	90,923
-	-	-	-	-	-	-
-	1,693,002	-	1,693,002	1,783,925	1,783,925	90,923
<u>\$ 10,120,011</u>	<u>\$ 4,396,788</u>	<u>\$ -</u>	<u>\$ 74,558,078</u>	<u>\$ 91,324,333</u>	<u>\$ 100,226,318</u>	<u>\$ 25,619,121</u>



SALEM-KEIZER SCHOOL DISTRICT 24J
DEBT SERVICE FUNDS (300) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016

	Object 300	Object 600	Object 700	Total	Budget		Variance with Final Budget
					Adopted	Final	
Support Services							
2520 Fiscal Services	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ 137,529	\$ 137,529	\$ 136,529
Total Support Services	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>137,529</u>	<u>137,529</u>	<u>136,529</u>
Other Uses							
5100 Debt Service	-	53,058,822	-	53,058,822	53,058,823	53,058,823	1
5200 Transfers of Funds	-	-	-	-	1	1	1
Total Other Uses	<u>-</u>	<u>53,058,822</u>	<u>-</u>	<u>53,058,822</u>	<u>53,058,824</u>	<u>53,058,824</u>	<u>2</u>
Unappropriated Balance							
7000 Reserve for Future Years	-	-	-	-	21,967,272	21,967,272	21,967,272
Total Unappropriated Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,967,272</u>	<u>21,967,272</u>	<u>21,967,272</u>
Total Expenditures	<u>\$ 1,000</u>	<u>\$ 53,058,822</u>	<u>\$ -</u>	<u>\$ 53,059,822</u>	<u>\$ 75,163,625</u>	<u>\$ 75,163,625</u>	<u>\$ 22,103,803</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
CAPITAL PROJECTS FUND (400) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>
Facilities Acquisition and Construction				
4120 Site Acquisition and Development Services	\$ -	\$ -	\$ 212,361	\$ 12,943
4150 Building Acquisition, Construction, and Improvement Services	<u>434,064</u>	<u>203,618</u>	<u>3,699,657</u>	<u>198,817</u>
Total Facilities Acquisition and Construction	<u>434,064</u>	<u>203,618</u>	<u>3,912,018</u>	<u>211,760</u>
 Total Expenditures	 <u>\$ 434,064</u>	 <u>\$ 203,618</u>	 <u>\$ 3,912,018</u>	 <u>\$ 211,760</u>

<u>Object 500</u>	<u>Object 600</u>	<u>Total</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
			<u>Adopted</u>	<u>Final</u>	
\$ 1,558,816	\$ -	\$ 1,784,120	\$ 3,000,000	\$ 3,000,000	\$ 1,215,880
<u>13,182,435</u>	<u>1,797</u>	<u>17,720,388</u>	<u>19,617,082</u>	<u>19,617,082</u>	<u>1,896,694</u>
<u>14,741,251</u>	<u>1,797</u>	<u>19,504,508</u>	<u>22,617,082</u>	<u>22,617,082</u>	<u>3,112,574</u>
<u>\$ 14,741,251</u>	<u>\$ 1,797</u>	<u>\$ 19,504,508</u>	<u>\$ 22,617,082</u>	<u>\$ 22,617,082</u>	<u>\$ 3,112,574</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
ENTERPRISE FUND (500) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>
Enterprise and Community Services				
3200 Other Enterprise Services	\$ 168,171	\$ 80,491	\$ 95,671	\$ 53,087
Total Enterprise and Community Services	<u>168,171</u>	<u>80,491</u>	<u>95,671</u>	<u>53,087</u>
Total Expenditures	<u>\$ 168,171</u>	<u>\$ 80,491</u>	<u>\$ 95,671</u>	<u>\$ 53,087</u>

Object 500	Object 600	Object 700	Total	Budget		Variance with Final Budget
				Adopted	Final	
\$ -	\$ 9,514	\$ -	\$ 406,934	\$ 939,132	\$ 939,132	\$ 532,198
-	9,514	-	406,934	939,132	939,132	532,198
<u>\$ -</u>	<u>\$ 9,514</u>	<u>\$ -</u>	<u>\$ 406,934</u>	<u>\$ 939,132</u>	<u>\$ 939,132</u>	<u>\$ 532,198</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
INTERNAL SERVICE FUNDS (600) EXPENDITURE SUMMARY
YEAR ENDED JUNE 30, 2016

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>
Instruction				
1280 Alternative Education	\$ 1,596,181	\$ 804,234	\$ 1,237,179	\$ 54,879
Total Instruction	<u>1,596,181</u>	<u>804,234</u>	<u>1,237,179</u>	<u>54,879</u>
Support Services				
2520 Fiscal Services	431,262	251,221	1,627,955	174,029
2540 Operation and Maintenance of Plant	-	-	14,499	2,283
2570 Other Internal Services	827,582	504,130	984,028	1,734,318
2660 Technology Services	-	-	2,154	-
Total Support Services	<u>1,258,844</u>	<u>755,351</u>	<u>2,628,636</u>	<u>1,910,630</u>
Other Uses				
5100 Debt Service	-	-	-	-
5200 Transfers of Funds	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,855,025</u>	<u>\$ 1,559,585</u>	<u>\$ 3,865,815</u>	<u>\$ 1,965,509</u>

Object 500	Object 600	Object 700	Total	Budget		Variance with Final Budget
				Adopted	Final	
\$ -	\$ 7,854	\$ -	\$ 3,700,327	\$ 4,896,451	\$ 4,896,451	\$ 1,196,124
-	7,854	-	3,700,327	4,896,451	4,896,451	1,196,124
32,000	2,837,618	-	5,354,085	20,293,655	20,293,655	14,939,570
81,972	-	-	98,754	113,765	113,765	15,011
148,730	2,987	-	4,201,775	6,892,065	6,892,065	2,690,290
-	-	-	2,154	-	-	(2,154)
262,702	2,840,605	-	9,656,768	27,299,485	27,299,485	17,642,717
-	-	-	-	85,272	85,272	85,272
-	-	-	-	1	1	1
-	-	-	-	85,273	85,273	85,273
\$ 262,702	\$ 2,848,459	\$ -	\$ 13,357,095	\$ 32,281,209	\$ 32,281,209	\$ 18,924,114



**SALEM-KEIZER SCHOOL DISTRICT 24J
 FIDUCIARY FUNDS (700) EXPENDITURE SUMMARY
 YEAR ENDED JUNE 30, 2016**

	<u>Object 300</u>	<u>Object 400</u>	<u>Total</u>	<u>Budget</u>		<u>Variance with Final Budget</u>
				<u>Adopted</u>	<u>Final</u>	
Enterprise and Community						
3300 Community Services	\$ 13,794	\$ 357,734	\$ 371,528	\$ 302,493	\$ 302,493	\$ (69,035)
Total Enterprise and Community Services	<u>13,794</u>	<u>357,734</u>	<u>371,528</u>	<u>302,493</u>	<u>302,493</u>	<u>(69,035)</u>
Total Expenditures	<u>\$ 13,794</u>	<u>\$ 357,734</u>	<u>\$ 371,528</u>	<u>\$ 302,493</u>	<u>\$ 302,493</u>	<u>\$ (69,035)</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF GENERAL OBLIGATION BOND AND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2016

Issue Date	Principal				
	Original Amount	Outstanding July 1, 2015	Matured	Redeemed	Outstanding June 30, 2016
March 16, 2009	\$ 178,715,189	\$ 140,130,187	\$ 20,000,000	\$ 20,000,000	\$ 120,130,187
December 16, 2009	31,760,000	31,760,000	-	-	31,760,000
June 30, 2011	31,620,000	27,115,000	1,065,000	1,065,000	26,050,000
February 25, 2013	46,260,000	35,835,000	8,705,000	8,705,000	27,130,000
	<u>\$ 288,355,189</u>	<u>\$ 234,840,187</u>	<u>\$ 29,770,000</u>	<u>\$ 29,770,000</u>	<u>\$ 205,070,187</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF LIMITED TAX PENSION BOND AND INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2016

Issue Date	Principal				
	Original Amount	Outstanding July 1, 2015	Matured	Redeemed	Outstanding June 30, 2016
October 31, 2002	\$ 106,974,763	\$ 89,624,924	\$ 2,293,770	\$ 2,293,770	\$ 87,331,154
February 19, 2004	88,815,000	81,380,000	2,635,000	2,635,000	78,745,000
June 30, 2011	7,820,000	7,820,000	-	-	7,820,000
January 29, 2015	50,145,000	49,575,000	1,970,000	1,970,000	47,605,000
	<u>\$ 253,754,763</u>	<u>\$ 228,399,924</u>	<u>\$ 6,898,770</u>	<u>\$ 6,898,770</u>	<u>\$ 221,501,154</u>

Interest				
Interest Coupon Rates	Outstanding July 1, 2015	Matured	Redeemed	Outstanding June 30, 2016
4.0%-5.84%	\$ -	\$ 1,217,000	\$ 1,217,000	\$ -
1.25%	-	397,000	397,000	-
2.0%-5.0%	-	1,139,950	1,139,950	-
.77%-1.78%	-	467,031	467,031	-
	<u>\$ -</u>	<u>\$ 3,220,981</u>	<u>\$ 3,220,981</u>	<u>\$ -</u>

Interest				
Interest Coupon Rates	Outstanding July 1, 2015	Matured	Redeemed	Outstanding June 30, 2016
5.48%-6.10%	\$ -	\$ 6,935,245	\$ 6,935,245	\$ -
5.12%-5.53%	-	4,435,688	4,435,688	-
4.12%	-	321,793	321,793	-
.52%-3.21%	-	1,474,346	1,474,346	-
	<u>\$ -</u>	<u>\$ 13,167,072</u>	<u>\$ 13,167,072</u>	<u>\$ -</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENT OF GENERAL OBLIGATION BONDS
YEAR ENDED JUNE 30, 2016

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 22,793,230	\$ 3,334,034	\$ 26,127,264
2018	24,554,388	2,141,985	26,696,373
2019	15,925,853	2,296,367	18,222,220
2020	35,968,377	2,171,123	38,139,500
2021	12,517,987	10,402,013	22,920,000
2022	12,006,866	11,603,135	23,610,001
2023	11,606,477	12,713,523	24,320,000
2024	11,199,354	13,850,646	25,050,000
2025	10,752,666	15,047,334	25,800,000
2026	10,320,136	16,254,865	26,575,001
2027	9,884,676	17,485,325	27,370,001
2028	9,558,105	18,636,895	28,195,000
2029	9,178,963	19,861,037	29,040,000
2030	8,803,109	21,106,889	29,909,998
Total Future Payments	<u>\$ 205,070,187</u>	<u>\$ 166,905,171</u>	<u>\$ 371,975,358</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF FUTURE LIMITED TAX PENSION OBLIGATIONS
YEAR ENDED JUNE 30, 2016

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 7,596,508	\$ 13,476,734	\$ 21,073,242
2018	8,292,782	13,773,220	22,066,002
2019	8,948,198	14,057,944	23,006,142
2020	9,663,666	14,327,671	23,991,337
2021	15,795,000	9,403,582	25,198,582
2022	17,450,000	8,719,822	26,169,822
2023	19,455,000	7,832,091	27,287,091
2024	21,620,000	6,828,154	28,448,154
2025	23,960,000	5,696,627	29,656,627
2026	26,480,000	4,434,650	30,914,650
2027	29,205,000	3,030,190	32,235,190
2028	15,155,000	1,472,653	16,627,653
2029	2,990,000	682,658	3,672,658
2030	3,105,000	568,500	3,673,500
2031	3,225,000	449,951	3,674,951
2032	3,350,000	326,821	3,676,821
2033	3,475,000	198,918	3,673,918
2034	1,735,000	66,242	1,801,242
Total Future Payments	<u>\$ 221,501,154</u>	<u>\$ 105,346,428</u>	<u>\$ 326,847,582</u>

SUPPLEMENTAL INFORMATION, 2015-2016

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Part A is needed for computing Oregon's full allocation for ESEA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - **All Funds:**

Please enter your expenditures for electricity & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 4,633,478
Function 2550	\$ - 0 -

B. Replacement of Equipment – **General Fund:**

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

Exclude these functions:

1113, 1122 & 1132 Co-curricular Activities
 1140 Pre-Kindergarten
 1300 Continuing Education
 1400 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$ - 0 -

SALEM-KEIZER SCHOOL DISTRICT 24J
COMBINING STATEMENT OF NET POSITION-COMPONENT UNITS
YEAR ENDED JUNE 30, 2016

	Optimum Learning Environments Charter School	Howard Street Charter School	Jane Goodall Environmental Middle School	Valley Inquiry Charter School	Total
ASSETS:					
Pooled Cash and Investments	\$ 139,316	\$ 525,131	\$ 435,704	\$ 258,507	\$ 1,358,658
Accounts Receivable	-	74,532	-	-	74,532
Prepays	-	22,775	-	-	22,775
Capital Assets (net of depreciation)	-	3,414	-	6,433	9,847
Leasehold Improvements	-	-	1,258	-	1,258
TOTAL ASSETS	139,316	625,852	436,962	264,940	1,467,070
DEFERRED OUTFLOWS:					
Pension	-	87,175	-	-	87,175
TOTAL DEFERRED OUTFLOWS	-	87,175	-	-	87,175
LIABILITIES:					
Accounts Payable and Accrued Expenses	-	24,067	4,644	-	28,711
Accrued Salaries and Benefits	-	13,332	-	-	13,332
PERS Net Pension Liability	-	200,812	-	-	200,812
TOTAL LIABILITIES	-	238,211	4,644	-	242,855
DEFERRED INFLOWS:					
Pension	-	46,900	-	-	46,900
TOTAL DEFERRED INFLOWS	-	46,900	-	-	46,900
NET POSITION:					
Investment in Capital Assets	-	3,414	1,258	6,433	11,105
Restricted for Save the Children Program	-	2,372	-	-	2,372
Unrestricted	139,316	422,130	431,060	258,507	1,251,013
TOTAL NET POSITION	\$ 139,316	\$ 427,916	\$ 432,318	\$ 264,940	\$ 1,264,490

**SALEM-KEIZER SCHOOL DISTRICT 24J COMBINED
STATEMENT OF ACTIVITIES-COMPONENT UNITS
YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instructional Programs	\$ 2,608,505	\$ 13,761	\$ 117,040	\$ (2,477,704)
Support Services	1,235,817	26,559	-	(1,209,258)
Community Services	9,822	19,266	-	9,444
Total Governmental Activities	\$ 3,854,144	\$ 59,586	\$ 117,040	(3,677,518)
General Revenues:				
State School Fund--General Support				3,654,419
Net Increase in the Fair Value of Investments				(7,480)
Earnings on Investments				812
Donations				2,357
Miscellaneous				13,569
Total General Revenues				3,663,677
CHANGE IN NET POSITION				(13,841)
Net Position - July 1, 2015				1,278,331
Net Position - June 30, 2016				\$ 1,264,490

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF ACTIVITIES-OPTIMUM LEARNING ENVIRONMENTS
YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Change</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental Activities:				
Instructional Services	\$ 690,669	\$ -	\$ -	\$ (690,669)
Support Services	130,623	-	-	(130,623)
Total Governmental Activities	\$ 821,292	\$ -	\$ -	(821,292)
General Revenues:				
State School Fund--General Support				820,783
Total General Revenues				820,783
CHANGE IN NET POSITION				(509)
Net Position - July 1, 2015				139,825
Net Position - June 30, 2016				\$ 139,316

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF ACTIVITIES-HOWARD STREET CHARTER SCHOOL
YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Change</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental Activities:				
Instructional Services	\$ 636,942	\$ 13,761	\$ 18,699	\$ (604,482)
Support Services	670,613	26,559	-	(644,054)
Enterprise and Community Service:	<u>9,822</u>	<u>19,266</u>	<u>-</u>	<u>9,444</u>
 Total Governmental Activities	 <u>\$ 1,317,377</u>	 <u>\$ 59,586</u>	 <u>\$ 18,699</u>	 <u>(1,239,092)</u>
 General Revenues:				
State School Fund--General Support				1,176,380
Earnings on Investments				812
Donations				2,357
Miscellaneous				<u>196</u>
Total General Revenues				<u>1,179,745</u>
 CHANGE IN NET POSITION				 <u>(59,347)</u>
 Net Position - July 1, 2015				 <u>487,263</u>
 Net Position - June 30, 2016				 <u>\$ 427,916</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF ACTIVITIES-JANE GOODALL ENVIRONMENTAL MIDDLE SCHOOL
YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Change</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental Activities:				
Instructional Services	\$ 448,258	\$ -	\$ 98,341	\$ (349,917)
Support Services	263,274	-	-	(263,274)
Total Governmental Activities	\$ 711,532	\$ -	\$ 98,341	(613,191)
General Revenues:				
State School Fund--General Support				612,391
Net Increase in the Fair Value of Investments				(7,480)
Miscellaneous				94
Total General Revenues				605,005
CHANGE IN NET POSITION				(8,186)
Net Position - July 1, 2015				440,504
Net Position - June 30, 2016				\$ 432,318

SALEM-KEIZER SCHOOL DISTRICT 24J
STATEMENT OF ACTIVITIES-VALLEY INQUIRY CHARTER SCHOOL
YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Change</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental Activities:				
Instructional Services	\$ 832,636	\$ -	\$ -	\$ (832,636)
Support Services	<u>171,307</u>	<u>-</u>	<u>-</u>	<u>(171,307)</u>
Total Governmental Activities	<u>\$ 1,003,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,003,943)</u>
General Revenues:				
State School Fund--General Support				1,044,865
Miscellaneous				<u>13,279</u>
Total General Revenues				1,058,144
CHANGE IN NET POSITION				<u>54,201</u>
Net Position - July 1, 2015				<u>210,739</u>
Net Position - June 30, 2016				<u>\$ 264,940</u>



Statistical Section



Salem High School circa 1906, now North Salem High School

**SALEM-KEIZER SCHOOL DISTRICT 24J
STATISTICAL SECTION
TABLE OF CONTENTS**

This part of the District’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District.

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**SALEM-KEIZER SCHOOL DISTRICT 24J
STATISTICAL SECTION**

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SALEM-KEIZER SCHOOL DISTRICT 24J
CONDENSED STATEMENT OF NET POSITION BY COMPONENT
Last Ten Fiscal Years Ended June 30

GOVERNMENTAL ACTIVITIES	2016	2015	2014	2013
ASSETS:				
Current and Other Assets	\$ 158,919,641	\$ 174,587,436	\$ 167,122,010	\$ 182,598,792
Net Capital Assets	431,323,086	416,135,610	406,135,755	402,081,426
Prepaid Pension Contributions	-	-	183,232,781	187,132,689
Pension Assets	-	56,333,378	-	-
TOTAL ASSETS	590,242,727	647,056,424	756,490,546	771,812,907
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Deferrals	69,109,541	79,382,440	-	-
Deferred Loss on Bond Refunding	1,686,323	2,243,926	2,801,529	3,359,132
TOTAL DEFERRED OUTFLOWS	70,795,864	81,626,366	2,801,529	3,359,132
LIABILITIES:				
Other Liabilities	132,742,800	123,195,104	82,205,188	92,690,300
Long-term Debt Outstanding	441,939,451	474,986,624	488,389,939	518,923,136
Pension Liability - PERS	122,378,153	-	-	-
TOTAL LIABILITIES	697,060,404	598,181,728	570,595,127	611,613,436
DEFERRED INFLOWS OF RESOURCES:				
Pension Deferrals	31,727,285	108,700,599	-	-
Deferred Gain on Bond Refunding	-	-	-	99,458
TOTAL DEFERRED OUTFLOWS	31,727,285	108,700,599	-	99,458
NET POSITION:				
Net Investment in Capital Assets	221,821,653	194,496,722	172,893,673	153,807,226
Restricted	6,904,637	6,877,725	9,841,417	2,471,931
Unrestricted	(296,475,388)	(179,573,984)	5,961,858	7,179,988
TOTAL NET POSITION	\$ (67,749,098)	\$ 21,800,463	\$ 188,696,948	\$ 163,459,145
BUSINESS TYPE ACTIVITIES				
ASSETS:				
Current and Other Assets	\$ 333,869	\$ 258,570	\$ 251,499	\$ -
Pension Assets	-	38,829	-	-
TOTAL ASSETS	333,869	297,399	251,499	-
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Deferrals	47,249	18,859	-	-
TOTAL DEFERRED OUTFLOWS	47,249	18,859	-	-
LIABILITIES:				
Other Liabilities	8,441	7,940	780	-
Pension Liability - PERS	83,667	-	-	-
TOTAL LIABILITIES	92,108	7,940	780	-
DEFERRED INFLOWS OF RESOURCES:				
Pension Deferrals	21,692	74,925	-	-
TOTAL DEFERRED OUTFLOWS	21,692	74,925	-	-
NET POSITION:				
Unrestricted	267,318	233,393	250,719	-
TOTAL NET POSITION	\$ 267,318	\$ 233,393	\$ 250,719	\$ -

Source: Salem-Keizer School District 24J
GASB 68 and GASB 65 were implemented in FY 2015 and FY 2014, respectively.

SALEM-KEIZER SCHOOL DISTRICT 24J
 CHANGES IN NET POSITION
 Last Ten Fiscal Years Ended June 30
 (Accrual Basis of Accounting)

	2016	2015	2014	2013	2012
Expenses					
Governmental Activities					
Instructional Programs	\$ 347,430,098	\$ 214,216,158	\$ 252,926,140	\$ 234,466,357	\$ 239,143,184
Support Services:					
Pupil Transportation	19,138,280	12,787,985	16,577,771	14,403,373	13,680,448
Other Support Services	177,865,936	119,119,707	132,946,384	126,653,501	123,481,541
Community Services	1,827,365	520,377	506,316	606,348	658,948
Facilities Services	13,691,167		7,348,527	11,294,252	14,032,028
Food Services	14,983,797	14,919,866	13,905,716	13,369,351	13,443,979
Interest and Fees on Long-Term Debt	24,605,017	24,167,352	28,007,778	28,767,980	29,684,942
Total Governmental Activities Expenses	<u>599,541,660</u>	<u>385,731,445</u>	<u>452,218,632</u>	<u>429,561,162</u>	<u>434,125,070</u>
Business-type Activities					
Community Services	447,807	355,360	238,658	-	-
Total Business-type Activities Expenses	<u>447,807</u>	<u>355,360</u>	<u>238,658</u>	<u>-</u>	<u>-</u>
Total Primary Government Expenses	<u>\$ 599,989,467</u>	<u>\$ 386,086,805</u>	<u>\$ 452,457,290</u>	<u>\$ 429,561,162</u>	<u>\$ 434,125,070</u>
Program Revenues					
Governmental Activities					
Charges for Services:					
Instructional Programs	\$ 9,824,531	\$ 9,000,662	\$ 8,216,193	\$ 9,124,176	\$ 8,771,284
Other Support Services	11,002,719	8,773,438	9,709,131	9,118,348	10,391,950
Community Services	1,985	144,636	247,641	248,610	255,818
Food Services	1,414,001	1,540,266	1,573,325	1,694,011	2,130,092
Facilities Services	4,378	-	-	-	-
Operating Grants and Contributions	49,340,622	71,871,907	70,413,215	62,088,322	70,060,510
Capital Grants and Contributions	2,757,207	1,807,810	1,316,550	3,596,746	5,670,653
Total Governmental Activities Program Revenues	<u>74,345,443</u>	<u>93,138,719</u>	<u>91,476,055</u>	<u>85,870,213</u>	<u>97,280,307</u>
Business-type Activities					
Rentals	367,528	310,824	339,950	-	-
Charges for Services	114,204	97,608	149,427	-	-
Total Business-type Activities Program Revenues	<u>481,732</u>	<u>408,432</u>	<u>489,377</u>	<u>-</u>	<u>-</u>
Total Primary Government Net (Expenses)	<u>\$ 525,162,292</u>	<u>\$ 292,539,654</u>	<u>\$ 360,491,858</u>	<u>\$ 343,690,949</u>	<u>\$ 336,844,763</u>
General Revenues					
Governmental Activities					
Property Taxes Levied for Gen Purposes	\$ 71,975,251	\$ 68,784,828	\$ 66,459,654	\$ 64,534,344	\$ 63,806,206
Property Taxes Levied for Debt Service	33,676,046	30,432,693	32,677,947	31,983,475	27,564,920
Intermediate Sources	14,481,720	13,766,319	12,571,832	13,081,146	10,998,712
State School Fund - General Support	302,486,193	289,804,828	262,566,142	234,837,668	225,426,426
State School Fund - Unrestricted Grants	4,594,624	2,300,856	2,748,385	1,277,087	2,434,920
Common School Fund	4,796,275	3,905,074	3,644,939	3,815,555	3,416,747
Federal Sources - General Support	251,928	162,004	209,801	212,007	344,012
Unrestricted State and Local Sources	11,252	879,048	820,584	1,205,329	11,382,607
Gain on Sale of Capital Asset	196,908	2,492	878,681	-	-
Earnings on Investments	1,627,285	1,371,023	395,640	632,285	694,038
Miscellaneous	540,979	2,668,228	3,006,775	3,177,473	1,418,168
Total Governmental Activities General Revenues	<u>434,638,461</u>	<u>414,077,393</u>	<u>385,980,380</u>	<u>354,756,369</u>	<u>347,486,756</u>
Business-type Activities					
	-	-	-	-	-
Total Primary Government General Revenues	<u>\$ 434,638,461</u>	<u>\$ 414,077,393</u>	<u>\$ 385,980,380</u>	<u>\$ 354,756,369</u>	<u>\$ 347,486,756</u>
CHANGE IN NET POSITION					
Governmental Activities	\$ (90,557,756)	\$ 121,484,667	\$ 25,237,803	\$ 11,065,420	\$ 10,641,993
Business-type Activities	33,925	53,072	250,719	-	-
Total Primary Government	<u>\$ (90,523,831)</u>	<u>\$ 121,537,739</u>	<u>\$ 25,488,522</u>	<u>\$ 11,065,420</u>	<u>\$ 10,641,993</u>

Source: Salem-Keizer School District 24J
 GASB 68 and GASB 65 were implemented in FY 2015 and FY 2014, respectively.

2011	2010	2009	2008	2007
\$ 237,641,282	\$ 237,967,929	\$ 232,724,784	\$ 218,048,887	\$ 203,929,951
12,690,201	12,675,970	12,627,699	11,649,771	11,651,616
118,992,999	114,988,270	104,524,232	108,389,408	90,066,151
303,112	534,411	635,708	262,035	354,766
10,993,481	3,751,457	2,764,800	2,802,806	1,581,832
13,702,863	13,467,945	12,348,490	12,089,133	11,040,973
29,401,903	31,317,498	26,135,547	19,699,094	21,650,428
<u>423,725,841</u>	<u>414,703,480</u>	<u>391,761,260</u>	<u>372,941,134</u>	<u>340,275,717</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ 423,725,841</u>	<u>\$ 414,703,480</u>	<u>\$ 391,761,260</u>	<u>\$ 372,941,134</u>	<u>\$ 340,275,717</u>
\$ 10,743,476	\$ 9,946,678	\$ 8,370,128	\$ 9,304,713	\$ 8,518,477
8,079,202	619,680	188,242	864,163	1,360,335
331,768	255,891	265,109	-	-
2,503,864	2,548,642	2,841,114	2,829,492	3,130,580
-	-	-	-	-
39,861,240	51,098,850	49,104,543	41,117,239	36,375,979
1,489,051	-	-	-	-
<u>63,008,601</u>	<u>64,469,741</u>	<u>60,769,136</u>	<u>54,115,607</u>	<u>49,385,371</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 360,717,240</u>	<u>\$ 350,233,739</u>	<u>\$ 330,992,124</u>	<u>\$ 318,825,527</u>	<u>\$ 290,890,346</u>
\$ 62,075,210	\$ 61,126,919	\$ 57,794,797	\$ 56,416,903	\$ 51,993,138
25,104,617	28,376,315	27,859,981	24,705,298	23,765,619
11,022,507	12,491,059	12,066,122	11,431,887	10,531,578
216,524,217	222,492,803	222,039,625	233,450,631	210,723,938
1,456,880	1,675,723	2,533,635	10,799,693	1,249,808
3,332,569	3,434,287	2,745,744	5,347,930	3,151,132
13,894,534	11,059,510	-	-	-
117,868	68,507	401,363	485,780	715,242
-	-	-	-	-
1,524,189	2,870,269	3,704,253	6,796,419	7,173,304
14,887,881	530,352	8,560,088	996,434	1,153,479
<u>349,940,472</u>	<u>344,125,744</u>	<u>337,705,608</u>	<u>350,430,975</u>	<u>310,457,238</u>
-	-	-	-	-
<u>\$ 349,940,472</u>	<u>\$ 344,125,744</u>	<u>\$ 337,705,608</u>	<u>\$ 350,430,975</u>	<u>\$ 310,457,238</u>
\$ (10,776,768)	\$ (6,107,995)	\$ 6,713,484	\$ 31,605,448	\$ 19,566,892
-	-	-	-	-
<u>\$ (10,776,768)</u>	<u>\$ (6,107,995)</u>	<u>\$ 6,713,484</u>	<u>\$ 31,605,448</u>	<u>\$ 19,566,892</u>



SALEM-KEIZER SCHOOL DISTRICT 24J
Fund Balances of Governmental Funds
Last Ten Fiscal Years Ended June 30
(Modified Accrual Basis of Accounting)

	For Years Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:					
Nonspendable	\$ 248,221	\$ 296,170	\$ 204,599	\$ 241,073	\$ 201,396
Unassigned	49,197,236	44,135,114	32,924,527	27,126,649	27,762,738
Total General Fund	<u>\$ 49,445,457</u>	<u>\$ 44,431,284</u>	<u>\$ 33,129,126</u>	<u>\$ 27,367,722</u>	<u>\$ 27,964,134</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	17,841,499	31,825,537	53,449,632	73,459,724	95,581,542
Committed	10,496,094	-	8,611,984	81,376	81,376
Assigned	25,565,756	21,285,837	18,429,846	13,316,478	12,464,300
Total All Other Governmental Funds	<u>\$ 53,903,349</u>	<u>\$ 53,111,374</u>	<u>\$ 80,491,462</u>	<u>\$ 86,857,578</u>	<u>\$ 108,127,218</u>
	For Years Ended June 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Nonspendable	\$ 173,465	\$ 142,003	\$ 133,827	\$ 192,500	\$ 141,575
Unassigned	27,208,601	23,472,444	22,476,088	31,320,634	25,345,900
Total General Fund	<u>\$ 27,382,066</u>	<u>\$ 23,614,447</u>	<u>\$ 22,609,915</u>	<u>\$ 31,513,134</u>	<u>\$ 25,487,475</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ 154,320	\$ 200,963
Restricted	159,272,568	192,556,390	186,386,226	10,467,689	9,132,392
Committed	-	-	-	-	-
Assigned	4,787,714	26,286,937	33,182,120	25,619,808	24,465,965
Total All Other Governmental Funds	<u>\$ 164,060,282</u>	<u>\$ 218,843,327</u>	<u>\$ 219,568,346</u>	<u>\$ 36,241,817</u>	<u>\$ 33,799,320</u>

Source: Salem-Keizer School District 24J

Note: GASB 54 was implemented in fiscal year 2011. Years prior to 2011 were restated to comply with GASB 54.

**SALEM-KEIZER SCHOOL DISTRICT 24J
 PRIMARY GOVERNMENT-WIDE REVENUES
 LAST TEN FISCAL YEARS ENDED JUNE 30**

Year Ended June 30	Program Revenues					Property Taxes- General Purpose	Property Taxes- Debt Service
	Total	Charges for Services	Operating Contributions	Capital Grants and Contributions			
2016	\$ 509,465,636	\$ 22,729,346	\$ 49,340,622	\$ 2,757,207	\$ 71,975,251	\$ 33,676,046	
2015	507,624,544	19,867,434	71,871,907	1,807,810	68,784,828	30,432,693	
2014	477,945,812	20,235,667	70,413,215	1,316,550	66,459,654	32,677,947	
2013	440,626,582	20,185,145	62,088,322	3,596,746	64,534,344	31,983,475	
2012	444,767,063	21,549,144	70,060,510	5,670,653	63,806,206	27,564,920	
2011	412,949,073	21,658,310	39,861,240	1,489,051	62,075,210	25,104,617	
2010	408,595,485	13,370,891	51,098,850	-	61,126,919	28,376,315	
2009	398,474,744	11,664,593	49,104,543	-	57,794,797	27,859,981	
2008	404,109,122	12,998,368	40,679,779	-	56,416,903	24,705,298	
2007	359,842,609	13,009,392	36,375,979	-	51,993,138	23,765,619	
2006	341,062,675	13,986,960	33,537,489	-	48,846,477	24,620,422	
2003	274,988,274	16,926,640	27,697,680		43,410,810	24,318,277	

Source: Salem-Keizer School District 24J

General Revenues

Intermediate Sources	State School Fund General Support	State School Fund Unrestricted Other	Common School Fund	Federal Sources General	Unrestricted State and Local Sources	Earnings on Investments	Miscellaneous Revenue
\$ 14,481,720	\$ 302,486,193	\$ 4,594,624	\$ 4,796,275	\$ 251,928	\$ 11,252	\$ 1,627,285	\$ 737,887
13,766,319	289,804,828	2,300,856	3,905,074	162,004	879,048	1,371,023	2,670,720
12,571,832	262,566,142	2,748,385	3,644,939	209,801	820,584	395,640	3,885,456
13,081,146	234,837,668	1,277,087	3,815,555	212,007	1,205,329	632,285	3,177,473
10,998,712	225,426,426	2,434,920	3,416,747	344,012	11,382,607	694,038	1,418,168
11,022,507	216,524,217	1,456,880	3,332,569	13,894,534	117,868	1,524,189	14,887,881
12,491,059	222,492,803	1,675,723	3,434,287	11,059,510	43,695	2,870,269	555,164
12,066,122	222,039,625	2,533,635	2,745,744	7,941,132	423,888	3,704,253	596,431
11,431,887	233,450,631	10,799,693	5,347,930	-	485,780	6,796,419	996,434
10,531,578	210,723,938	-	3,151,132	-	715,242	7,173,304	2,403,287
10,248,331	197,542,815	240,013	2,862,617	-	556,831	5,441,559	3,179,161
-	154,502,780	216,156	2,210,418	-	363,320	3,152,142	2,190,051

SALEM-KEIZER SCHOOL DISTRICT 24J
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES ,
OTHER FINANCING SOURCES (USES), AND DEBT SERVICE RATIO
Last Ten Fiscal Years Ended June 30
(modified accrual basis of accounting)

	2016	2015	2014	2013
Revenues				
Property and Other Taxes	\$ 105,944,729	\$ 99,920,726	\$ 98,650,144	\$ 96,662,195
Local Sources	33,707,616	31,979,185	34,807,130	28,146,721
Earnings on Investments	1,627,285	1,371,023	395,640	632,285
Intermediate Sources	15,219,988	14,451,999	12,960,454	13,446,652
State Sources	319,424,073	304,165,887	274,477,511	246,214,456
Federal Sources	40,688,340	43,999,955	42,026,000	43,755,037
Total Revenues	516,612,031	495,888,775	463,316,879	428,857,346
Expenditures				
Current Operating:				
Instruction	277,974,651	257,270,832	245,099,913	229,648,913
Support Services	166,835,483	146,604,642	140,985,333	132,944,012
Enterprise and Community Services	428,024	447,621	446,675	606,348
Food Services	16,763,087	14,959,648	14,328,054	13,743,761
Facilities Acquisition & Construction	20,999,372	21,252,657	16,598,607	26,973,526
Debt Service				
Principal	38,815,965	34,672,523	31,024,619	28,769,313
Interest	16,596,307	16,342,547	16,588,025	18,080,195
Other	-	-	-	298,514
Total Expenditures¹	538,412,889	491,550,470	465,071,226	451,064,582
Excess (deficiency) of Revenues over (under) Expenditures	(21,800,858)	4,338,305	(1,754,347)	(22,207,236)
Other Financing Sources (Uses)				
Issuance of Debt - Capital Leases	6,479,944	139,221	-	-
Sale of or Compensation for Loss of Assets	196,908	10,550	1,149,635	-
Transfers In	3,620,000	2,820,000	2,726,427	361,887
Transfers Out	(3,620,000)	(2,820,000)	(2,726,427)	(320,000)
Sale of Pension Bonds	-	50,145,000	-	-
Lump Sum Payment on Pension UAL	-	(49,780,852)	-	-
Sale of General Obligation Bonds	-	-	-	-
Issuance of Debt - Refunding Bonds	-	-	-	46,260,000
Payments to Escrow Agent	-	-	-	(45,960,703)
Total Other Financing Sources (Uses)	6,676,852	513,919	1,149,635	341,184
Net Change in Fund Balances	\$ (15,124,006)	\$ 4,852,224	\$ (604,712)	\$ (21,866,052)
Expenditures for Capital Outlay - (included in Total Expenditures)	\$ 25,445,316	\$ 19,651,593	\$ 14,089,555	\$ 23,783,727
Debt Services as a Percentage of Noncapital Expenditures	10.80%	10.81%	10.56%	10.96%

¹Categories differ from Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds.

The District added Food Services in 2010. Capital Outlay is included in appropriate functions where charged.

Source: Salem-Keizer School District 24J

	2012	2011	2010	2009	2008	2007
\$	91,747,023	\$ 86,998,059	\$ 88,142,303	\$ 85,803,336	\$ 80,020,435	\$ 76,408,533
	33,472,607	25,554,784	26,332,386	24,828,439	24,530,036	32,925,250
	694,038	1,524,189	2,812,232	3,657,384	6,551,515	6,914,349
	11,684,471	11,365,254	12,697,901	12,616,147	12,043,101	11,632,726
	248,020,072	226,955,925	231,637,684	239,709,669	255,218,535	223,802,568
	46,207,662	60,325,000	58,438,741	44,052,970	35,330,199	27,368,490
	<u>431,825,873</u>	<u>412,723,211</u>	<u>420,061,247</u>	<u>410,667,945</u>	<u>413,693,821</u>	<u>379,051,916</u>
	231,883,701	231,908,326	231,479,419	231,033,951	224,722,446	215,223,680
	129,910,977	135,106,697	134,710,136	131,828,923	128,589,432	110,794,308
	658,948	468,567	1,394,859	334,005	(113,641)	402,514
	13,742,687	13,589,650	12,756,030	12,638,362	12,089,133	11,660,384
	65,754,712	78,335,595	29,249,211	5,520,272	1,034,449	5,457,383
	25,744,469	22,120,357	22,639,703	24,458,057	22,629,049	20,204,271
	19,661,375	19,230,288	20,213,182	17,491,896	17,993,686	18,795,320
	-	-	-	-	-	-
	<u>487,356,869</u>	<u>500,759,480</u>	<u>452,442,540</u>	<u>423,305,466</u>	<u>406,944,554</u>	<u>382,537,860</u>
	(55,530,996)	(88,036,269)	(32,381,293)	(12,637,521)	6,749,267	(3,485,944)
	-	-	876,554	2,074,280	3,218,000	5,486,258
	-	37,111	24,201	22,525	7,504	24,829
	320,000	13,511,497	5,872,186	7,285,158	7,085,868	5,794,960
	(320,000)	(11,911,497)	(5,872,186)	(7,285,158)	(7,085,868)	(5,794,960)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	35,383,732	31,760,050	184,964,027	-	-
	7,820,000	-	-	-	22,810,738	-
	(7,640,000)	-	-	-	(24,810,738)	-
	<u>180,000</u>	<u>37,020,843</u>	<u>32,660,805</u>	<u>187,060,832</u>	<u>1,225,504</u>	<u>5,511,087</u>
\$	<u>(55,350,996)</u>	<u>(51,015,426)</u>	<u>279,512</u>	<u>174,423,311</u>	<u>7,974,771</u>	<u>2,025,143</u>
\$	60,143,820	\$ 74,792,648	\$ 26,426,234	\$ 6,461,404	\$ 4,840,469	\$ 11,206,627
	10.63%	9.71%	10.06%	10.06%	10.10%	10.50%

SALEM-KEIZER SCHOOL DISTRICT 24J
REVENUES AND OTHER FINANCING SOURCES BY SOURCE (NON-GAAP BASIS)
GENERAL FUND¹

Last Ten Fiscal Years Ended June 30

	2016	2015	2014	2013
Revenues:				
Local Sources:				
District Property Taxes: ²				
Current Year	\$ 69,706,580	\$ 65,820,452	\$ 63,288,942	\$ 61,624,530
Prior Year	2,377,830	3,461,842	2,740,523	3,031,421
Tuition	93,861	58,994	46,103	57,347
Earnings on Investments	1,627,032	1,370,891	389,899	552,899
Recovery of Prior Year Expenditures	38,197	7,025	15,489	54,428
Administrative Support Reimbursement	1,227,140	1,403,484	972,267	1,100,346
Miscellaneous Local Sources	1,226,963	1,025,882	1,257,988	1,215,142
Associated Student Activities	78,334	73,902	73,278	77,831
Total Local Sources	76,375,937	73,222,472	68,784,489	67,713,944
Intermediate Sources:				
County School Fund	129,216	143,293	62,956	128,824
Speech Therapy Program	6,245,966	5,937,413	5,330,457	5,298,733
Other Restricted	353,354	335,898	515,445	1,096,512
Structured Learning Program	3,565,399	3,389,268	3,042,383	3,024,277
Behavioral Services Program	4,317,001	4,103,740	3,683,547	3,661,624
Total Intermediate Sources	14,610,936	13,909,612	12,634,788	13,209,970
State Sources - Unrestricted:				
State School Fund - Current Year	282,801,584	262,827,735	247,614,798	220,649,096
State School Fund - Prior Year	-	-	-	-
State School Fund - High Cost Disability	4,594,625	2,300,856	2,748,385	1,227,087
Common School Fund	4,796,275	3,905,074	3,644,939	3,815,555
State Sources - Restricted:				
State School Fund - Restricted	-	-	-	-
State School Fund - PERS Debt	16,584,608	15,752,093	14,951,344	14,209,729
Total State Sources	308,777,092	284,785,758	268,959,466	239,901,467
Federal Sources:				
Federal Forest Fees	251,928	162,004	209,801	212,007
State Fiscal Stabilization Fund	-	-	-	-
Total Federal Sources	251,928	162,004	209,801	212,007
Total Revenues	400,015,893	372,079,846	350,588,544	321,037,388
Other Financing Sources:				
Proceeds from Capital Leases	-	-	-	-
Transfers In	-	-	2,406,427	-
Total Other Financing Sources	-	-	2,406,427	-
Total Revenues and Other Financing Sources	\$ 400,015,893	\$ 372,079,846	\$ 352,994,971	\$ 321,037,388

¹The General Fund accounts for the majority of general operating revenues and transfers-in of the District.

²Revenues are recognized when measurable and available.

Source: Salem-Keizer School District 24J

	2012	2011	2010	2009	2008	2007
\$	60,726,090	\$ 59,294,800	\$ 57,342,728	\$ 54,762,944	\$ 53,589,746	\$ 50,908,141
	3,221,511	2,724,730	2,899,477	3,119,462	2,044,838	1,268,443
	58,916	111,825	193,653	211,498	59,231	52,061
	418,520	609,778	751,603	2,573,644	5,106,633	5,032,752
	96,290	188,874	50,001	11,690	15,478	90,894
	1,486,861	1,439,224	1,431,305	767,400	687,705	753,395
	844,696	728,421	853,709	215,352	213,828	268,067
	66,819	73,232	68,700	67,710	71,031	-
	<u>66,919,703</u>	<u>65,170,884</u>	<u>63,591,176</u>	<u>61,729,699</u>	<u>61,788,490</u>	<u>58,373,753</u>
	470,216	117,868	68,507	401,363	485,780	715,242
	4,743,970	4,372,760	5,246,245	5,155,398	4,874,732	5,459,792
	268,838	640,708	624,553	405,100	405,708	-
	2,707,642	2,807,830	2,997,854	3,559,680	3,365,886	2,411,177
	3,278,262	3,201,209	3,622,407	2,945,943	2,785,561	2,660,609
	<u>11,468,928</u>	<u>11,140,375</u>	<u>12,559,566</u>	<u>12,467,484</u>	<u>11,917,667</u>	<u>11,246,820</u>
	211,773,035	203,652,785	210,373,875	210,676,403	219,143,062	199,958,402
	-	-	-	-	3,425,197	-
	2,434,920	1,456,880	1,675,723	2,533,635	2,180,259	-
	3,416,747	3,332,569	3,434,287	2,745,744	5,347,930	3,151,132
	9,257,604	997,273	-	8,643,429	8,619,434	1,249,808
	13,653,391	12,871,432	12,118,928	11,363,222	10,882,372	10,765,536
	<u>240,535,697</u>	<u>222,310,939</u>	<u>227,602,813</u>	<u>235,962,433</u>	<u>249,598,254</u>	<u>215,124,878</u>
	221,564	436,510	485,729	539,906	565,415	567,376
	122,448	12,857,969	11,059,510	7,941,132	-	-
	<u>344,012</u>	<u>13,294,479</u>	<u>11,545,239</u>	<u>8,481,038</u>	<u>565,415</u>	<u>567,376</u>
	319,268,340	311,916,677	315,298,794	318,640,654	323,869,826	285,312,827
	-	-	876,554	-	-	-
	-	13,308,291	5,600,000	-	-	3,700,000
	-	13,308,291	6,476,554	-	-	3,700,000
\$	<u>319,268,340</u>	<u>\$ 325,224,968</u>	<u>\$ 321,775,348</u>	<u>\$ 318,640,654</u>	<u>\$ 323,869,826</u>	<u>\$ 289,012,827</u>

SALEM-KEIZER SCHOOL DISTRICT 24J
EXPENDITURES AND OTHER FINANCING (USES) BY PROGRAM (NON-GAAP BASIS)
GENERAL FUND¹
Last Ten Fiscal Years Ended June 30

	2016	2015	2014	2013	2012
Instruction:					
Regular Programs:					
Elementary, K-5	\$ 92,339,967	\$ 80,612,097	\$ 75,111,985	\$ 69,364,794	\$ 68,598,714
Middle/Junior High Programs	34,114,745	31,947,034	31,429,841	29,803,093	31,763,621
Middle/Junior High Extracurricular	895,904	594,228	571,889	541,631	513,207
High School Programs	46,407,457	43,418,222	41,287,672	37,828,501	38,018,258
High School Extracurricular	3,349,886	3,246,299	3,154,713	2,972,713	3,021,748
Special Programs:					
Talented and Gifted	419,122	525,676	522,245	472,296	445,699
Disabilities - Restrictive Programs	34,894,661	34,163,306	31,275,565	28,182,596	26,784,005
Disabilities - Less Restrictive Programs	21,610,390	19,249,433	19,568,144	18,448,438	18,356,606
Treatment and Habilitation	188,838	156,594	109,490	37,998	16,933
Alternative Education	10,797,860	9,834,268	9,584,945	8,934,775	9,005,992
English as a Second Language	9,800,089	9,464,684	9,408,899	8,862,194	8,753,925
Teen Parent Programs	1,000,464	845,005	752,654	675,656	705,153
Youth Corrections Education	55,266	56,544	55,130	53,312	65,830
Other Programs	175,917	197,336	184,581	179,169	182,789
Summer School Programs	127,711	8,456	5,313	-	-
Total Instruction	256,178,277	234,319,182	223,023,066	206,357,166	206,232,480
Support Services:					
Students:					
Attendance and Social Work	7,287,194	6,530,940	6,227,370	5,275,393	4,569,319
Guidance Services	8,878,500	8,278,641	7,311,132	6,709,565	6,869,053
Health Services	1,830,347	1,743,242	1,756,638	1,631,479	1,707,248
Psychological Services	1,432,469	1,293,570	1,252,799	1,161,735	1,078,531
Speech Pathology and Audiology Services	4,662,708	4,561,873	4,556,193	3,994,489	4,280,515
Other Student Treatment Services	1,263,041	1,177,905	1,011,848	1,010,372	1,040,977
Service Direction, Student Support Services	1,218,501	1,112,423	1,092,809	1,011,881	1,252,816
Instructional Staff:					
Improvement of Instruction Services	2,217,805	1,857,015	1,789,626	1,493,646	1,302,558
Educational Media Services	4,519,792	4,406,020	4,240,252	3,966,400	3,890,237
Assessment and Testing	813,950	716,566	1,087,096	821,400	834,515
Instructional Staff Development	4,691,827	678,758	794,333	550,468	457,348
General Administration:					
Board of Education Services	386,531	621,719	496,181	563,632	456,625
Executive Administration Services	1,457,344	1,481,135	1,413,006	1,385,777	1,328,297
School Administration:					
Office of the Principal Services	28,011,658	26,925,650	26,118,565	24,612,932	24,769,389
School Administration	2,143,372	1,834,555	1,726,773	1,560,924	1,608,069
Business:					
Fiscal Services	1,949,164	1,965,216	3,126,623	2,724,714	2,977,592
Operation and Maintenance of Plant Services	27,122,428	24,860,193	24,849,580	23,864,273	22,921,713
Student Transportation Services	15,009,885	14,384,637	15,021,195	14,029,655	13,680,190
Internal services - Mail and Delivery	1,136,709	1,237,801	1,165,488	904,159	661,892
Central Activities:					
Information Services	434,569	423,414	401,680	380,498	354,963
Staff Services	3,983,037	3,338,769	3,254,118	3,068,405	2,834,155
Technology Services	11,627,804	10,825,182	11,443,743	10,578,304	9,449,232
Other Support Services	747,995	436,072	408,816	401,820	359,598
Supplemental Retirement Program	1,355,572	1,692,275	2,047,299	2,227,181	2,317,747
Total Support Services	134,182,202	122,383,571	122,593,163	113,929,102	111,002,579
Facilities Services:					
Service Area Direction	172,539	190,700	192,264	195,129	180,344
Site Acquisition and Development	3,564	108,463	-	-	9,615
Building Acquisition, Construction and	184,689	197,661	326,862	65,255	150,953
Total Facilities Services	360,792	496,824	519,126	260,384	340,912
Other Uses:					
Debt Service	660,448	758,111	778,212	767,148	790,301
Transfers of Funds	3,620,000	2,820,000	320,000	320,000	320,000
Total Other Uses	4,280,448	3,578,111	1,098,212	1,087,148	1,110,301
Total Expenditures and Other Uses	\$ 395,001,719	\$ 360,777,688	\$ 347,233,567	\$ 321,633,800	\$ 318,686,272

¹The General Fund accounts for the majority of general operating expenses of the District.

Source: Salem-Keizer School District 24J

	2011	2010	2009	2008	2007
\$	70,050,289	\$ 70,184,290	\$ 69,825,215	\$ 66,964,600	\$ 62,447,956
	31,778,914	31,758,102	32,244,211	31,936,681	31,236,023
	867,752	865,845	787,721	822,066	564,167
	40,263,023	39,261,083	40,622,268	40,929,862	39,371,588
	2,977,931	2,874,325	2,880,909	2,942,558	2,630,519
	497,044	531,041	652,184	569,213	418,514
	24,685,630	23,535,642	22,416,974	21,702,659	19,179,972
	15,870,274	15,584,519	15,567,369	14,983,387	14,729,892
	19,559	21,474	16,644	36,916	11,498
	9,073,452	9,297,644	10,005,038	9,534,226	8,579,184
	8,719,415	8,793,964	9,270,077	8,181,488	8,287,146
	658,238	556,153	572,197	497,049	793,764
	58,765	58,037	101,304	146,268	163,816
	164,380	172,199	166,036	167,351	148,053
	52,273	57,444	213,890	256,253	136,130
	<u>205,736,939</u>	<u>203,551,762</u>	<u>205,342,037</u>	<u>199,670,577</u>	<u>188,698,222</u>
	4,974,185	4,749,354	4,449,820	3,858,884	3,489,287
	7,791,522	8,204,091	8,656,598	8,453,208	7,855,741
	1,919,337	1,999,382	2,113,776	1,171,052	1,106,127
	867,114	889,559	780,954	811,871	782,429
	3,295,423	3,237,208	3,040,048	2,824,623	2,434,859
	900,964	885,184	892,802	826,131	623,023
	957,870	1,105,949	1,151,304	1,111,410	1,127,609
	1,460,562	1,262,980	1,544,248	1,628,269	1,537,578
	6,913,409	6,779,087	6,712,242	6,354,563	6,236,919
	802,835	711,263	690,681	781,137	391,991
	418,918	597,306	3,027,878	1,365,363	665,896
	725,332	608,475	732,622	562,365	565,187
	1,276,421	1,082,657	1,049,986	985,556	945,931
	24,780,359	24,727,884	24,785,799	22,941,805	20,865,896
	1,621,144	1,646,455	1,770,379	1,976,254	1,847,632
	2,968,863	2,989,444	1,914,294	1,909,233	1,708,851
	24,113,548	23,691,271	24,441,249	23,256,544	20,988,808
	12,690,541	12,090,786	11,943,298	11,649,771	11,054,863
	653,485	677,732	936,672	709,597	-
	334,265	349,568	398,817	376,654	330,862
	2,911,549	3,042,955	3,159,056	2,918,994	2,360,069
	9,231,036	11,389,467	9,793,034	10,112,527	7,372,317
	519,955	540,855	525,621	526,389	537,384
	<u>2,367,089</u>	<u>2,733,383</u>	<u>2,981,026</u>	<u>2,883,109</u>	<u>2,741,937</u>
	<u>114,495,726</u>	<u>115,992,295</u>	<u>117,492,204</u>	<u>109,995,309</u>	<u>97,571,196</u>
	266,936	249,937	329,269	318,775	371,982
	-	-	-	-	90,817
	<u>121,647</u>	<u>42,774</u>	<u>15,741</u>	<u>45,599</u>	<u>133,970</u>
	<u>388,583</u>	<u>292,711</u>	<u>345,010</u>	<u>364,374</u>	<u>596,769</u>
	648,801	661,863	679,464	728,039	890,017
	<u>187,300</u>	<u>272,186</u>	<u>3,685,158</u>	<u>7,085,868</u>	<u>2,094,960</u>
	<u>836,101</u>	<u>934,049</u>	<u>4,364,622</u>	<u>7,813,907</u>	<u>2,984,977</u>
\$	<u><u>321,457,349</u></u>	<u><u>320,770,817</u></u>	<u><u>327,543,873</u></u>	<u><u>317,844,167</u></u>	<u><u>289,851,164</u></u>

SALEM-KEIZER SCHOOL DISTRICT 24J
PROPERTY TAX LEVIES - MARION AND POLK COUNTIES
Last Ten Fiscal Years Ended June 30

General Fund

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Levy Extended by Assessors- Current Year	\$ 73,657,149	\$ 69,923,900	\$ 67,505,383	\$ 66,095,090
Reduction to Taxes Receivable				
Current Year Collections and Adjustments ¹	(71,847,330)	(67,476,101)	(64,577,404)	(63,750,081)
Current Year Collections- Percent of Levy	97.54%	96.50%	96.05%	96.45%
Beginning Taxes Receivable - Prior Year	<u>4,372,754</u>	<u>4,863,518</u>	<u>4,763,759</u>	<u>1,949,199</u>
Reduction to Taxes Receivable ⁽¹⁾				
1st Year Prior	(1,102,184)	(1,819,018)	(1,260,340)	(1,265,561)
2nd Year Prior	(429,881)	(527,046)	(617,133)	(556,388)
3rd Year Prior	(366,937)	(395,561)	(617,653)	(540,546)
4th Year Prior	(155,740)	(158,458)	(245,862)	(217,553)
5th Year (and Earlier) Prior	<u>(123,923)</u>	<u>(38,480)</u>	<u>(87,232)</u>	<u>(43,866)</u>
Total Prior Years	<u>(2,178,665)</u>	<u>(2,938,563)</u>	<u>(2,828,220)</u>	<u>(2,623,914)</u>
Total General Fund Taxes				
Receivable, End of Year	<u>\$ 4,003,908</u>	<u>\$ 4,372,754</u>	<u>\$ 4,863,518</u>	<u>\$ 1,670,294</u>

Debt Service Fund

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Levy Extended by Assessors	\$ 34,662,188	\$ 31,415,085	\$ 33,248,920	\$ 32,554,298
Reduction to Taxes Receivable				
Current Year Collections and Adjustments ⁽¹⁾	(33,810,508)	(30,315,353)	(31,934,885)	(31,399,293)
Current Year Collections- Percent of Levy	97.54%	96.50%	96.05%	96.45%
Beginning Taxes Receivable - Prior Year	<u>2,147,826</u>	<u>2,395,460</u>	<u>701,160</u>	<u>546,874</u>
Reduction to Taxes Receivable ⁽¹⁾				
1st Year Prior	(680,672)	(815,400)	(622,437)	(482,703)
2nd Year Prior	(202,297)	(236,790)	(271,373)	(200,113)
3rd Year Prior	(172,676)	(177,714)	(235,030)	(219,291)
4th Year Prior	(48,079)	(71,192)	(86,618)	(89,842)
5th year (and Earlier) Prior	<u>(12,149)</u>	<u>(46,270)</u>	<u>(49,445)</u>	<u>(8,770)</u>
Total Prior Years	<u>(1,115,873)</u>	<u>(1,347,366)</u>	<u>(1,264,903)</u>	<u>(1,000,719)</u>
Total Debt Service Fund Taxes				
Receivable, End of Year	<u>\$ 1,883,633</u>	<u>\$ 2,147,826</u>	<u>\$ 2,395,460</u>	<u>\$ 701,160</u>

Year Ended June 30,	General Fund		
	Levy	Collections (1)	% of Levy
2016	\$ 73,657,149	\$ 71,847,330	97.54%
2015	69,923,900	68,578,285	98.08%
2014	67,505,383	66,826,303	98.99%
2013	66,095,090	65,904,404	99.71%
2012	65,341,037	65,343,504	100.00%
5 Years Prior	296,409,414	296,267,380	99.95%
Totals	<u>\$ 638,931,973</u>	<u>\$ 634,767,206</u>	<u>99.35%</u>

¹Amounts include interest on deficiencies, discounts allowed for early payment, adjustments and collections made by County Assessors

Sources: Marion and Polk Counties.
Salem-Keizer School District 24J

	2012	2011	2010	2009	2008	2007
\$	65,341,037	\$ 64,122,802	\$ 61,986,429	\$ 59,291,886	\$ 57,512,029	\$ 53,496,268
	(62,909,509)	(61,442,797)	(59,383,633)	(56,332,939)	(55,314,897)	(51,693,436)
	96.28%	95.82%	95.80%	95.01%	96.18%	96.63%
	1,991,774	1,559,050	948,299	293,274	(182,093)	0
	(1,401,765)	(1,308,940)	(1,744,787)	(1,495,140)	(1,112,102)	(1,295,361)
	(482,160)	(488,232)	(200,144)	(506,807)	(289,991)	(317,498)
	(426,630)	(295,107)	(32,557)	(120,965)	(180,073)	(188,322)
	(140,556)	(128,291)	(65,650)	(149,723)	(127,375)	(183,744)
	(22,992)	(26,711)	51,093	(31,287)	(12,224)	-
	(2,474,103)	(2,247,281)	(1,992,045)	(2,303,922)	(1,721,765)	(1,984,925)
\$	1,949,199	\$ 1,991,774	\$ 1,559,050	\$ 948,299	\$ 293,274	\$ (182,093)
	2012	2011	2010	2009	2008	2007
\$	28,403,726	\$ 25,935,542	\$ 28,757,333	\$ 28,654,364	\$ 25,108,526	\$ 24,750,290
	(27,346,741)	(24,851,570)	(27,549,819)	(27,290,011)	(24,209,018)	(24,012,436)
	96.28%	95.82%	95.80%	95.24%	96.42%	97.02%
	688,314	513,296	126,343	(175,989)	(299,057)	0
	(528,321)	(529,428)	(801,070)	(617,857)	(490,826)	(624,419)
	(325,243)	(197,473)	(48,830)	(301,970)	(93,244)	(202,798)
	(235,705)	(119,360)	153,705	(5,968)	(117,110)	(108,944)
	(84,691)	(51,889)	(138,476)	(98,611)	(71,373)	(100,750)
	(24,465)	(10,804)	14,110	(37,615)	(3,887)	-
	(1,198,425)	(908,954)	(820,561)	(1,062,021)	(776,440)	(1,036,911)
\$	546,874	\$ 688,314	\$ 513,296	\$ 126,343	\$ (175,989)	\$ (299,057)

Debt Service Fund				
Year Ended June 30,	Levy	Collections (1)	% of Levy	
2016	\$ 34,662,188	\$ 33,810,508	97.54%	
2015	31,415,085	30,996,025	98.67%	
2014	33,248,920	32,952,582	99.11%	
2013	32,554,298	32,431,196	99.62%	
2012	28,403,726	28,326,610	99.73%	
5 Years Prior	133,206,055	132,993,898	99.84%	
Totals	\$ 293,490,272	\$ 291,510,819	99.33%	

SALEM-KEIZER SCHOOL DISTRICT 24J
PROPERTY TAX LEVIES AND COLLECTIONS - GENERAL FUND
Last Ten Fiscal Years Ended June 30

Fiscal Year	Net Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ²	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 73,657,149	\$ 71,847,330	97.54%	\$ -	\$ 71,847,330	97.54%
2015	69,923,900	67,476,101	96.50%	1,572,250	69,048,351	98.75%
2014	67,505,383	64,577,404	95.66%	2,079,098	66,656,502	98.74%
2013	66,095,090	63,750,081	96.45%	1,790,782	65,540,863	99.16%
2012	65,341,037	62,909,509	96.28%	2,212,094	65,121,603	99.66%
2011	64,122,802	61,442,797	95.82%	2,593,796	64,036,593	99.87%
2010	61,986,429	59,383,633	95.80%	2,530,115	61,913,748	99.88%
2009	59,291,886	56,332,939	95.01%	2,929,270	59,262,209	99.95%
2008	57,512,029	55,314,897	96.18%	2,182,293	57,497,190	99.97%
2007	53,496,268	51,693,436	96.63%	1,792,525	53,485,961	99.98%

¹The net levy is the actual imposed tax

²Amounts include interest on deficiencies, discounts allowed for early payment, adjustments and collections made by County Assessors

Sources: Marion and Polk County Tax Collection Departments
Salem-Keizer School District 24J

SALEM-KEIZER SCHOOL DISTRICT 24J
COMPARISON OF GENERAL FUND BUDGET TO TAX LEVY
Last Ten Fiscal Years Ended June 30

Fiscal Year	General Fund Budgeted Expenditures and Transfers¹	General Fund Tax Levy	Percentage of Levy to Budget
2016	\$ 433,168,002	\$ 73,657,149	17.00%
2015	397,916,237	69,923,900	17.57%
2014	367,970,768	67,505,383	18.35%
2013	343,423,734	66,095,090	19.25%
2012	340,970,127	65,341,037	19.16%
2011	348,349,001	64,122,800	18.41%
2010	333,419,575	61,986,429	18.59%
2009	358,872,429	59,291,886	16.52%
2008	319,857,696	57,512,029	17.98%
2007	299,623,599	53,496,268	17.85%

¹This is the Adopted Budget. It does not reflect any changes that would be included in a Supplemental Budget.

Source: Salem-Keizer School District 24J

SALEM-KEIZER SCHOOL DISTRICT 24J
ASSESSED VALUE AND REAL MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(In Thousands of Dollars)

Fiscal Year	Assessed Value				Real Market Value			Assessed Value as a percentage of RMV
	Real Property	Personal Property	Total Taxable Value	Total Direct Rate*	Real Property	Personal Property	Total Real Market Value	
2016	\$ 16,648,683	\$ 512,063	\$ 17,160,746	6.525	\$ 25,906,700	\$ 542,216	\$ 26,448,916	64.88%
2015	16,002,336	496,522	16,498,858	6.401	23,961,957	503,604	24,465,562	67.44%
2014	15,376,921	479,216	15,856,137	6.669	22,888,542	485,113	23,373,655	67.84%
2013	15,062,504	478,055	15,540,560	6.687	22,745,438	406,537	23,151,975	67.12%
2012	15,019,696	399,964	15,419,659	6.438	23,420,386	414,720	23,835,106	64.69%
2011	14,690,322	404,019	15,094,340	6.301	24,447,702	412,003	24,859,705	60.72%
2010	14,271,415	407,217	14,678,633	6.530	25,394,403	412,431	25,806,833	56.88%
2009	13,639,900	388,378	14,028,278	6.584	25,971,985	392,433	26,364,418	53.21%
2008	13,009,027	378,736	13,387,764	6.461	24,484,753	382,120	24,866,873	53.84%
2007	12,287,231	348,054	12,635,285	6.391	20,838,930	353,036	21,191,966	59.62%

NOTE: Real Property includes all property types except Business Personal Property

*Per \$1,000 of assessed value

Source: Marion/Polk County Dept. of Assessment & Taxation



SALEM-KEIZER SCHOOL DISTRICT 24J
PROPERTY TAX RATES PER \$1,000 OF ASSESSED VALUATION-
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years Ended June 30

Fiscal Year	District Direct Rates			Other Educational Entities		Counties	
	General Purpose	Debt Service	Total	Willamette Education Service District	Chemeketa Community College	Polk County	Marion County
2016	\$ 4.521	\$ 2.004	\$ 6.525	\$ 0.30	\$ 0.92	\$ 2.29	\$ 3.08
2015	4.521	1.880	6.401	0.30	0.89	2.26	3.08
2014	4.521	2.148	6.669	0.30	0.86	2.39	3.08
2013	4.521	2.166	6.687	0.30	0.90	2.37	3.08
2012	4.521	1.917	6.438	0.30	0.88	2.37	3.08
2011	4.521	1.780	6.301	0.30	0.79	2.36	3.08
2010	4.521	2.009	6.530	0.30	0.89	2.29	3.08
2009	4.521	2.063	6.584	0.30	0.71	2.31	3.08
2008	4.521	1.940	6.461	0.30	0.70	2.45	3.08
2007	4.521	1.870	6.391	0.30	0.94	2.03	3.08

¹The District crosses boundaries of 2 counties, 2 cities and a number of other districts. Overlapping rates are presented for individually significant taxing districts. Other types of entities are aggregated to provide general information. Not all individual properties are subject to all rates within each county. Applicable tax rates vary depending on property location.

²Per \$1,000 of taxable assessed value.

The District's permanent property tax rate is set by state law. Increases for General Purposes may only be done through local option levies approved by the voters of the District. Rates for debt service are set based on each year's requirements.

The District Direct General Purpose Rates exclude Urban Renewal adjustments.

Source: County Property Assessor

Overlapping Rates¹								
Cities								
City of Salem	City of Keizer	Regional Library District	Salem Mass Transit	Urban Renewal Districts	Fire Protection Districts	Maximum Tax Rates²		
						Marion County	Polk County	
\$ 6.54	\$ 2.08	\$ 0.08	\$ 0.76	\$ 0.51 - 1.18	\$ 0.54 - 2.52	\$ 18.80	\$ 17.19	
6.82	2.08	0.08	0.76	0.51 - 1.18	0.54 - 2.52	18.74	17.29	
6.49	2.08	0.08	0.76	0.51 - 1.18	0.54 - 2.53	18.91	18.22	
6.82	2.08	0.08	0.76	1.19	0.54 - 2.55	19.00	18.30	
6.81	2.08	0.08	0.76	1.12	0.54 - 2.35	18.73	18.04	
6.79	2.08	0.08	0.76	1.16	0.54 - 2.42	18.50	17.80	
6.83	2.08	0.08	0.76	1.43	0.54 - 2.40	18.85	18.08	
6.49	2.08	0.08	0.76	0.96	0.54 - 2.53	18.31	17.56	
6.58	2.08	0.08	0.76	0.88	0.54 - 2.59	18.27	17.64	
6.62	2.08	0.08	0.76	0.81	0.54 - 2.71	18.51	17.46	

**SALEM-KEIZER SCHOOL DISTRICT 24J
PRINCIPAL TAXPAYERS - CURRENT AND NINE YEARS PRIOR**

Marion County Top 10 Taxpayers	Enterprise	2015-16 Assessed Value	Percent of Principal Taxpayers	Percent of Total District Assessed Value	2006-07 Assessed Value	Percent Of Principal Taxpayers	Percent of Total District Assessed Value
Portland General Electric Co.	Utility	\$ 159,212,221	26.85%	0.88%	\$ 109,997,900	23.04%	1.00%
Northwest Natural Gas Co.	Utility	91,244,400	15.39%	0.50%	65,557,800	13.73%	0.59%
Lancaster Development Company LLC	Retail	58,833,290	9.92%	0.33%	46,529,970	9.74%	0.42%
Donahue Schriber Realty Group	Retail	51,968,800	8.77%	0.29%	-	0.00%	0.00%
Centurylink	Telecommunications	49,097,000	8.28%	0.27%	-	0.00%	0.00%
Metropolitan Life Insurance Co	Insurance	45,385,410	7.65%	0.25%	34,365,100	7.20%	0.31%
State Investments LLC	Real Estate	38,153,602	6.44%	0.21%	-	0.00%	0.00%
HD Salem or Landlord LLC	Real Estate	33,954,000	5.73%	0.19%	-	0.00%	0.00%
Wal-Mart Real Estate Business Inc.	Real Estate	33,706,160	5.69%	0.19%	26,835,980	5.62%	0.24%
State Accident Insurance Fund	Insurance	31,333,530	5.28%	0.17%	24,090,330	5.05%	0.22%
Qwest Corporation	Telecommunications	-	0.00%	0.00%	75,336,500	15.78%	0.68%
PPG Industries Inc.	Manufacturing	-	0.00%	0.00%	22,010,357	4.61%	0.20%
Mitsubishi Silicon America	Manufacturing	-	0.00%	0.00%	18,709,840	3.92%	0.17%
Norpac Foods Inc.	Food Processor	-	0.00%	0.00%	17,026,980	3.57%	0.15%
Total		\$ 592,888,413		3.28%	\$ 477,489,517		4.33%

Polk County Top 10 Taxpayers	Enterprise	2015-16 Assessed Value	Percent of Principal Taxpayers	Percent of Total District Assessed Value	2006-07 Assessed Value	Percent Of Principal Taxpayers	Percent of Total District Assessed Value
Comcast of Oregon, Inc	Telecommunications	\$ 18,098,400	15.67%	0.80%	\$ 4,081,022	5.86%	0.26%
Northwest Natural Gas Co.	Utility	16,203,000	14.02%	0.72%	12,082,000	17.35%	0.76%
Capital Manor	Utility	15,277,110	13.22%	0.68%	1,161,380	1.67%	0.07%
Willamette Park Villas, LLC	Multi-Unit Residenti:	12,658,870	10.96%	0.56%	-	0.00%	0.00%
Orchard Ridge Apartments, LLC	Multi-Unit Residenti:	12,433,040	10.76%	0.55%	-	0.00%	0.00%
Roth IGA Foodliner, Inc.	Retail	11,004,060	9.52%	0.49%	6,895,890	9.90%	0.43%
F Raymond and Grace E Lester Family LP	Multi-Unit Residenti:	9,470,800	8.20%	0.42%	-	0.00%	0.00%
Riverbend Heights Apartments, LLC	Multi-Unit Residenti:	7,355,096	6.37%	0.33%	-	0.00%	0.00%
KWDS, LLC	Developer	6,589,890	5.70%	0.29%	-	0.00%	0.00%
Oak Hills Broadway, LLC	Developer	6,439,710	5.57%	0.28%	-	0.00%	0.00%
Murlark Properties, LLC	Developer	-	0.00%	0.00%	-	0.00%	0.00%
Eola Heights, LLC	Multi-Unit Residenti:	-	0.00%	0.00%	6,834,640	9.82%	0.43%
Wyant Family Trust	Developer	-	0.00%	0.00%	14,326,705	20.58%	0.90%
Walling Family Limited Partnership	Developer	-	0.00%	0.00%	6,221,241	8.93%	0.39%
Qwest Corporation	Utility	-	0.00%	0.00%	4,974,200	7.14%	0.31%
Salem Properties Assoc, LTD	Developer	-	0.00%	0.00%	4,945,050	7.10%	0.31%
Rainsweet, Inc.	Food Processor	-	0.00%	0.00%	4,018,760	5.77%	0.25%
Tran Co	Developer	-	0.00%	0.00%	4,087,130	5.87%	0.26%
Total		\$ 115,529,976		5.11%	\$ 69,628,018		4.36%

Source: Marion & Polk County Assessors' Offices and websites

SALEM-KEIZER SCHOOL DISTRICT 24J
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Real Market Value of Taxable Property within School District No. 24J Marion and Polk County, Oregon	\$ 25,906,699,941	\$ 24,606,137,122	\$ 23,373,654,758	\$ 23,135,831,748	\$ 23,835,105,862
Bonded Debt Limit ¹	\$ 2,059,582,645	\$ 1,956,187,901	\$ 1,858,205,553	\$ 1,839,298,624	\$ 1,894,890,916
General Obligation Bonds Amount Available for Retirement of Bonds	205,070,187 (3,153,885)	234,840,187 (2,705,660)	262,930,187 (4,231,709)	288,500,187 (2,471,931)	308,810,187 (1,174,338)
Net General Obligation Bonds Outstanding	201,916,302	232,134,527	258,698,478	286,028,256	307,635,849
Debt Margin at End of Fiscal Year	<u>\$ 1,857,666,343</u>	<u>\$ 1,724,053,374</u>	<u>\$ 1,599,507,075</u>	<u>\$ 1,553,270,368</u>	<u>\$ 1,587,255,067</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.80%	11.87%	13.92%	15.55%	16.24%
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Real Market Value of Taxable Property within School District No. 24J Marion and Polk County, Oregon	\$ 24,859,704,706	\$ 25,806,833,076	\$ 26,364,418,048	\$ 24,866,872,922	\$ 21,371,966,421
Bonded Debt Limit ¹	\$ 1,976,346,524	\$ 2,051,643,230	\$ 2,095,971,235	\$ 1,976,916,397	\$ 1,699,071,330
General Obligation Bonds Amount Available for Retirement of Bonds	329,905,187 (3,153,486)	315,950,187 (4,339,038)	302,960,187 (4,584,648)	144,880,000 (4,006,437)	166,850,000 (7,718,268)
Net General Obligation Bonds Outstanding	326,751,701	311,611,149	298,375,539	140,873,563	159,131,732
Debt Margin at End of Fiscal Year	<u>\$ 1,649,594,823</u>	<u>\$ 1,740,032,081</u>	<u>\$ 1,797,595,696</u>	<u>\$ 1,836,042,834</u>	<u>\$ 1,539,939,598</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.53%	15.19%	14.24%	7.13%	9.37%

¹ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by Real Market Value of all taxable properties within the District based on the following:

(A) For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the true cash value. Kindergarten through eighth grade, $9 * .0055 = .0495$ or 4.95%

(B) For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the true cash value. Ninth through twelfth grade, $4 * .0075 = .03$ or 3.0%

Total allowable percent for the District is (A) + (B): (7.95%)

Source: Marion and Polk Counties

SALEM-KEIZER SCHOOL DISTRICT 24J
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years Ended June 30

General Bonded Debt							
Fiscal Year	General Obligation Bonds	Premium on General Obligation Bonds	Less amount Available for Repayment	Net General Obligation Bonds Outstanding	Percentage of Actual Real Market Value of Property ¹	Per Student ²	
2016	\$ 205,070,187	\$ 5,774,210	\$ 3,153,885	\$ 201,916,302	0.78%	\$ 4,949	
2015	234,840,187	6,485,363	2,705,660	232,134,527	0.94%	5,777	
2014	262,930,187	7,196,515	4,231,709	258,698,478	1.11%	6,472	
2013	288,500,187	7,907,667	2,471,931	286,028,256	1.24%	7,211	
2012	308,810,187	8,618,820	1,174,338	307,635,849	1.29%	7,766	
2011	329,905,187	9,329,972	3,153,486	326,751,701	1.31%	8,288	
2010	315,950,187	5,859,200	4,339,038	311,611,149	1.21%	7,895	
2009	302,960,187	-	4,584,648	298,375,539	1.13%	7,573	
2008	144,880,000	-	4,006,437	140,873,563	0.57%	3,605	
2007	166,850,000	-	7,718,268	159,131,732	0.74%	4,110	

Other Governmental Activities Debt				Total District Debt			
Fiscal Year	Limited Tax Pension Obligation Bonds	Capital Leases	Total District ³	Per Student ²	Per Capita ⁴	Percent of Personal Income ⁵	
2016	\$ 221,501,154	\$ 9,596,356	\$ 441,941,907	\$ 10,832	\$ 1,301	3.57%	
2015	228,399,924	5,261,148	474,986,622	11,821	1,440	3.95%	
2014	183,232,781	6,676,595	460,036,078	11,508	1,411	3.86%	
2013	187,132,689	8,181,613	491,722,156	12,397	1,519	4.18%	
2012	190,547,194	9,831,496	517,807,697	13,072	1,618	4.49%	
2011	193,310,944	11,537,215	544,083,318	13,800	1,664	4.92%	
2010	195,786,040	14,116,057	531,711,484	13,472	1,651	4.88%	
2009	197,811,308	15,064,986	515,836,481	13,093	1,158	4.90%	
2008	199,382,354	15,106,915	359,369,269	9,197	1,232	3.67%	
2007	200,664,258	13,844,889	381,359,147	9,850	1,242	4.00%	

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

¹See Assessed Value and Real Market Value Schedule.

²See School Building, Student Enrollment and Average Daily Membership information for student enrollment.

³Includes general bonded debt, unamortized premiums on bond issues and other governmental activities debt.

⁴Per capita are District ADM estimates.

⁵See Schedule of Demographic and Economic Statistics for personal income.

Source: Salem-Keizer School District 24J

SALEM-KEIZER SCHOOL DISTRICT 24J
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2016

Overlapping District	2015-16 Real Market Valuation	Percent Overlapping ¹	Overlapping	
			Gross Direct Debt ²	Gross Overlapping Debt
Aumsville RFPD	\$ 552,201,941	0.18%	\$ 3,433	\$ 3,433
Chemeketa Community College	43,505,481,901	52.66%	67,135,420	45,607,301
City of Keizer	4,873,551,799	100.00%	15,494,737	-
City of Salem	13,852,926,209	100.00%	136,399,454	87,381,022
Dayton RFPD	529,100,550	6.06%	58,759	-
Keizer RFPD	4,588,039,705	99.99%	3,769,544	3,769,544
Marion County	30,201,405,392	67.28%	37,327,366	6,110,878
Marion County RFPD	3,612,239,515	85.66%	4,797,752	4,797,752
Polk County	6,398,670,137	40.43%	2,043,912	1,797,295
Polk County RFPD	1,467,963,785	0.48%	9,075	9,075
Silverton RFPD	1,718,085,624	0.00%	22	22
Willamette Educat Service District	47,829,513,241	47.89%	11,764,056	3,659,170
Totals: Total Gross and Direct Overlapping Debt			<u>\$ 278,803,530</u>	<u>\$ 153,135,492</u>

School District 24J Direct Debt ⁴ :	\$ 441,941,908	Ratio of Net Property-tax Backed Debt to Real Market Value is:	1.88%
Gross Overlapping Direct Debt:	<u>153,135,492</u>	Per Capita District Direct Debt	\$ 1,336
		Per Capita Total Direct Debt	\$ 1,799
Total Debt of District 24J and Overlapping Issuers:	<u>\$ 595,077,400</u>	Ratio of Total Net Property-Tax Backed Debt to Real Market Value is:	2.55%

¹The percentage of overlapping debt applicable is derived by using the taxable assessed property values. Applicable percentages are arrived at by the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

²Gross Direct Debt includes all limited and unlimited tax supported debt, excluding pension obligations and self supporting utility debt.

³Direct Debt includes all outstanding long-term debt instruments including bonds, notes, loans and capital leases.

Source: Oregon State Treasury, Debt Management Information System.

SALEM-KEIZER SCHOOL DISTRICT 24J
RATIO OF ANNUAL DEBT SERVICE REQUIREMENTS FOR GENERAL OBLIGATION BONDED DEBT TO
TOTAL BUDGET BASIS GENERAL FUND EXPENDITURES AND TRANSFERS
Last Ten Fiscal Years Ended June 30

Fiscal Year	Principal	Interest and Other	Total Debt Service	Total General Fund Budgeted Expenditures and Transfers ¹	Ratio of Annual Debt Service to Budget Basis General Fund Expenditures and Transfers
2016	\$ 29,770,000	\$ 3,222,981	\$ 32,992,981	\$ 433,168,002	7.62%
2015	28,090,000	4,074,613	32,164,613	397,916,237	8.08%
2014	25,570,000	5,170,406	30,740,406	367,970,768	8.35%
2013	23,705,000	6,878,796	30,583,796	343,423,734	8.91%
2012	21,095,000	8,683,570	29,778,570	340,970,127	8.73%
2011	20,140,096	8,499,081	28,639,177	348,349,001	8.22%
2010	18,769,976	9,481,530	28,251,506	333,419,575	8.47%
2009	20,635,000	6,960,734	27,595,734	358,872,429	7.69%
2008	19,330,000	7,598,075	26,928,075	319,857,696	8.42%
2007	17,420,000	8,743,792	26,163,792	299,623,599	8.73%

¹This is the Adopted Budget. It does not reflect any changes that would be included in a Supplemental Budget.

Source: Salem-Keizer School District 24J

SALEM-KEIZER SCHOOL DISTRICT 24J
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TRUE CASH VALUE AND
NET GENERAL BONDED DEBT PER CAPITA AND PER STUDENT
Last Ten Fiscal Years Ended June 30

Fiscal Year	Marion Cty Population US Census¹	Average Daily Membership K-12	True Cash Value	Net General Bonded Debt²	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt per Capita	Net General Bonded Debt per Student
2016	330,700*	40,799	\$ 25,906,699,941	\$ 201,916,302	0.78%	\$ 611	\$ 4,949
2015	329,770	40,181	24,606,137,122	232,134,527	0.94%	704	5,777
2014	326,150	39,974	23,373,654,758	258,698,478	1.11%	793	6,472
2013	323,614	39,664	23,135,831,748	286,028,256	1.24%	884	7,211
2012	319,985	39,611	23,835,105,862	307,635,849	1.29%	961	7,766
2011	318,872	39,427	24,859,704,706	326,751,701	1.31%	1,025	8,288
2010	316,144	39,469	25,806,833,076	311,611,149	1.21%	986	7,895
2009	313,389	39,399	26,364,418,048	298,375,539	1.13%	952	7,573
2008	309,729	39,074	24,866,872,922	140,873,563	0.57%	455	3,605
2007	306,964	39,718	21,371,966,421	159,131,732	0.74%	518	4,007

¹The District covers Marion and Polk Counties, Marion County having the largest population. Both counties have other school districts. This number is provided as a reference only. Polk County information was not available for all years.

²Computed as gross bonded debt less amount available for retirement of debt in Debt Service Fund.

*This is the most current estimate taken from Marion County-Oregon Demographics. Both counties include other school districts.

Source: Salem-Keizer School District 24J

SALEM-KEIZER SCHOOL DISTRICT 24J
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Marion County

<u>Year</u>	<u>Population</u>	<u>Personal Income in Thousands of \$</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2016*	330,700	\$ 12,823,294	\$ 36,682	4.8%
2015	329,770	11,614,203	35,614	6.1%
2014	326,150	11,614,203	35,360	7.2%
2013	322,880	11,484,654	35,489	9.5%
2012	319,985	11,249,451	35,156	9.9%
2011	318,872	10,790,917	33,841	10.8%
2010	316,144	10,623,995	33,605	10.7%
2009	313,389	10,277,560	32,795	6.4%
2008	309,729	10,675,641	34,468	5.3%
2007	306,964	9,901,895	32,258	5.5%

*Income data not available at the time of publication- utilized 2015 amount. The population data is an estimate

Personal Income in thousands

This schedule is provided as a reference only. The District is located in both Marion and Polk Counties. Both Counties include other school districts. However, Marion County has the greater population and student base. Polk County information was not available for all years.

Sources:

- Oregon Employment Department- Worksource Oregon
- Marion County - Oregon Demographics
- US Department of Commerce, Bureau of Economic Analysis
- US Census Bureau
- Population Research Center - Portland State University

SALEM-KEIZER SCHOOL DISTRICT 24J
SALEM METROPOLITAN AREA EMPLOYMENT- LARGEST TO SMALLEST¹
Current and Nine Years Prior

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>% of Total</u>	<u>Employees</u>	<u>% of Total</u>
Trade, Transportation & Utilities	26,283	15.8%	24,200	15.6%
Educational and Health Services	24,180	14.5%	18,200	11.7%
State Government	21,830	13.1%	20,200	13.0%
Local Government	18,600	11.2%	17,100	11.0%
Leisure and Hospitality	14,312	8.6%	12,000	7.7%
Professional and Business Services	13,221	8.0%	11,800	7.6%
Manufacturing	12,799	7.7%	16,700	10.8%
Natural Resources and Mining	11,289	6.8%	8,800	5.7%
Financial Activities	5,842	3.5%	7,500	4.8%
Construction	8,799	5.3%	10,000	6.5%
Other Services	6,767	4.1%	5,400	3.5%
Federal Government	1,367	0.8%	1,600	1.0%
Information	1,001	0.6%	1,500	1.0%
Total Salem Metropolitan Area Non-Farm Payroll Employment	<u>166,290</u>	<u>100.0%</u>	<u>155,000</u>	<u>100.0%</u>
Salem-Keizer SD 24J ²	5,723	3.4%	4,551	2.9%
Governmental Employees	41,797	25.1%	38,900	25.1%
Private Sector Employees	<u>124,493</u>	<u>74.9%</u>	<u>116,100</u>	<u>74.9%</u>
	<u>166,290</u>	<u>100.0%</u>	<u>155,000</u>	<u>100.0%</u>

¹Source: Economic Data QCEW Data Tool on QualityInfo.org a website of the Oregon Employment Department as 2015 - Quarter 4

²Source: Salem Keizer School Distrive 24J Records- paid employees for the same period - 2016 Quarter 4

* Numbers rounded to nearest hundred

SALEM-KEIZER SCHOOL DISTRICT 24J
SALEM METROPOLITAN AREA - AVERAGE ANNUAL EMPLOYMENT¹
Last Ten Calendar Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Manufacturing:										
Other Durable Goods	6,000	5,800	5,200	4,900	4,900	4,800	5,000	5,300	6,600	7,300
Food Products	4,400	5,600	3,900	4,600	4,600	4,900	4,800	5,000	5,000	5,000
Other Nondurable Goods	6,300	2,000	2,000	2,000	2,000	1,900	2,000	2,000	2,400	2,500
Total Manufacturing	16,700	13,400	11,100	11,500	11,500	11,600	11,800	12,300	14,000	14,800
Natural Resources & Mining	1,200	5,900	1,200	1,200	1,200	1,100	1,100	1,000	1,200	1,300
Contract Construction	9,000	8,500	6,900	6,800	6,200	6,300	6,500	7,000	9,100	10,100
Transp., Comm., Utilities	4,200	3,900	3,800	3,800	3,700	3,500	3,400	3,700	3,800	3,600
Trade, Information	21,800	22,400	21,500	21,300	21,100	20,800	20,900	21,300	23,100	23,600
Finance, Ins., Real Estate	6,800	7,200	7,000	7,000	7,000	7,200	7,100	7,200	7,600	7,500
Service & Miscellaneous	55,600	55,300	54,100	53,000	50,900	49,900	49,700	50,200	51,200	50,500
Government:										
Federal	1,400	1,300	1,300	1,400	1,500	1,500	1,800	1,600	1,600	1,600
Indian Tribal	1,600	1,600	1,600	1,700	1,800	1,800	1,800	1,900	2,000	1,900
State	22,800	21,900	21,800	20,900	20,600	21,200	21,600	21,300	21,000	20,200
Local	18,800	16,600	16,800	15,800	15,900	16,400	17,500	17,800	17,600	16,800
Total Excluding Agriculture	159,900	158,000	147,100	144,400	141,400	141,300	143,200	145,300	152,200	151,900

This table shows the average annual civilian labor force (including wage and salary workers, self-employed, domestics, etc.) and employment and unemployment by place of residence in the Salem Metropolitan Area for the past ten years, as reported by the Employment Department (Workforce Analysis Section) of the Oregon Department of Human Resources (Salem Labor Trends). Numbers are rounded to the nearest hundred.

¹Annual Average Employment is Not Seasonally Adjusted

Source: Employment by Wages and Industry: www.QualityInfo.org

SALEM-KEIZER SCHOOL DISTRICT 24J
POPULATION ETHNICITY AND OTHER RELATED DATA
YEAR ENDED JUNE 30, 2016

	<u>Marion County</u>	<u>Polk County</u>
White	66.9%	79.5%
Spanish Heritage*	25.7%	13.0%
American Indian and Alaskan Native	2.6%	2.5%
Asian or Pacific Islander	2.3%	2.0%
African American	1.4%	0.8%
Housing Units	123,467	31,166
Homeownership Rate	59.6%	64.8%
Average Household Size	2.7	2.6
Percentage of Persons under 18	25.4%	23.3%
Median Household Income (2009-2015)	\$ 47,360	\$ 51,880

* People who identify themselves as Hispanic or Latino (Spanish Heritage) may be of any racial group; therefore percentages are not equal to 100%

Source: U.S. Census Bureau People Quick Facts 2015

SALEM-KEIZER SCHOOL DISTRICT 24J
School Building, Student Enrollment, and Average Daily Membership (ADM) Information
Last Ten Fiscal Years

	Square Feet	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
ELEMENTARY SCHOOLS											
Auburn (1955)	47,461										
ADM ¹		650	630	667	642	631	647	677	677	669	655
Enrollment ¹		654	652	668	652	639	653	685	688	665	664
Battle Creek (2012)	78,678										
ADM		559	525	529	460	-	-	-	-	-	-
Enrollment		542	527	531	459	-	-	-	-	-	-
Bethel (1925)	6,603										
ADM		-	-	-	-	-	61	73	70	76	80
Enrollment		-	-	-	-	-	64	72	71	77	77
Brush College (1909)	51,780										
ADM		253	210	339	373	410	420	431	409	397	373
Enrollment		254	200	333	369	410	421	437	398	400	380
Bush (2005)	46,290										
ADM		320	309	323	313	282	269	275	255	272	253
Enrollment		316	312	317	312	278	276	277	254	285	258
Candalaria (1955)	34,970										
ADM		353	355	339	340	342	329	345	306	312	320
Enrollment		354	352	343	338	352	329	341	312	318	330
Chapman Hill (1985)	59,528										
ADM		385	368	425	453	418	530	558	587	546	524
Enrollment		381	362	419	452	415	539	574	585	541	516
Chavez (2012)	78,174										
ADM		591	556	701	649	-	-	-	-	-	-
Enrollment		592	563	705	643	-	-	-	-	-	-
Clear Lake (1994)	49,289										
ADM		433	470	497	481	433	461	472	478	477	477
Enrollment		437	474	495	483	428	465	474	486	479	481
Cummings (1953)	41,287										
ADM		427	414	414	394	427	454	432	423	408	435
Enrollment		431	399	416	390	429	462	424	422	410	446
Englewood (1910)	55,240										
ADM		360	376	382	362	347	395	375	367	337	342
Enrollment		359	380	390	356	353	393	374	367	333	342
Eyre (1976)	47,200										
ADM		602	590	573	543	567	559	575	610	608	624
Enrollment		612	601	583	546	572	566	582	602	625	609
Forest Ridge/Optimum Learning Environment (OLE) Charter (2002)	47,554										
Forest Ridge ADM		231	241	233	248	243	236	250	235	245	241
Forest Ridge Enrollment		224	239	239	244	248	241	246	227	241	235
OLE ADM		130	130	130	132	134	124	125	125	125	125
OLE Enrollment		129	129	130	132	134	125	125	125	125	125
Four Corners (1949)	50,867										
ADM		530	510	521	523	501	506	531	530	534	503
Enrollment		532	522	517	523	510	513	545	527	534	506
Fruitland (1935)	4,896										
ADM		-	-	-	-	-	65	65	66	67	69
Enrollment		-	-	-	-	-	69	72	70	67	67
Grant (1955)	47,003										
ADM		428	456	434	405	378	355	358	351	326	342
Enrollment		427	447	443	410	393	349	361	354	335	350
Gubser (1976)	49,574										
ADM		524	486	470	474	474	490	503	506	508	518
Enrollment		528	477	464	477	472	491	508	512	511	527
Hallman (2001)	44,951										
ADM		415	454	429	453	453	464	481	483	446	436
Enrollment		435	456	433	461	468	466	500	480	446	445
Hammond (2001)	47,554										
ADM		532	522	504	507	529	517	521	516	526	507
Enrollment		522	518	502	514	527	521	532	515	525	504
Harritt (2003)	47,554										
Harritt ADM		524	501	301	296	295	550	555	574	547	555
Harritt Enrollment		514	498	301	289	293	557	551	571	541	553

¹Enrollment data for all schools is from the official October Enrollment Report.

²Grant Community School previously had students in elementary and middle school grades; the enrollment is shown separately under each section.

Source: Salem Keizer School District 24J - Facilities.

SALEM-KEIZER SCHOOL DISTRICT 24J
School Building, Student Enrollment, and Average Daily Membership (ADM) Information
Last Ten Fiscal Years

	Square Feet	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Hayesville (1963)	55,458										
ADM		439	436	421	405	404	452	446	487	496	503
Enrollment		448	457	431	412	411	454	453	497	504	504
Hazel Green (1955)	-										
ADM		-	-	-	-	104	105	91	103	104	97
Enrollment		-	-	-	-	103	103	91	102	105	95
Highland (1910)	46,128										
ADM		406	398	387	358	328	349	369	298	302	318
Enrollment		413	402	388	366	340	356	367	304	307	317
Hoover (1951)	46,128										
ADM		499	500	531	529	546	552	565	564	612	595
Enrollment		502	506	538	523	558	562	552	570	605	606
Kalapuya (2011)	72,095										
ADM		603	619	662	641	597	-	-	-	-	-
Enrollment		590	615	655	638	591	-	-	-	-	-
Keizer (1985)	67,210										
ADM		654	641	624	590	624	535	530	540	540	508
Enrollment		656	657	617	604	642	534	537	564	532	496
Kennedy (1964)	42,457										
ADM		459	455	465	457	428	427	448	513	496	467
Enrollment		458	458	465	456	427	427	457	527	500	470
Lake Labish (1958)	9,298										
ADM		-	-	-	-	-	91	89	90	108	116
Enrollment		-	-	-	-	-	86	88	92	108	121
Lamb (2001)	47,554										
ADM		493	464	503	481	493	475	492	496	490	461
Enrollment		491	473	509	482	503	478	506	507	493	464
Lee (2002)	47,554										
ADM		309	318	305	319	397	497	385	399	365	380
Enrollment		303	318	303	328	398	495	385	401	371	396
Liberty (1908)	52,273										
ADM		372	388	376	370	375	366	354	339	365	335
Enrollment		372	378	372	368	368	363	354	344	362	330
McKinley (1915)	40,140										
ADM		335	339	317	316	313	316	310	309	304	298
Enrollment		329	334	317	318	326	324	310	303	312	299
Middle Grove (1947) - SOLD	-										
ADM		-	-	-	-	298	278	230	240	211	189
Enrollment		-	-	-	-	301	286	235	246	210	188
Miller (2000)	52,752										
ADM		417	430	420	428	500	382	349	359	369	395
Enrollment		424	426	437	439	507	388	349	352	387	399
Morningside (1953)	50,996										
ADM		384	379	373	355	372	357	336	321	316	313
Enrollment		386	386	378	358	374	357	335	323	314	316
Myers (1973)	46,746										
ADM		504	480	427	425	419	582	598	561	528	538
Enrollment		514	478	427	422	422	579	592	572	529	542
Pringle (1985)	58,637										
ADM		563	528	506	473	627	528	640	608	588	529
Enrollment		572	526	518	477	634	539	648	623	573	527
Richmond (1911)	49,734										
ADM		363	396	380	350	341	346	338	356	362	352
Enrollment		361	397	382	354	349	346	342	352	375	345
Rosedale (1952)	21,860										
ADM		-	-	-	-	150	168	162	146	139	139
Enrollment		-	-	-	-	151	164	156	145	141	145
Salem Heights (1938)	43,783										
ADM		301	291	274	264	275	282	303	303	282	298
Enrollment		296	288	279	273	276	288	306	301	288	319
Schirle (1976)	50,958										
ADM		442	453	463	455	492	511	490	459	440	458
Enrollment		442	445	464	462	490	510	501	452	437	466
Scott (1976)	49,888										
ADM		617	621	530	539	627	629	611	589	625	591
Enrollment		641	624	543	542	614	632	611	587	635	597
Sumpter (1979)	48,352										
ADM		534	496	494	498	536	548	541	535	544	544
Enrollment		523	501	496	502	537	548	547	535	550	538

¹Enrollment data for all schools is from the official October Enrollment Report.

²Grant Community School previously had students in elementary and middle school grades; the enrollment is shown separately under each section.

Source: Salem Keizer School District 24J - Facilities.

SALEM-KEIZER SCHOOL DISTRICT 24J
School Building, Student Enrollment, and Average Daily Membership (ADM) Information
Last Ten Fiscal Years

	Square Feet	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Swegle (1923)	47,610										
ADM		576	561	469	583	580	570	536	513	496	494
Enrollment		583	553	481	585	587	573	538	512	498	501
Valley Inquiry Charter School	13,569										
ADM		163	165	163	160	148	145	138	118	99	68
Enrollment		165	168	163	162	146	148	145	121	99	74
Washington (1948)	65,156										
ADM		423	431	404	414	390	391	427	434	418	400
Enrollment		415	444	410	429	406	412	422	436	423	393
Weddle (2001)	50,080										
ADM		451	459	445	395	430	442	448	463	475	465
Enrollment		455	469	449	402	447	440	447	483	472	466
Wright (1963)	54,004										
ADM		421	424	456	447	432	443	435	456	471	470
Enrollment		420	428	448	443	433	448	431	458	469	480
Yoshikai (1994)	49,289										
ADM		554	542	496	487	505	495	475	511	520	503
Enrollment		538	535	505	487	512	502	489	504	523	500
Eagle Charter, State Sponsored											
ADM		141	143	125	126	-	-	-	-	-	-
Enrollment		140	144	120	124	-	-	-	-	-	-
Elementary Portables	89,354										
Elementary Totals:											
Square Feet	2,305,516										
ADM		19,670	19,460	19,227	18,910	18,593	18,694	18,738	18,680	18,491	18,203
Enrollment		19,680	19,518	19,324	19,006	18,774	18,842	18,874	18,779	18,580	18,309
MIDDLE SCHOOLS											
Claggett Creek (2001)	114,696										
ADM		919	917	932	933	916	912	916	915	912	919
Enrollment		926	926	948	944	940	927	930	944	930	932
Crossler (1995)	111,930										
ADM		725	692	752	816	786	703	732	708	744	724
Enrollment		733	692	772	831	804	711	764	723	784	752
Grant (1994) (2)											
ADM		-	-	-	-	-	81	82	80	95	97
Enrollment		-	-	-	-	-	83	84	81	100	101
Houck (1995)	117,048										
ADM		950	953	950	941	907	938	969	988	1005	1,045
Enrollment		957	974	957	960	937	966	969	996	1027	1,071
Howard Street Charter (1926)	65,618										
ADM		156	157	161	161	154	154	152	150	150	152
Enrollment		156	161	163	162	152	156	154	151	154	152
Judson (1957)	121,584										
ADM		941	914	953	962	966	968	931	891	901	876
Enrollment		958	932	956	981	979	976	946	904	903	879
Leslie (1997)	113,600										
ADM		774	756	764	810	891	891	921	851	848	822
Enrollment		790	767	773	818	891	894	919	874	876	828
Parrish (1923)	113,302										
ADM		682	649	675	696	733	690	633	648	682	674
Enrollment		691	670	695	705	747	697	640	655	685	684
Stephens (1994)	118,272										
ADM		1,046	1,037	919	952	1,010	946	913	921	953	1,003
Enrollment		1,063	1,053	927	1,005	1,028	961	943	955	962	1,009
Straub (2011)	136,813										
ADM		600	589	723	756	-	-	-	-	-	-
Enrollment		607	587	731	750	-	-	-	-	-	-
Jane Goodall Environmental Middle School (JGEMS)											
JGEMS ADM		97	97	98	98	90	89	88	89	90	89
JGEMS Enrollment		99	97	99	98	90	90	88	90	90	91
Waldo (1957)	120,528										
Waldo ADM		979	922	903	797	789	739	788	751	738	694
Waldo Enrollment		995	929	910	821	791	760	781	739	751	698
Walker (1960)	114,160										
ADM		637	619	521	529	1,092	1,080	1,073	1,087	1058	977
Enrollment		638	613	530	534	1,114	1,091	1,075	1,091	1065	968

¹Enrollment data for all schools is from the official October Enrollment Report.

²Grant Community School previously had students in elementary and middle school grades; the enrollment is shown separately under each section.

Source: Salem Keizer School District 24J - Facilities.

SALEM-KEIZER SCHOOL DISTRICT 24J
School Building, Student Enrollment, and Average Daily Membership (ADM) Information
Last Ten Fiscal Years

	Square Feet	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Whiteaker (1968)	114,452										
ADM		744	731	772	823	879	894	877	858	784	770
Enrollment		741	733	776	827	884	896	884	868	792	777
Middle School Portables	17,853										
Middle School Totals:											
Square Feet	1,379,856										
ADM		9,250	9,033	9,121	9,275	9,213	9,085	9,077	8,937	8,960	8,842
Enrollment		9,354	9,134	9,237	9,436	9,357	9,208	9,177	9,071	9,119	8,942
HIGH SCHOOLS											
McKay (1978)	247,176										
ADM		2,227	2,130	1,877	1,745	1,752	1,711	1,683	1,765	1,792	1,707
Enrollment		2,334	2,228	1,968	1,824	1,855	1,855	1,834	1,921	1,925	1,841
McNary (1964)	243,760										
ADM		1,956	1,952	1,956	1,947	1,972	1,979	1,961	1,897	1,919	1,911
Enrollment		2,046	2,062	2,037	2,053	2,130	2,095	2,050	2,088	2,078	2,036
North (1936)	301,314										
ADM		1,747	1,744	1,759	1,789	1,856	1,785	1,790	1,856	1,862	1,865
Enrollment		1,867	1,855	1,889	1,923	2,039	1,905	1,928	2,025	2,032	2,041
South (1954)	277,375										
ADM		1,821	1,811	1,882	1,937	1,862	1,850	1,807	1,775	1,819	1,759
Enrollment		1,881	1,902	1,951	2,029	1,975	1,949	1,875	1,894	1,946	1,925
Sprague (1972)	269,584										
ADM		1,644	1,634	1,652	1,664	1,628	1,686	1,599	1,637	1,662	1,686
Enrollment		1,706	1,695	1,730	1,756	1,728	1,755	1,663	1,727	1,773	1,766
West (2002)	265,000										
ADM		1,734	1,677	1,666	1,676	1,631	1,616	1,587	1,537	1,462	1,442
Enrollment		1,773	1,730	1,738	1,728	1,754	1,687	1,706	1,619	1,555	1,506
High School Portables	52,239										
Total Alternative Education Programs/Locations: Centennial (1897) and Roberts (2005)	34,694										
ADM		750	739	895	858	820	992	1,252	1,163	960	781
Enrollment		823	975	1,096	987	950	1,106	1,314	1,186	933	774
HIGH SCHOOL AND ALTERNATIVE EDUCATION PROGRAMS TOTALS:											
Square Feet	1,691,142										
ADM		11,879	11,687	11,687	11,617	11,521	11,619	11,679	11,630	11,476	11,151
Enrollment		12,430	12,447	12,409	12,300	12,431	12,352	12,370	12,460	12,242	11,889
DISTRICT FACILITIES											
Paulus Complex (1986)	21,230										
Lancaster Professional Center (1975)	35,265										
Central Kitchen/Nutrition Center (1991)	25,400										
Central Services (1994)	71,230										
Reprographics (1991)	26,550										
Support Services (1955)	22,580										
Technology Data Center (1975)	11,664										
Transportation (1964)	12,640										
District Portables:	2,320										
Other District Facilities	6,487										
Total District:	235,366										
GRAND TOTALS:	5,611,880										
ADM		40,799	40,180	40,035	39,801	39,327	39,398	39,493	39,247	38,927	38,196
Enrollment		41,464	41,099	40,970	40,742	40,562	40,402	40,421	40,310	39,941	39,140

¹Enrollment data for all schools is from the official October Enrollment Report.

²Grant Community School previously had students in elementary and middle school grades; the enrollment is shown separately under each section.

Source: Salem Keizer School District 24J - Facilities.

SALEM-KEIZER SCHOOL DISTRICT 24J

AVERAGE DAILY MEMBERSHIP

Last Ten Fiscal Years Ended June 30

School Name	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary Schools										
Auburn	650	630	667	642	631	647	677	677	669	655
Battle Creek	559	525	529	460	-	-	-	-	-	-
Bethel	-	-	-	-	-	61	73	70	76	80
Brush College	253	210	339	373	410	420	431	409	397	373
Bush	320	309	323	313	282	269	275	255	272	253
Candalaria	353	355	339	340	342	329	345	306	312	320
Chapman Hill	385	368	425	453	418	530	558	587	546	524
Chavez	591	556	701	649	-	-	-	-	-	-
Clear Lake	433	470	497	481	433	461	472	478	477	477
Cummings	427	414	414	394	427	454	432	423	408	435
Englewood	360	376	382	362	347	395	375	367	337	342
Eyre	602	590	573	543	567	559	576	610	608	624
Forest Ridge	231	241	233	247	243	236	250	235	245	241
Four Corners	530	510	521	523	501	506	531	530	534	503
Fruitland	-	-	-	-	-	65	65	66	67	69
Grant	428	456	434	405	378	355	359	351	326	342
Gubser	524	486	470	474	474	490	503	506	508	518
Hallman	415	454	429	452	453	464	481	483	446	436
Hammond	532	522	504	507	529	517	521	516	526	507
Harritt	524	501	301	296	295	550	555	574	547	555
Hayesville	439	436	421	405	404	452	447	487	496	503
Hazel Green	-	-	-	-	104	105	91	103	104	97
Highland	406	398	386	358	328	349	370	298	302	318
Hoover	499	500	531	528	546	552	565	564	612	595
Kalapuya	603	619	662	641	597	-	-	-	-	-
Keizer	654	641	624	590	624	535	530	540	540	508
Kennedy	459	455	465	457	428	427	448	513	496	467
Lake Labish	-	-	-	-	-	91	89	90	108	116
Lamb	493	464	503	481	493	475	492	496	490	461
Lee	309	318	305	319	397	497	385	399	365	380
Liberty	372	388	376	370	375	366	354	339	365	335
McKinley	335	339	317	316	313	316	310	309	304	298
Middle Grove	-	-	-	-	298	278	230	240	211	189
Miller	417	430	420	428	500	382	350	359	369	395
Morningside	384	379	373	355	372	357	336	321	316	313
Myers	504	480	427	425	419	582	599	561	528	538
Pringle	563	528	506	473	627	528	640	608	588	529
Richmond	363	396	380	350	341	346	338	356	362	352
Rosedale	-	-	-	-	150	168	162	146	139	139
Salem Heights	301	291	274	264	275	282	299	303	282	298
Schirle	442	453	463	455	492	511	490	459	440	458
Scott	617	621	530	539	627	629	611	589	625	591
Sumpter	534	496	494	498	536	548	541	535	544	544
Swegle	576	561	471	469	583	580	570	536	513	496
Washington	423	431	438	404	414	390	391	427	434	418
Weddle	451	459	464	445	395	430	442	448	463	475
Wright	421	424	462	456	447	432	443	435	456	471
Yoshikai	554	542	498	496	487	505	495	475	511	520
OLE Charter (1-5)	130	130	130	132	134	124	125	125	125	125
Valley Inquiry Charter	163	165	166	163	160	148	145	138	118	99
Eagle State Sponsored Charter	141	143	138	125	126	-	-	-	-	-
Total Elementary School	19,670	19,460	19,305	18,856	18,720	18,693	18,765	18,643	18,507	18,282

Source: Salem-Keizer School District 24J

SALEM-KEIZER SCHOOL DISTRICT 24J

AVERAGE DAILY MEMBERSHIP

Last Ten Fiscal Years Ended June 30

School Name	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Middle School										
Claggett Creek	919	917	890	932	933	916	912	916	915	912
Crossler	725	692	701	751	816	786	703	732	708	744
Houck	950	953	949	950	941	907	938	969	988	1,005
Judson	941	914	908	953	962	966	968	931	891	901
Leslie	774	756	759	764	810	891	891	921	851	848
Parrish	682	649	662	675	696	733	690	633	648	682
Stephens	1,046	1,037	992	919	952	1,010	946	913	921	953
Straub	600	589	723	723	756	-	-	-	-	-
Waldo	979	922	917	902	797	789	739	788	751	738
Walker	637	619	505	521	529	1,092	1,080	1,073	1,087	1,058
Whiteaker	744	731	742	772	823	879	894	877	858	784
Howard Street Charter	156	157	157	161	161	154	154	152	150	150
Grant Community Charter	-	-	-	-	-	-	81	82	80	95
Jane Goodall										
Environmental Charter	97	97	99	98	98	90	89	88	89	90
Total Junior High/ Middle Schools	9,250	9,033	9,004	9,121	9,275	9,213	9,085	9,077	8,937	8,960
High Schools										
McKay	2,227	2,130	1,980	1,877	1,745	1,752	1,711	1,683	1,765	1,792
McNary	1,956	1,952	2,006	1,956	1,947	1,972	1,979	1,961	1,897	1,919
North	1,747	1,744	1,760	1,759	1,789	1,856	1,785	1,790	1,856	1,862
South	1,821	1,811	1,885	1,882	1,937	1,862	1,850	1,807	1,775	1,819
Sprague	1,644	1,634	1,571	1,652	1,664	1,628	1,686	1,599	1,637	1,662
West Salem	1,734	1,677	1,627	1,666	1,676	1,631	1,616	1,587	1,537	1,462
Alternative Education	580	505	676	723	668	611	838	1,055	1,005	280
Total High School	11,709	11,453	11,505	11,515	11,427	11,312	11,465	11,481	11,472	10,796
Other Special Programs	170	234	160	172	190	209	154	197	158	680
Total Average Daily Membership	40,799	40,180	39,974	39,664	39,611	39,427	39,469	39,399	39,074	38,718
Percentage increase from previous year	1.54%	0.52%	0.78%	0.13%	0.47%	-0.11%	0.18%	0.83%	0.92%	1.64%

Source: Salem-Keizer School District 24J

SALEM-KEIZER SCHOOL DISTRICT 24J
LICENSED, CLASSIFIED AND ADMINISTRATIVE FULL-TIME EMPLOYEES STAFF LEVELS
Last Ten Fiscal Years Ended June 30

Fiscal Year	Licensed	Classified	Administrative	Total FTE	General Fund		Percent of Total
					Total General Fund	All Other Funds	
2016	2,317	2,147	181	4,645	4,255	390	91.60%
2015	2,161	2,025	157	4,343	3,936	407	90.63%
2014	1,998	1,935	136	4,069	3,691	378	90.71%
2013	2,094	1,987	150	4,231	3,779	452	89.32%
2012	1,913	1,951	151	4,015	3,575	440	89.04%
2011	2,417	1,844	160	4,421	3,963	458	89.64%
2010	2,373	1,805	160	4,338	3,889	449	89.65%
2009	2,458	1,772	159	4,389	3,937	452	89.70%
2008	2,373	1,646	152	4,171	3,743	428	89.74%
2007	2,269	1,516	147	3,932	3,530	402	89.78%

Source: District Payroll Records

Note: FTE does not include non-district employees of District sponsored public charter schools.

Collective Bargaining Unit	Membership	Termination Date of Current Contract	Status of Negotiations
Salem-Keizer Education Association (SKEA)	2369	June 30, 2017	Settled
Association of Salem-Keizer Education Support Professionals (ASK ESP)	2772	June 30, 2018	Settled

Source: Salem-Keizer School District 24J

SALEM-KEIZER SCHOOL DISTRICT 24J
TEACHER BASE SALARIES
Last Ten Fiscal Years Ended June 30

Fiscal Year	Minimum Salary¹	Maximum Salary¹	Average Salary¹	Marion County Average Salary²	Polk County Average Salary²	Statewide Average Salary²
2016	\$ 38,066	\$ 74,923	\$ 58,073	\$ 60,353	\$ 53,500	\$ 60,407
2015	37,320	73,454	58,245	59,420	54,202	59,477
2014	36,588	72,014	57,838	58,907	53,084	58,595
2013	36,083	71,020	57,027	56,379	53,029	57,590
2012	34,719	68,335	54,785	55,545	53,876	56,940
2011	34,719	68,335	55,687	54,637	52,462	56,504
2010	34,375	67,658	53,093	54,446	53,086	55,343
2009	33,838	66,601	51,201	52,727	51,595	54,091
2008	32,624	64,210	49,924	51,024	49,471	52,656
2007	31,828	62,644	48,517	49,920	48,293	51,471

Sources: ¹Salem Keizer School District 24J. Minimum, maximum, and average salary amounts do not include differentials, additional work days, or fringe benefits such as retirement, health insurance, etc.

²Oregon Department of Education (ODE), Office of Analysis and Reporting

SALEM-KEIZER SCHOOL DISTRICT 24J
OPERATING STATISTICS
Last Ten Fiscal Years Ended June 30

Fiscal Year	Average Daily Membership	Governmental Fund Expenditures	Cost per Pupil	% Change	Governmental Fund Expenditures Less Debt Service-		Cost per Pupil	% Change	Teaching Staff	Pupil-Teacher Ratio
					General Obligation	Bonds				
2016	40,799	\$ 509,039,907	\$ 12,477	2.0%	\$ 476,046,926	\$ 11,668	2.1%	2,317	17.6	
2015	40,181	491,550,470	12,233	5.1%	459,385,857	11,433	5.2%	2,161	18.6	
2014	39,974	465,071,226	11,634	2.3%	434,330,820	10,865	2.6%	1,998	20.0	
2013	39,664	451,064,582	11,372	-7.6%	420,182,956	10,594	-8.3%	2,094	18.9	
2012	39,611	487,356,869	12,304	-3.1%	457,578,299	11,552	-4.0%	1,913	20.7	
2011	39,427	500,759,480	12,701	10.8%	474,595,399	12,037	12.0%	2,417	16.3	
2010	39,469	452,442,540	11,463	6.7%	424,191,034	10,747	7.0%	2,373	16.6	
2009	39,399	423,305,466	10,744	2.7%	395,709,732	10,044	3.3%	2,458	16.0	
2008	39,074	408,944,554	10,466	5.9%	379,985,275	9,725	5.7%	2,373	16.5	
2007	38,718	382,537,861	9,880	3.5%	356,374,070	9,204	3.6%	2,269	17.1	

Source: Salem-Keizer School District 24J

Notes: Teaching staff includes all licensed staff - teachers, counselors, and librarians.

SALEM-KEIZER SCHOOL DISTRICT 24J
MISCELLANEOUS STATISTICAL DATA
Last Ten Fiscal Years Ended June 30

NUMBER OF SCHOOL BUILDINGS:

High Schools	8
Middle Schools	11
Elementary Schools	42

SUPPORT FACILITIES:

William Paulus Administration Center
 Central Services Center
 Lancaster Professional Center
 Technology Center
 Central Kitchen/Nutrition Center
 Reprographics Building
 Support Services Center
 Transportation Center

NUMBER OF TYPE A MEALS SERVED:

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Paid lunches	813,221	704,861	816,839	844,229	968,158	1,108,465	1,180,258	1,193,812	1,239,151	1,204,427
Free lunches	3,138,828	2,948,233	2,613,510	2,540,132	2,566,100	2,493,062	2,367,953	2,222,179	2,127,436	2,066,321
Reduced lunches	162,010	174,689	277,296	274,058	297,095	319,478	384,474	397,196	384,765	378,957
	<u>4,114,059</u>	<u>3,827,783</u>	<u>3,707,645</u>	<u>3,658,419</u>	<u>3,831,353</u>	<u>3,921,005</u>	<u>3,932,685</u>	<u>3,813,187</u>	<u>3,751,352</u>	<u>3,649,705</u>
Paid breakfast	191,819	161,505	231,040	214,897	250,572	268,760	307,929	327,052	357,733	602,563
Free breakfast	1,171,952	1,127,288	1,037,571	977,764	1,053,192	969,294	972,709	958,024	938,613	961,878
Reduced breakfast	51,943	58,341	98,980	93,044	106,691	124,814	143,925	140,494	140,777	172,659
	<u>1,415,714</u>	<u>1,347,134</u>	<u>1,367,591</u>	<u>1,285,705</u>	<u>1,410,455</u>	<u>1,362,868</u>	<u>1,424,563</u>	<u>1,425,570</u>	<u>1,437,123</u>	<u>1,737,100</u>
Percentage of students eligible for meals	61%	58%	61%	59%	59%	58%	56%	52%	53%	48%

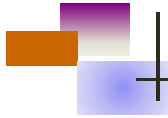
GRADUATION STATISTICS:

High Schools	2,217	2,054	2,178	2,165	2,147	2,180	2,191	2,311	2,371	2,175
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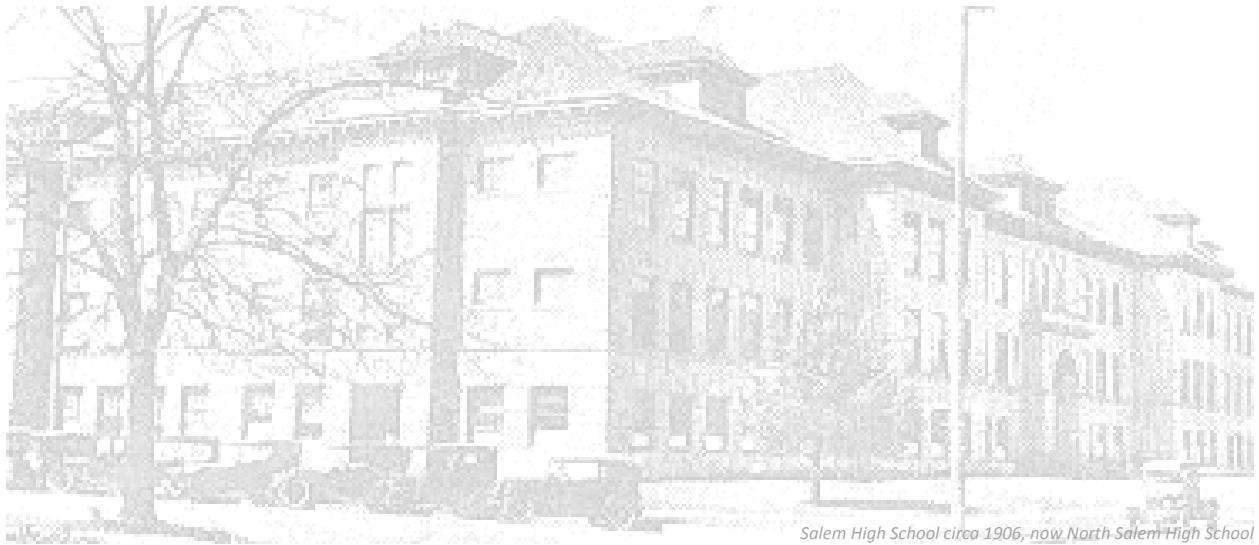
Graduates for the current year are estimates. Finalized numbers are available from ODE the following spring.
 Graduation rates before 2008-09 are not comparable to later years. The Oregon Department of Education changed the counting methodology.

Source: Salem-Keizer School District 24J





Compliance Section



Salem High School circa 1906, now North Salem High School



GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S 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

School Board
Salem-Keizer School District 24J
Salem, Oregon

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Salem-Keizer School District 24J, Marion County, Oregon (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 District's 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 District's financial statements are free from material misstatement, we performed tests of its 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

December 30, 2016



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

School Board
Salem-Keizer School District 24J
Salem, Oregon

Report on Compliance for Each Major Federal Program

We have audited Salem-Keizer School District 24J's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Salem-Keizer School District 24J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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


CERTIFIED PUBLIC ACCOUNTANTS

December 30, 2016

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenses 2015-16
U.S. Department of Education					
Direct Programs					
Indian Education					
Indian Education	84.060	S060A151098	7/1/15-6/30/16	\$ 149,307	\$ 149,307
Sub Total Indian Education					<u>149,307</u>
High School Graduation Initiative					
HS Graduation Initiative	84.360	S060A100047	10/1/13-9/30/15	2,112,533	103,030
HS Graduation Initiative	84.360	S360A100047	10/1/14-9/30/16	2,079,990	280,103
Sub Total High School Graduation Initiative					<u>383,133</u>
Total U.S. Department of Education Direct Programs					<u>532,440</u>
Passed-Through Chalk Board Project					
TIF-Principal Leadership Roles 13-15	84.374	00407PLR	3/1/14-9/30/15	94,000	17,043
TIF-Additional Leadership Roles & Resp 13-15	84.374	00407ALR	3/1/14-9/30/15	130,000	12,000
TIF-Implementation Grant 14-15	84.374	00507	10/1/14-6/30/15	84,481	28,466
TIF - Leadership Roles 14-15	84.374	00507LR	10/1/14-6/30/15	109,000	20,779
TIF-Leadership Roles PBCS	84.374	00507PBC	10/1/13-9/30/15	991,735	590,919
Sub Total Teacher Incentive Fund					<u>669,207</u>
Passed-Through Oregon State Department of Education					
Title ID 13-14	84.010	28274	7/1/13-9/30/15	136,622	4,849
Title ID 14-15	84.010	32518	7/1/14-9/30/16	153,702	11,756
Title ID 15-16	84.010	36570	7/1/15-9/30/16	136,590	132,804
Title IA/D 14-15	84.010	32677	7/1/14-9/30/16	14,288,362	4,569,124
Title IA/D 15-16	84.010	36068	7/1/15-9/30/16	14,288,417	9,074,227
Title I - Priority/Focus - Grant	84.010	32766	7/1/14-9/30/15	40,679	13,432
Title I - Priority/Focus - Four Corners	84.010	37576	7/1/15-9/30/16	39,085	25,666
Title I - Priority/Focus - Grant	84.010	37577	7/1/15-9/30/16	33,881	24,212
Title I - Priority/Focus - Scott	84.010	37578	7/1/15-9/30/16	40,098	33,521
Title I - Priority/Focus - Swegle	84.010	37579	7/1/15-9/30/16	37,042	34,095
Sub Total Title I Grants to Local Educational Agencies (LEA's)					<u>13,923,686</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenses 2015-16
Title I C Preschool	84.011	33589	7/1/14-9/30/15	\$ 59,816	\$ 809
Title I C Preschool	84.011	37745	7/1/15-9/30/16	64,263	55,089
Title I C Regular	84.011	33608	7/1/14-9/30/16	661,706	121,968
Title I C Regular	84.011	37726	7/1/15-9/30/16	662,356	519,292
Title I C Summer	84.011	35113	4/15/15-9/30/15	229,255	144,128
Title I C Summer	84.011	40022	4/15/16-9/30/16	168,505	42,544
Sub Total Title I-C Migrant Education					883,830
LTCT Title I D 15-16	84.013	38531	7/1/15-6/30/16	13,280	12,441
Sub Total Title I State Agency Program for Neglected and Delinquent Children and Youth					12,441
Title IA - SIG - Richmond	84.377	35727	6/1/15-9/30/16	279,936	81,055
Sub Total School Improvement Grants					81,055
Title IIA 14-15	84.367	33001	7/1/14-9/30/15	1,326,595	252,505
Title IIA 15-16	84.367	36265	7/1/15-9/30/16	1,334,100	972,018
Sub Total Title IIA Improving Teacher Quality					1,224,523
Title III 14-15	84.365	32360	7/1/14-9/30/16	961,984	386,537
Title III 15-16	84.365	36359	7/1/15-9/30/16	971,665	586,052
Sub Total English Language Acquisition State Grants					972,589
Special Education Cluster (IDEA)					
SPR & I 15-16	84.027	37988	8/1/15-6/30/16	24,643	22,478
Ext Assessment 15-16	84.027	35798	7/1/15-6/30/16	19,800	9,836
IDEA 14-15, 611 Part B	84.027	33375	7/1/14-9/30/16	6,707,221	1,209,478
IDEA 15-16, 611 Part B	84.027	36962	7/1/15-9/30/17	6,754,060	4,729,754
IDEP LTCT 15-16	84.027	38506	7/1/15-6/30/16	10,202	1,590
IEP Training - Portland Aug 2015	84.027	38750	8/19/15-8/30/15	675	675
Sub Total Special Education - Grants to States					5,973,811
IDEA Part B, Section 619	84.173	28928	7/1/13-9/30/16	35,398	97
IDEA Part B, Section 619	84.173	33530	7/1/14-9/30/16	38,884	22,429
IDEA Part B, Section 619	84.173	37248	7/1/15-9/30/17	37,426	-
Sub Total Special Education Preschool Grants					22,526
Sub Total Special Education Cluster (IDEA)					5,996,337

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenses 2015-16
Perkins 14-15	84.048	31775	7/1/14-9/30/15	\$ 431,265	\$ 115,075
Perkins 15-16	84.048	36420	7/1/15-9/30/16	471,540	379,582
Oregon PIPE Regional	84.048	34993	1/26/15-10/30/16	5,000	2,869
Perkins Leadership Institute	84.048	38469	8/6/15-6/30/16	2,600	1,340
Sub Total Career and Technical Education					<u>498,866</u>
McKinney Homeless 14-15	84.196	34335	7/1/14-9/30/15	60,000	16,125
McKinney Homeless 15-16	84.196	36485	7/1/15-9/30/16	60,000	54,244
Sub Total Education for Homeless Children and Youth					<u>70,369</u>
Total U.S. Department of Education Passed-Through Oregon State Department of Education					<u>23,663,696</u>
Passed-Through Oregon Department of Human Services					
Youth Transition Program 13-17	84.126	143309-1	7/1/13-6/30/14	883,160	220,035
Sub Total Rehabilitation Services - Vocational Rehabilitation Grants to States					<u>220,035</u>
Passed-Through Western Oregon University					
SPELL	84.365	TRSUB16.03	9/1/15-8/31/16	45,270	43,118
Sub Total National Professional Development Program					<u>43,118</u>
Total U.S. Department of Education					24,459,289
U.S. Department of Health & Human Services					
Passed-Through Oregon Department of Human Services					
Affordable Care Act (ACA) Abstinence Education Program					
My Future, My Choice	93.235	141916	7/1/15-6/30/16	30,000	28,642
My Future, My Choice	93.235	141916	6/1/14-6/30/15	45,000	157
Sub Total Affordable Care Act (ACA) Abstinence Education Program					<u>28,799</u>
Total U.S. Department of Health & Human Services					<u>28,799</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Revenue and Expenses 2015-16
U.S. Department of Agriculture					
Passed-Through Oregon State Department of Education					
Child Nutrition Cluster					
National School Breakfast Program	10.553	N/A	7/1/15-6/30/16		\$ 2,454,919
National School Lunch Program	10.555	N/A	7/1/15-6/30/16		10,499,372
Commodity Value - NSLP	10.555	N/A	7/1/15-6/30/16		1,193,345
Summer Food Svc Program/Children	10.559	N/A	7/1/15-6/30/16		172,892
Commodity Value - SFSP	10.559	N/A	7/1/15-6/30/16		1,071
Sub Total Child Nutrition Cluster					<u>14,321,599</u>
Child and Adult Care Food Program	10.558		7/1/15-6/30/16		930,939
Sub Total Child and Adult Card Food Program					<u>930,939</u>
Fresh Fruit and Vegetable Program	10.582	36684		3,263	1,810
Fresh Fruit and Vegetable Program	10.582	38670		18,469	16,883
Sub Total Child Nutrition Discretionary Grants					<u>18,693</u>
 					-
Total U.S. Department of Agriculture Passed-Through Oregon State Department of Education					<u>15,271,231</u>
Passed-Through Marion County					
Forest Service Schools and Roads Cluster					
Federal Forest Fees	10.665	N/A	7/1/15-6/30/16	162,004	251,928
Sub Total Forest Service Schools and Roads Cluster					<u>251,928</u>
Total U.S. Department of Agriculture					<u>15,523,159</u>
U.S. General Services Administration					
Passed-Through Oregon Department of Administrative Services					
Donated Surplus Property 2015-16	39.003		7/1/15-6/30/16		7,886
Sub Total Donation of Federal Surplus Personal Property					<u>7,886</u>
Total U.S. General Services Administration					<u>7,886</u>
Total Federal Programs					<u><u>40,688,340</u></u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance and OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments*, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2016.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recorded when the liability is incurred. Donated commodities are valued at their estimated fair value.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027 & 84.173	Special Education Cluster (IDEA)
84.365	English Language Acquisition State Grants
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between type A and type B programs:	\$1,220,650
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Auditee qualified as low-risk auditee?	Yes
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FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Department of Education

2016-001 - Special Education Cluster – CFDA 84.027 & 84.173; Grant Period: Year End June 30, 2016 Non-Compliance and Significant Deficiency in Controls over Compliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Condition:

There is a lack of time reporting documentation to support wages charged to the grant.

SALEM-KEIZER SCHOOL DISTRICT 24J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT (Continued)

Department of Education (Continued)

2016-001 - Special Education Cluster – CFDA 84.027 & 84.173; Grant Period: Year End June 30, 2016 Non-Compliance and Significant Deficiency in Controls over Compliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Continued)

Criteria:

As a recipient of federal awards, the District is responsible to retain documented support for approval of time charged to the grant based on the grant agreement and the Uniform Guidance, which provides guidance on Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Cause of condition:

District personnel responsible for reviewing the time reporting documentation were not following up with employees to ensure that documentation of time approvals were present.

Potential effect of condition:

A portion of the District's payroll expenditures charged to the grant could be disallowed.

Context:

A sample of 40 payroll expenditures totaling \$81,300 from a population of 1,835 payroll transactions within the grant totaling \$4,178,032. The testing found that three transactions were not in compliance with the requirement to maintain documentation of approval of time charged to the grant. The questioned costs for these three transactions total \$2,803.

Recommendation:

All federal expenditures documentation should receive documented review by District employees familiar with the contents of the requirements of Uniform Guidance and specific requirements of the grant agreement.

Management response:

Management will implement a process to ensure time reporting support is present and adequately documented to ensure compliance.



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
Salem-Keizer School District 24J
Salem, Oregon

We have audited, 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, the basic financial statements of Salem-Keizer School District 24J, Marion County, Oregon (the District) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 30, 2016.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 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.

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 the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

- In our testing of teacher experience, two of 25 teachers tested were reported in error. The District has subsequently corrected their reporting to the Oregon Department of Education.

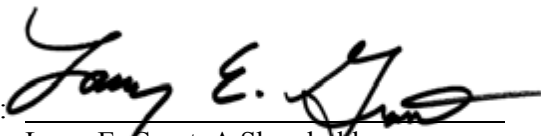
Internal Control

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. See the Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Restriction on Use

This report is intended solely for the information and use of the school board and management of the Salem-Keizer School District 24J and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
December 30, 2016