

Oregon City School District No. 62
Clackamas County
Oregon City, Oregon

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015



Prepared by
Nathan Roedel, Chief Financial Officer
Christina Weinard, Fiscal Services Coordinator

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

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OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon
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INTRODUCTORY SECTION



Oregon City School District No. 62

Learning to be our Best

PO Box 2110 (1417 12th St.), Oregon City, Oregon 97045-5010

Telephone: (503) 785-8000 • FAX: (503) 657-2492

December 22, 2015

Board of Directors and Citizens
Oregon City School District No. 62
Clackamas County Oregon

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. In accordance with the provisions of Oregon Revised Statutes, Sections 297.405 to 297.555 and 297.990, known as the Municipal Audit Law, there is submitted herewith the Comprehensive Annual Financial Report of Oregon City School District No. 62, Clackamas County, Oregon, for the year ended June 30, 2015. This report was prepared by Nathan Roedel, Chief Financial Officer; Christina Weinard, Fiscal Services Coordinator; and includes contributions from the School District's Business Department.

The responsibility for the completeness and reliability of the data presented and all accompanying disclosures rests with the School District. To provide a reasonable basis for making these representations, District management has established and maintains an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control structure is subject to periodic evaluation by management. We believe the internal controls adequately safeguard the assets and provide reasonable assurance of proper recording of all financial transactions. 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 provisions of Oregon Revised Statutes require that an independent audit be made of all District funds and account groups within six months following the close of a fiscal year. The firm of Kent, Kuykendall & Co., P.C. CPAs, who were appointed by the Board of Directors, has completed their examination of the District's funds and, accordingly, has included their opinion in the financial section of this report. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendment of 1996 and related OMB Circular A-133. The auditor's reports related specifically to the single audit are included in the Grant Compliance Review section of this report. Detailed analysis and commentary for GASB Statements 54 is contained in the Management's Discussion and Analysis as well as the Notes to the Financial Statements sections of the report.

District management provides 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 Oregon City School District No. 62's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

Oregon City School District No. 62 is a unified public school district that was originally formed in 1872. Located southeast of Portland, Oregon, the District encompasses approximately 125 square miles of land. Instructional services are provided for students in kindergarten through grade 12. The District operates 11 schools serving 7,807 students. In addition to 6 elementary schools, the District has 2 middle schools and three high schools. Two of the high schools are charter schools - Oregon City Service Learning Academy and Clackamas Academy of Industrial Sciences. The District sponsors two other charter schools that are independently operated. Springwater Environmental Sciences School is a kindergarten through 8th grade school and the Alliance Charter Academy is a grades K-12 charter school.

The District, a fiscally independent entity, is organized with a seven member elected Board of Directors and a Board appointed Budget Committee. The Board is accountable for all fiscal matters that significantly influence operations. The management staff includes a superintendent, a director of operations, a chief financial officer, and 36 FTE directors, principals, vice-principals, and supervisors. The Board of Directors hires all management staff members. The District employs 395 FTE teachers, counselors and librarians; together with 363 FTE support staff as instructional assistants, secretaries, bus drivers, cooks, custodians, maintenance personnel and other support staff positions.

Under Oregon State law, school districts are municipal corporations empowered to provide elementary and secondary educational services for the children residing within its boundaries. The District discharges this responsibility by building, operating, and maintaining school facilities, developing and maintaining approved educational programs and courses of study, including programs for special needs students, and providing for transportation and feeding of students in accordance with District, State, and Federal programs. This report includes all funds of the District. Finally, the District is not included in any other financial reporting entity.

Budget process and control: The District annually prepares a budget to control the fiscal operations for one year. All governmental funds are annually appropriated. Oregon Local Budget Law requires the appointment of a Budget Committee to review and approve the budget. The Budget Committee consists of the seven members of the Board of Directors and seven members appointed by the Board of Directors. The administration proposes a budget to the Budget Committee. The Budget Committee may revise or approve the proposed budget in total. A summary of the approved budget, together with a notice of public hearing, is published in a newspaper with general circulation in the District. A public hearing is held to receive comments from the public concerning the approved budget. The Board of Directors adopts the budget, makes appropriations, and levies taxes after the public hearing and before the beginning of the year for which the budget has been prepared.

The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual adopted budget appropriated by the District's Board of Directors. Activities of the general fund, special revenue fund, debt service funds, capital projects fund, proprietary fund, and agency funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount without Board approval) is established by fund and major function. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Economic Status and Outlook

The District is located in Clackamas County, which is located just to the south and east of the city of Portland and, together with Multnomah, Washington, Columbia, and Yamhill counties, comprises the Oregon portion of the Portland Metropolitan Statistical Area.

Clackamas is Oregon's third most populous county. Population within the County grew approximately 43% between 1970 and 1980. Between 1980 and 1990 the County's population grew by over 15% in spite of a recession during the early 1980's. From 1990 to 2000, the County's population increased by 21%. And during the most recent decade of 2000 to 2010 Clackamas County grew by slightly over 11%. Currently, the County experiences slightly higher annual population growth.

The March 2015 Portland State University enrollment projection indicated that the District would experience overall flat enrollment over the next five years with a forecasted change between (3.3%) to 4.9% in District enrollment by 2020. The enrollment change is evenly spread over the years. Over the next 5 years, elementary school enrollment is forecasted to change between (1.5%) and 9.1%, due to the size of classes entering the schools, and fluctuations due to the introduction of full-day Kindergarten, new in August 2015. Middle school enrollment is predicted to grow between 3.1% and 11.5%, because of larger fifth grade classes entering sixth grade. High school enrollment is anticipated to decrease between (9.7%) and (4.1%) as smaller eighth grade classes enter high school. A contributing variable will be the ongoing impact of charter schools in the District. Enrollment growth in the near term would be a significant positive contributing factor to the District's financial stability.

The District's economic base has traditionally been focused on agriculture, manufacturing, warehousing, and tourism. Manufacturing, distribution, and the service industry are becoming increasingly important as Oregon City becomes further integrated into the Portland metropolitan area. Oregon City itself is "The End of The Oregon Trail" and the area is rich with historical importance and tourist attractions. Community, business, and civic leaders are energetically working together to develop Oregon City as a regional hub for transportation and services. Whereas past economic conditions have been robust, in recent years the area experienced a dramatic slowdown due to The Great Recession. Oregon's seasonally adjusted unemployment rate in October 2015 was 6% compared to the national average of 5%. The Oregon Employment Department reports non-farm payroll gain of 51,800 jobs from October 2014 to October 2015. Job growth is expected to continue for the next three to five years. Since Oregon is highly dependent on income tax collections to fund the state budget, additional job growth will help fund increases in state financial support of local public schools.

Care and upkeep of the District's aging facilities continues to be a financial and operational challenge. The newest elementary school was built in 1975 while the average age of all elementary schools is 56 years old. The District's two middle schools were built in 1954 and 1965, over 50 years ago. Construction of modular classrooms in 2012 and 2013 provided limited

modern classroom space. Oregon City High School was constructed in 2003 and, over 10 years old, maintenance needs at the school continue to compound.

State of Oregon Funding (Distribution Formula): Oregon distributes revenue to school districts via the State School Fund (SSF) with an objective of equal funding for all school districts. The District's SSF general-purpose grant for 2014-15 was \$6,883 per weighted student plus the transportation grant. The transportation grant reimburses 70% of approved home to school and field trip transportation costs. The allocation includes both state and local financial resources. Local revenues including tax offsets, local property taxes for school operations, Common School Fund, and federal forest fees, offset the sum of the general purpose and transportation grants. The resulting figure is the amount of the SSF grant.

The SSF distribution formula is a fully equalized foundation grant program. Under this formula, each student is assigned a weighted factor beyond 1.0 based on eligibility factors such as English as a second language, individual education plan (IEP), and impoverished. A student's weighted factor cannot exceed 2.0. The total of all "weighted" students is multiplied by a statewide grant. Lastly, a comparative teacher experience factor affects the amount per weighted student.

Long-term Financial Planning

The District practices a long-term financial planning approach by considering the budget on a sustainable multi-year basis rather than a traditional annual basis. In the late 1990s the District was able to gradually hire additional staff as well as make some other improvements to programs. However a limited recession from 2002 to 2004 resulted in operating program reductions of \$3 million and eight furlough days. Virtually all districts throughout the state reduced programs and many reduced school days due to a mid-year reductions in state funding. From 2004 to 2006 the District was able to maintain existing program levels.

Oregon's economy improved dramatically in 2006. The governor's 2007-2009 proposed biennium budget included significant additional revenues for public school districts. Income tax collections grew significantly when compared to the 2005-2007 biennium. In 2006-2007, the District was able to provide program enhancements for a budgeted cost of \$1,395,000. The following areas were affected: reduced class size, addition of limited elementary physical education, additional school operating funds, and technology infrastructure. In 2007-2008, additional investments of \$1,375,000 were made in class size reduction, school technology needs, academic support staff, and creation of a district-level textbook fund.

During 2008-2010 years, one-time reserves and budget reductions totaling nearly \$9 million in cumulative budget reductions were necessary as the severe recession took hold in Oregon. Reductions included unpaid furlough days for all staff.

This level of unprecedented cuts continued through the 2010-2013 budgets. For 2010-2011, one-time reserves (increased by three furlough days in late 2009-2010) and budget reductions totaling nearly \$4.2 million were necessary to balance the operating budget. For 2011-2012, a district-wide salary freeze and 15 unpaid furlough days contributed over \$5 million to budget balancing efforts of nearly \$5.9 million. To restore seven furlough days in the 2012-2013 budget, the District closed two elementary schools, froze supply budgets, reduced its contingency account, and received continued employee compensation concessions.

State funding increases due to improved state-wide revenues were partially offset by reductions in beginning fund balances. The District was able to fund limited salary and benefit increases and

maintain its class size target ratio and fund full school and employee calendars.

General Fund Fund Balance Policy: In 2004-2005 the School Board adopted a general fund balance policy that directs the Superintendent to ensure an ending general fund balance between 5% and 10% of total adopted General Fund resources. During the previous five years the district's ending general fund balance averaged 6.2% of total General Fund resources. At June 30, 2015 the ending general fund balance is 5.8%.

Relevant Financial Policies

The Oregon Public Employees Retirement System (PERS) implemented significant rate increases for all public agencies on July 1, 2013. These rate increases were caused by investment losses in late 2008 coupled with recent low investment earnings. The district budgeted additional PERS costs of nearly \$1 million in 2013-2015. Longer term PERS projections forecast have improved and stopgap measures were at the state level to reduce the employer rates effective immediately. This equated to a 4.4% rate reduction for Oregon City Schools in the 2015-2017 biennium. In addition, the District previously issued bonded debt in 2004 to payoff much of the District's pension liability at that time. This payoff has helped reduce the total pension cost of the District. Finally, previously designated reserves have been exhausted in prior fiscal years to help fund increased pension costs and unanticipated budget shortfalls. Unfortunately, current projections regarded the funded status of the PERS obligations combined with a judicial rejection of these reforms will impose significantly higher increases during the 2017-19 biennium. As part of the annual budget planning process, the District considers current financial policies related to long-term pension cost funding.

The District currently has four operating charter schools. The first two charter schools are in their tenth year of operation. Their ninth year of operation as component units is included in the District financial statements. The Springwater Environmental Sciences School is a K-8 school that believes using science, particularly environmental sciences, as a vehicle for teaching students helps to make all curriculum more hands-on, relevant, and comprehensible. The Oregon City Service Learning Academy is a high school that utilizes a method of teaching and learning that connects classroom lessons with real world experience through service in the community. In addition a third charter school, Alliance Charter Academy (ACA), is in its ninth year of operation. ACA is a grade K-12 school that believes in a performance and standards based, personalized learning program supported by the principles of multiple intelligence, service learning and vocational readiness. Alliance Charter Academy's eighth year of operation as a component unit is included in the District financial statements. A fourth charter school Clackamas Academy of Industrial Sciences (CAIS) high school began operations in 2010-2011. CAIS provides students an innovative, contextual learning setting focused on manufacturing technologies. CAIS' fifth year of operation as a component unit is included in the District financial statements. The District continues to develop and review prudent financial and management policies to oversee these charter schools and their impact on the District.

Major Initiatives

Motto: Learning to be our best.

Mission: With high expectations for all, we engage all students in meaningful learning activities that prepare them for a successful life.

Operations

Energy Conservation: The energy conservation program implemented by the Maintenance Department in the fall of 2008 has resulted in savings of over \$400,000 since its inception despite significant utility rate increases. In 2013-2014 the District completed an HVAC system upgrade at its largest middle school that is projected to save between \$40,000 and \$50,000 per year.

Parent Communication: The district began using an automated messaging system in the fall of 2010. In addition to timely notification of parents when students are absent, use of the system by office staff includes meeting notices, announcements, schedule changes, and newsletters. In the fall of 2012 the district reorganized its public relations program and has improved online information resources and communication. A communications specialist hired in 2012-2013 continues to assist the District in its goal to improve all communication with all stakeholders.

Transportation: Noting that the district's costs are in the middle range for school districts in Oregon and nationally, a consultant's November 7, 2011 report identified over 60 recommendations for improving transportation department efficiency and reducing costs. The District implemented nearly all of the short-term recommendations and began consideration of solutions for the long-term. As a result, in late November 2014 the District sold its Transportation and Maintenance facility to a local commercial property development company that included a three-year lease back provision. The District is currently constructing a new facility on District owned land next to the high school with expected occupancy in June 2016.

Community Education: In addition to growing student participation in non-school day educational and athletic programs, community education offerings and registrations meet strong community needs for expanded services. Enrollment in a full time pre-school program opened in January of 2010 and an expanded early childhood education program initiated in September 2011 continues to exceed expectations. An existing outdoor classroom space was recently renovated through community partnerships.

Technology: The District is keenly aware of how strategic the use of technology is to the accomplishment of its educational mission and goals. Since 2006-2007 the District invested over \$1.1 million to improve the District's network infrastructure, upgrade classroom instructional technology including smart boards, document cameras, LCD projectors, and teacher instructional workstations. Continued financial investments will be necessary to simply maintain the District's current network infrastructure and technology tools. The District is currently in process to move all staff to the Google Apps platform.

Long Range Capital and Facility Planning: The District has begun a long range facility and capital planning process to analyze, identify, and recommend solutions to the District's aging facilities, instructional program needs, and projected future growth. Several districts in the area have been successful in this process to meet facility and capital needs by replacing expiring general obligation bond levies without additional taxes to property owners. The District's current general obligation bonds will be fully matured in 2018-2020, which creates a similar opportunity for the District.

Improvement of Instruction

Oregon City School District is committed to the State of Oregon's vision for preparing all students for college and career. The District demonstrates this commitment by prioritizing continuous

professional development so staff effectively implement instructional strategies to meet the needs of all learners, align curriculum with state standards and college entrance requirements, articulate curricula from kindergarten readiness through first year of college and sharpen their focus on helping every student meet new Common Core state standards.

Oregon City Schools were involved in a number of projects designed to improve student learning. The following initiatives are a few highlights from the 2014-15 school year.

Staff Development Efforts:

The District used available release time for embedded and ongoing support to staff focused on the major instructional shifts required of the Common Core State Standards, Educator Effectiveness and Professional Learning Teams. Oregon City used their Title IA and Title IIA dollars to increase teacher leadership opportunities and improve effective practices. Significant time and monetary investments in teacher effectiveness, specifically around Common Formative Assessments, began in the spring of 2014 and these strategies were reinforced throughout the 2014-15 school year.

Professional Standards for Quality Instruction:

Professional learning regarding quality instruction continues to be a priority as we learn how to create goals and understand our new evaluation system. The support is focused on increasing proficiency of our administrators and teachers when using the evaluation rubric for assessing high quality classroom instruction. We continue to assess our needs and strengths for developing a collaborative culture where student achievement is our number one priority.

Common Core State Standards:

We continue to implement the Common Core Standards in Mathematics and English Language Arts. Other professional learning time was dedicated to building collaborative leadership networks within district that support implementation of educator effectiveness and the Common Core Standards and problem solve implementation challenges. For the first time in 17 years the Board and Budget Committee agreed to fund the investment of a K-12 curriculum purchase in English Language Arts. Beginning in the Fall of 2014, Oregon City School District has aligned ELA curriculum from Kindergarten through the twelfth grades. The new reading adoption aligned to the K-12 Common Core State Standards as well as a new K-8 comprehensive mathematics program in 2014-15. Teachers are learning their new materials through ongoing and embedded professional development and collaboration in their professional learning communities regarding student mastery of the Common Core State Standards.

Professional Development:

During 2014-2015, professional development for administrators and teachers were prioritized into 4 strategic areas: 1.) High quality instruction in the classroom 2.) Standards based learning goals 3.) Formative assessments and data analysis and 4.) Monitoring progress of student learning.

Positive Behavior and Intervention Supports (PBIS):

Oregon City School District continued the enhancement of a district wide, systems approach to preventing and responding to school and classroom discipline problems. The Positive Behavior and Intervention Support program has dramatically improved student behavior and changed the climate of all eleven schools. Oregon City completed their tenth year of Positive Behavior Intervention Support for improvement and staff development. Our three high schools are implementing systems that support the PBIS philosophy.

Oregon City High School:

The high school continues to develop professional learning communities and advanced placement (AP) classes as well as credit recovery classes for struggling students. Oregon City High School now offers over 22 AP courses. More and more students are earning AP scholar accolades each year from the College Board. The number of students taking advanced college credit courses increases each year, so students graduating with college credits continue to rise as well. In 2014-15 we continued to offer credit recovery classes which helped lower the district's overall alternative education costs for high school students.

District and State School Report Cards:

As part of our federal waiver application, Oregon developed a new accountability system with a much greater focus on student learning and growth. This new system uses multiple measures to rate schools. For high schools these measures include academic achievement, academic growth, subgroup growth, graduation rates, and subgroup graduation. For elementary and middle schools the first three measures are used. Schools receive an overall rating of Level 1 through 5 based on how well they are doing in each of these areas. Level 1 schools represent the bottom 5% of schools. Level 2 schools represent the next lowest 10%. Level 3 makes up approximately the next 30% of schools. Level 4 represents the largest share of schools, those that fall between 44% and 90% of schools. Level 5 represents the top 10%. Districts do not receive a rating. The majority of our schools received a 4.

Equity

As part of our overall district mission regarding student learning, an equity task force has been formed to review our instructional practices with the lens of how inclusive are we in providing high quality and advanced learning opportunities to all of our identified minority sub groups in our district and to use our resources effectively to make sure we support all students no matter your ethnicity.

Professional Learning Communities

All teachers and administrators have been trained in the professional learning community concept of collaboration, data analysis and guiding instructional practices to meet the differentiated needs of students. A train-the-trainer model was used again in 2015 to train all staff in creating Common Formative Assessments. These assessments will further strengthen the purpose of our professional learning communities. Additional goals of these PLC's will include the use and understanding student performance data especially looking forward to the new Smarter Balanced state assessments.

We continue to press forward to our goal of increasing student achievement for all students.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Oregon City School District No. 62 for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-third 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 Oregon City School District No. 62 for its Comprehensive Annual Financial Report for the year ended June 30, 2014. In order to be awarded a Certificate of Excellence, the District must publish an easily readable and organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Excellence is valid for a period of one year only. Oregon City School District No. 62 has received a Certificate of Excellence for the past twenty-three years. We believe our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

We wish to express our appreciation to the entire Business Department staff for their efforts and contributions to this Comprehensive Annual Financial Report. We would also like to thank the members of the Board of Directors for their continued support and dedication to the financial operations of Oregon City School District No. 62.

Respectfully submitted,



Larry G. Didway, Jr.
Superintendent



Nathan Roedel
Chief Financial Officer



Government Finance Officers Association

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

Presented to

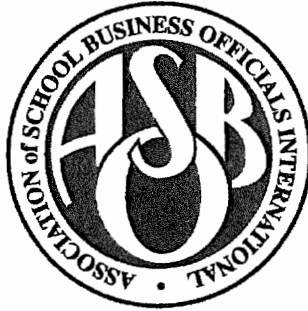
**Oregon City School District No. 62
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Association of School Business Officials International



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

Oregon City School District No. 62

For Its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2014

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



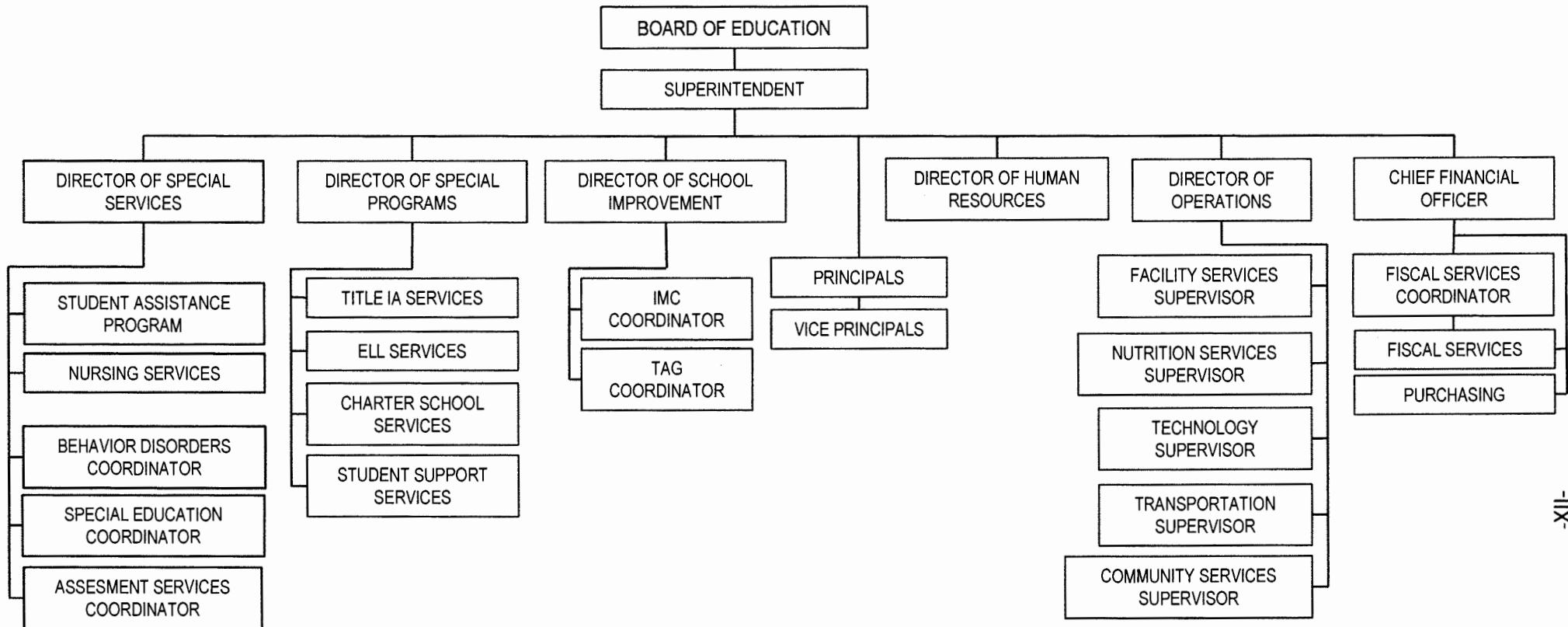
Mark C. Pepera, MBA, RSBO, SFO
President

John D. Musso, CAE, RSBA
Executive Director

OREGON CITY SCHOOL DISTRICT NO. 62

Organization Chart

June 30, 2015



OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Officials of the District

June 30, 2015

BOARD OF DIRECTORS

<u>Name</u>	<u>Term Expires</u>
Troy Bolinger 520 6 th St. Oregon City, OR 97045	June 30, 2017
Tim Frisius 20121 Candice Ln. Oregon City, OR 97045	June 30, 2015
Connie Curteman PO Box 966 Beavercreek, OR 97004	June 30, 2017
Evon Tekorius 19425 Daybreak Court Oregon City, OR 97045	June 30, 2017
Carol Sturman 605 Cascade St. Oregon City, OR 97045	June 30, 2015
Chris Storey 14938 Haida Ct. Oregon City, OR 97045	June 30, 2015
Cameron Seward 4748 S.E. Ina Avenue Milwaukie, OR 97267	June 30, 2015

DISTRICT ADMINISTRATION

Larry Didway, Superintendent
Cynthia Panko, Director of Special Services
Mike Hyder, Director of Special Programs
Chris Mills, Director of Human Resources
Nathan Roedel, Chief Financial Officer/Deputy Clerk
Carol Sanders, Director of School Improvement
Wes Rogers, Director of Operations

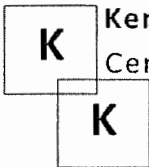
DISTRICT ADDRESS

Administration Office
1417 12th Street
Oregon City, Oregon 97045

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FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS



Kent, Kuykendall & Co., P.C.
Certified Public Accountants
1001 Molalla Avenue, Suite 118
Oregon City, Oregon 97045

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To the Board of Directors
Oregon City School District No. 62
Clackamas County, Oregon

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the budgetary comparisons for the General Fund and the Special Revenue Fund, and the aggregate remaining fund information of Oregon City School District No. 62 as of and for the year ended June 30, 2015, 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Springwater Environmental Sciences School, which represents 54 percent, 44 percent, and 22 percent, respectively, of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Springwater Environmental Sciences School, is based solely on the report of the other auditors. 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 of material misstatement.

Continued on Following Page

Report on the Financial Statements (continued)

Auditor's Responsibility(continued)

An audit includes 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 entity'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 entity'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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oregon City School District No. 62 as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 21 to the financial statements, as of July 1, 2014, Oregon City School District No. 62 adopted new accounting guidance, GASB Statement No. 68, *Accounting and Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, the schedules of funding progress for the early retirement program and the post-employment health care supplement on page 65, and the schedules of the District's proportionate share of the net pension liability and District contributions on page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Oregon City School District No. 62 (continued)

Report on the Financial Statements (continued)

Other Matters (continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oregon City School District No. 62's basic financial statements. The introductory section, individual nonmajor fund financial statements, budgetary comparisons, capital asset schedules, other financial schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The individual nonmajor fund financial statements, budgetary comparisons, capital asset schedules, other financial schedules, 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 accompanying individual nonmajor fund financial statements, budgetary comparisons, capital asset schedules, other financial schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report December 22, 2015, on our consideration of Oregon City School District No 62'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 Oregon City School District No. 62's internal control over financial reporting and compliance.

To the Board of Directors
Oregon City School District No. 62 (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 22, 2015, on our consideration of Oregon City School District No. 62's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Standards 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 the District's compliance.

Kent, Kuykendall & Co., P.C.

A handwritten signature in cursive script that reads "Kent, Kuykendall & Co., P.C.".

December 22, 2015

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON
Management's Discussion and Analysis

As management of Oregon City School District No. 62, Clackamas County, Oregon (District), we offer readers this narrative overview and analysis of the financial activities of the Oregon City School District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal that can be found on pages I-IX of this report.

Financial Highlights

- In the government-wide statements, the position of the District exceeded its liabilities at June 30, 2015, by \$27,928,182. Of this amount, \$39,423,023 represents the District's investment in capital assets; restricted net positions of \$1,147,902 for debt service, \$902,995 for grant projects and \$14,933,568 for facilities; and (\$28,479,306) is unrestricted. Reductions in long-term liabilities and investments in facilities counteracted by reductions in fund balances were the major contributing factors to the overall increase.
- The District had \$77,680,476 in expenses related to governmental activities, of which \$2,849,507 was offset by program-specific charges for services provided within the District. Expenses decreased by \$3,815,013 and were chiefly due to changes in pension reporting required by Governmental Accounting Standards Board (GASB) rules 68 and 71. These changes affected reporting of deferred inflows and the amortization of inflows/outflows of pension reporting. Though this change identifies a perceived reduction, it has little effect on actual district expenditures during the reporting period.
- The District's governmental funds have combined ending fund balances of \$21,911,364, an increase of \$14,224,577 in comparison with the prior year. The increase is specifically related to proceeds related to the construction of a new district facility. Also, decreases in Special Revenue and Capital Projects Funds coupled with lower expenditures further improved the District's position. Of the total amount, \$112,420 is non-spendable, \$16,614,575 is restricted, \$866,581 is committed, \$345,994 is assigned, and \$3,971,794 is unassigned.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$3,971,794, or about 5.8% of total general fund revenues. This is an increase of \$670,608 or 20.3% from 2013-14. This increase met the unreserved fund balance policy range of 5-10% of total revenues.
- The District's total long-term debt increased by \$6,243,871 during the 2014-15 fiscal year. Changes are due to scheduled principal payments and amortization of current and new debt (Note 7, p.40), continued amortization of Net Pension, and OPEB revisions.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Oregon City School District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the District's position and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Oregon City School District is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

As is typical for a school district, Oregon City School District has governmental activities, which include instruction, supporting services, food services, community services, and debt service. Oregon City School District currently does not have any business-type activities.

The government-wide financial statements include not only the Oregon City School District itself (known as the primary government) but also four legally separate public charter schools for which the Oregon City School District is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Component unit statements can be found on pages 25-26.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the Oregon City School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term* inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Oregon City School District maintains five different individual major 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, the Special Revenue Fund, the Debt Service Fund, the Pension Obligation Bonds Fund, and the Capital Projects Fund, all of which are considered to be major funds.

Oregon City School District adopts an annual appropriated budget by major fund and function category. A budgetary comparison statement has been provided for each fund category to demonstrate compliance.

The basic governmental fund financial statements can be found on pages 15-20 of this report.

Proprietary funds are used to account for a government's business-type activities. The District maintains only one type of proprietary fund, which is an internal service fund.

Internal service funds are accounting devices used to accumulate and allocate costs internally among the Oregon City School District's various functions. The District uses an internal service fund to account for its Risk Management Fund. Because Oregon City School District has no business-type functions, this service benefits governmental functions and has been included within the governmental activities in the governmental-wide financial statements.

The basic internal service fund financial statements can be found on pages 21-23 of this report.

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. The accounting used for fiduciary funds is much like that used for proprietary funds. The District accounts for eleven fiduciary funds, which are scholarship funds.

The basic fiduciary funds financial statement can be found on page 24 of this report.

Component units represent the four legally separate public charter schools for which the Oregon City School District is financially accountable. Two of the charter schools are district operated and two are privately operated.

The combining statements for the individual component units can be found on pages 25-26 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-58 of this report.

Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements and represents the required actuarial estimate of funding progress of the District's early retirement program and post-employment health care subsidy. This information is on page 66.

Government-Wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of Oregon City School District, assets exceeded liabilities by \$27,928,182 at the close of the most recent fiscal year.

Condensed Statement of Net Position

	Governmental Activities	
	June 30, 2015	June 30, 2014
Assets		
Current and other assets	\$ 66,362,339	\$ 43,052,010
Net capital assets	74,302,009	76,418,461
Total Assets	140,664,348	119,470,471
Deferred Outflows of Resources		
Deferred charge on refunding	1,638,687	1,966,425
Total deferred outflows of resources	1,638,687	1,966,425
Total assets and deferred outflows of resources	142,303,035	121,436,896
Liabilities		
Current and other liabilities	9,254,296	8,762,461
Long-term debt outstanding	97,527,504	91,283,633
Total liabilities	106,781,800	100,046,094
Deferred Inflows of Resources		
Net Pension-related deferral	7,593,053	0
Total deferred outflows of resources	7,593,053	0
Net Position		
Net investment in capital assets	39,423,023	34,225,425
Restricted	16,984,465	2,877,749
Unrestricted	(28,479,306)	(15,712,372)
Total Net Position	\$ 27,928,182.00	\$ 21,390,802.00

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any outstanding related debt used to acquire those assets. The District uses these capital assets for classrooms and supporting services to provide K-12 education; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, Oregon City School District is able to report positive balances in all categories of net position for governmental activities except in unrestricted net position. During the current fiscal year, the District's net position increased by \$14,770,174, as noted in the statement of activities. The significant factors for this increase are the net investment in capital assets, net of related debt and the capital projects fund balance offset by the continued amortization of the net pension asset and other pension benefits (see note 9 pages 49-51), the increase in general fund balance, and the continued amortization of other post-employment benefits (see note 10 on pages 52-54). The District's unassigned general fund balance of \$3,971,794 is sufficient at 5.8% of total general fund revenues and other sources.

The revenues and expenses shown on the following page explain changes in net position for the fiscal year 2015.

Changes in Net Position

	Total School District Governmental Activities			
	June 30, 2015		June 30, 2014	
	Amount	% of Total	Amount	% of Total
Revenues				
Program revenues:				
Charges for services	\$ 2,849,507	3.09 %	\$ 2,710,763	3.25 %
Operating grants & contributions	12,929,796	14.04	12,299,222	14.73
Capital grants & contributions	242,035	0.26	316,591	0.38
Total program revenues	16,021,338	17.40	15,326,576	18.36
General revenues:				
Property taxes	29,435,503	31.96	27,623,281	33.08
State aid - formula grants	43,398,060	47.12	39,995,170	47.90
Other	3,053,027	3.31	384,216	0.46
Unrestricted investment earnings	192,752	0.21	164,186	0.20
Total general revenues	76,079,342	82.60	68,166,853	81.64
Total revenues	92,100,680	100.00 %	83,493,429	100.00 %
Expenses				
Instruction	43,713,441	56.26 %	46,757,925	57.37 %
Supporting services	26,780,628	34.48	27,943,762	34.29
Enterprise/community services	3,476,224	4.48	3,538,931	4.34
Interest on long-term debt	3,710,183	4.78	3,254,871	3.99
Total expenses	77,680,476	100.00 %	81,495,489	100.00 %
Increase in net position	14,420,204		1,997,940	
Net position - beginning (as restated)	13,507,978		19,392,862	
Net position - ending	\$ 27,928,182		\$ 21,390,802	

Revenues. Since the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 82.6% of the funding required for governmental programs compared to 81.64% the previous year. Property taxes and State aid formula grants combined account for 95.7% of general revenues and 79.1% of total revenues. Property taxes increased due to returned property value growth and marginal land development. State aid formula grants increased due to additional appropriations from the Oregon school support fund. An increase in unrestricted investment earnings resulted from higher balances in the 2014-15 investment accounts.

Charges for services are only 3.09% of total revenues with the slight decrease resulting from reduced building use fees and after school athletic and activity fees. Charges for services are composed of the following items for which it is appropriate that the District charge tuition or fees:

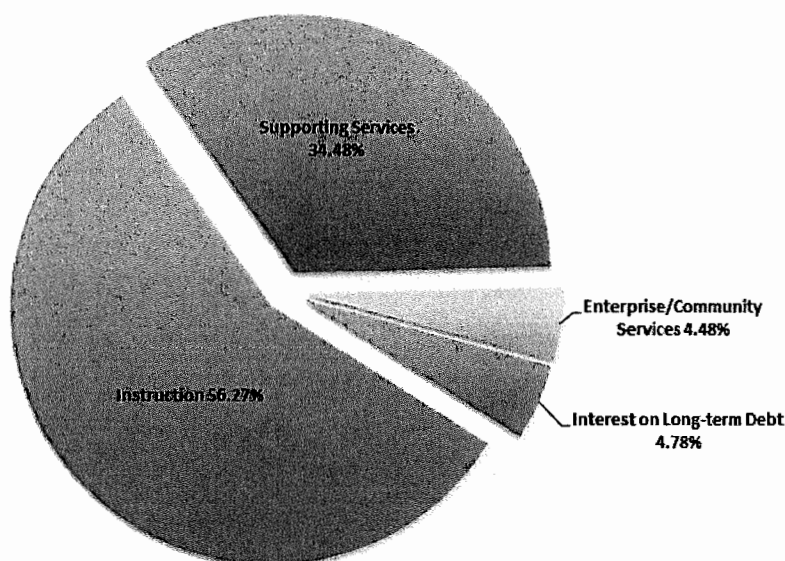
• Food services charges not only for lunch and breakfast, but also for catering and contract services.	\$ 627,501
• Fees charged for non-resident special education services, workshops, and Medicaid billing.	215,060
• Fees are charged for community service activities such as extended daycare, community education classes and activities and building rental/lease.	1,799,531
• Student and technology fees, ticket sales to events and games, and other fees.	207,415
Total charges for services:	<u>\$ 2,849,507</u>

Operating grants and contributions represent 14.04% of total revenues. Included in this category is \$1,414,983 for federal and state reimbursement and commodities under the school lunch program; \$1,974,522 raised or donated by student body activities; federal, state, and intermediate grants totaled \$9,360,517 and \$179,774 from various other sources. Compared to the previous year, there was a 5.1% increase due to operating grant receipts from state and federal sources.

Expenses. Expenses related to government-wide governmental activities are presented in four broad functional categories. Costs of direct and indirect (related activities in support services) classroom instructional activities account for approximately 56.2% of the total expenses of \$77,680,476. Expenses for support services to enhance and facilitate instruction represent 34.5% of total costs. Enterprise and community service outlays stand for 4.5%. Interest on long-term debt accounts for 4.8% of total expenses. Total expenses decreased in instruction and support services due to GASB rules 68 & 71 modifications in reporting. Expenses held steady in the enterprise/community services category, as demand for services was similar to the previous year. Interest on long-term debt increased with the addition of new debt and normalized increases due to refunding of general obligation bonded debt in 2012-2013 and Full Faith and Credit Debt in 2014-15.

Total and Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014-15	2013-14	2014-15	2013-14
Instruction	\$ 43,713,441	\$ 46,757,925	\$ 37,246,900	\$ 40,713,344
Supporting Services	26,780,628	27,943,762	20,794,805	21,977,627
Enterprise/Community Services	3,476,224	3,538,931	(92,750)	223,071
Interest on Long-term Debt	3,710,183	3,254,871	3,710,183	3,254,871
Total	\$ 77,680,476	\$ 81,495,489	\$ 61,659,138	\$ 66,168,913



Financial Analysis of the District's Funds

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

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The focus of governmental funds is more limited than that of the government-wide financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances are reconciled to the government-wide statements of net position and activities. The District maintains five major governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Special Revenue Fund, Debt Service Fund, Pension Obligation Bonds Fund, and the Capital Projects Fund. The District elected to designate the Capital Projects Fund and Pension Obligation Bonds Fund as major funds because of their financial significance.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$21,911,364. The amount of \$345,994 constitutes assigned fund balance in the Special Revenue funds. Committed fund balances of \$866,581 in the Special Revenues fund are for student body activities and textbooks. Restricted fund balances total \$16,614,575 within the Debt Service, Grant and other projects, and Capital Projects funds. Nonspendable fund balances for prepaid items total \$112,420.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund surplus of the General Fund was \$3,971,794. General Fund revenues increased slightly due to growth in other local sources generated mainly from

charges for services and building rental revenues and increases in the State School Fund. General Fund salary and benefit expenditures increased as instructional program costs were higher due to the restoration of the final staff furlough day, as well as expected increases associated with bargaining agreements and increased costs of goods and services.

The Special Revenue Fund includes grants and activities that are generally restricted in their use by their respective source. Changes in revenues and fund balances are directly related to the original source and restricted expenditures.

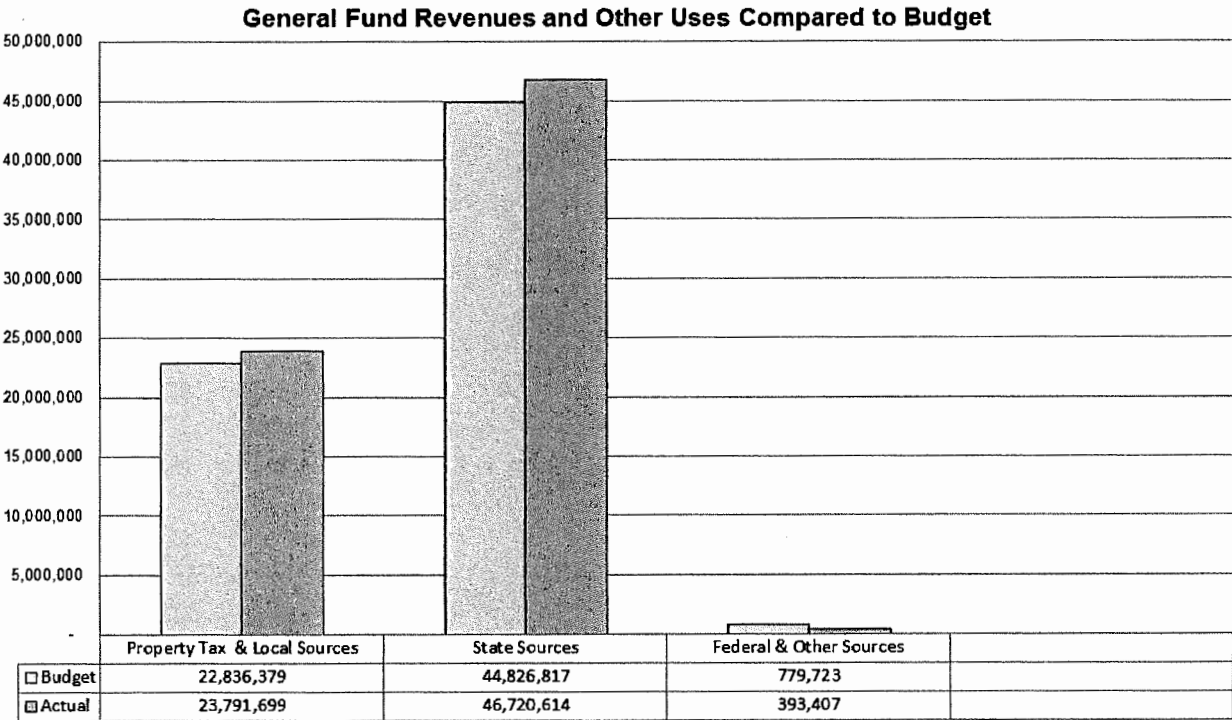
The Debt Service Fund's purpose is to fund the payments to retire the District's general bonded debt. The restricted fund balance at the end of the current fiscal year was \$628,012. Revenues and expenditures slightly increased over the prior year due to additional debt service requirements. The \$131,725 increase in fund balance was mainly due to fluctuations in anticipated tax collections and recovery of prior year uncollected amounts.

The Pension Obligation Bonds Fund was created to fund the payments to retire the District's taxable pension obligation bonds. Proceeds from the bonds were used to prepay the District's unfunded actuarial liability in the Oregon Public Employee's Retirement System (PERS). The restricted fund balance at the end of the current fiscal year was \$150,000, an increase of \$4,657 because of slightly higher revenues from charges for services.

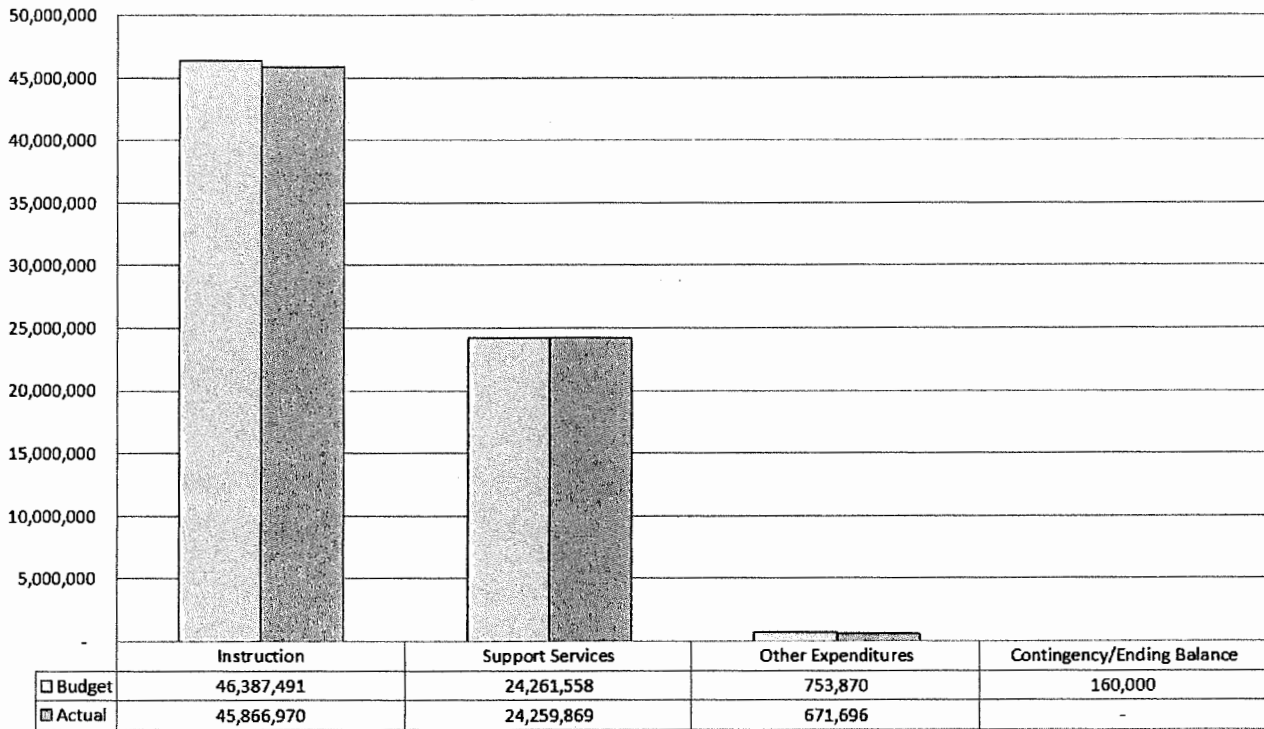
The Capital Projects Fund accounts for real property acquisition and development activities of the District. The fund balance increased \$13,504,308, specifically due to borrowing receipts for the construction of a transportation and maintenance facility.

General Fund Budgetary Highlights

The governing board adopted the budget and made appropriations for the General Fund budget following Oregon budget law. Differences between the adopted budget and the final amended budget were composed of budget adjustments requested by administrative staff. Decreases in instruction of \$75,000 were to offset additional support costs, mostly due to the closure of an alternative education environment service provider and the replacement of this service in-district. A summary of general fund actual revenue and expenditures in comparison to the amended budget amounts are presented graphically in the following graphs:



General Fund Expenditures and Other Uses Compared to Budget



Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$74,302,009 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment. The total change in the District's investment in capital assets for the current fiscal year was a decrease of \$2,116,452 or (2.77%).

Capital Assets (net of depreciation)

	Total School District Governmental Activities		Total Percentage Change
	2015	2014	2014-15
Land	\$ 5,477,762	\$ 5,482,313	(0.08) %
Construction in Progress	812,669	-	
Site Improvements	2,824,765	2,787,127	1.35
Buildings and improvements	62,072,586	65,187,740	(4.78)
Vehicles and equipment	3,114,227	2,961,281	5.16
Total	\$ 74,302,009	\$ 76,418,461	(2.77) %

Major capital asset events during the current fiscal year included the following:

- The purchase of several new vehicles for \$575,000.
- Current year depreciation costs of \$2,615,688 offset the increase in capital assets.
- The sale of buildings and property resulting in a net reduction of capital assets totaling \$1,096,259.
- The start of construction of a new transportation and maintenance facility totaling \$812,669.

Additional information on the District's capital assets can be found in note 6 on pages 38-39 of this report.

Long-term debt. At the end of the current fiscal year, the District had total debt outstanding of \$97,527,504. Of this amount, \$46,170,000 comprises general obligation debt, taxable pension obligation bonds total \$40,665,000, certificates of participation (COPs) represent \$220,002, note payable totals \$2,894,944, unamortized bond premium and discount, deferred charge, and COPs issuance offsets total \$1,745,210, net pension coupled with the other post-employment benefit obligation (OPEB) equals \$5,713,877, and capital leases of \$118,471. During the current fiscal year, the District's total debt increased by \$6,243,871 mostly due to funding of annual debt payments, amortization adjustments, and refunding of general obligation debt. Approval of new note payables as well as increased OPEB obligations increased the District's reported debt. Long term debt was impacted by a new debt issue for the use of constructing a transportation and maintenance facility. The facility will house the bus and transportation fleet services as well as

district maintenance staff, vehicles and inventories. Due the size of the debt and the amortization available the district was able to refinance shorter term debt (<10yr) and capitalize on longer term schedules (25yr) and lower interest rates. The short term debt refinanced included land purchase and new portable classroom additions that were originally on a 10 year principal and interest payment schedule.

Outstanding Long Term Debt

	Total School District		Total Percentage Change
	2015	2014	2014-15
General obligation refunding bonds	\$ 46,170,000	\$ 37,080,000	24.51 %
Taxable pension obligation bonds	40,665,000	41,910,000	(2.97)
Certificates of participation	220,002	300,000	(26.67)
Note Payable	2,894,944	6,572,337	(55.95)
Unamortized bond premium/discount	1,745,210	(141,161)	(1,336.33)
Capital leases payable	118,471	65,963	79.60
Net pension obligation	2,071,834	2,193,957	(5.57)
OPEB obligation	3,642,043	3,302,537	10.28
Total	\$ 97,527,504	\$ 91,283,633	6.84 %

General obligation bonds increased \$9,090,000 due to annual debt payments offset by a refunding. Certificates of participation decreased \$79,998 due to annual payment requirements. Note payable was increased to acquire new transportation vehicles. Capital leases payable increased due to technology financing. Net pension and OPEB obligations increased \$217,383 per actuarial updates.

The District's general obligation bonds issued in 2014 are rated A1 by Moodys and AA by Standard and Poors, additionally, 2013 refunding bonds are rated Aa3 by Moody's Investor's Service and, the 2004 taxable pension obligation bonds had an insured rating of AA-, ratings by Standard & Poor's of AA-, and A1 by Moody's Investor's Service. The ratings were primarily based on the District's growing tax base and reasonably stable financial condition. All ratings are as of December 4, 2014.

State statutes limit the amount of general obligation debt a school district may issue based on a formula that includes the percentage of the real market value of all taxable properties within the District. The District's general obligation bond debt capacity is 7.95% of real market value or \$519,381,822, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in notes 7-10 on pages 40-48 of this report.

Economic Factors and Next Year's Budgets

- The October 2015 unemployment rate in Oregon, at 6.0%, is a welcome improvement from the previous year. The dire economic situation appears to have changed course. This slow rebound has made school funding growth arduous in Oregon as furlough days, reduced programs, and employee compensation have struggled to reach pre-recession levels. The District is closely monitoring this year's budget and is encouraged that current state revenue forecasts are within the budget parameters for 2015-2017. Further impact is likely as the District looks toward competitive collective bargaining agreements, high infrastructure need and instructional components replacement.
- This is the first year of the State's 2015-2017 biennial budget. Due to slowly improving Oregon economic conditions and stabilized enrollment, the District's state funding has improved but is still not adequate to restore the district to pre-recession levels. Total operating revenues are forecasted to increase 5-7%, with estimated expenditure increases in the 5-6% range. The District continues to inform stakeholders concerning the likely budget challenges that lie ahead, specifically with Oregon's Public Employee Retirement System's (PERS) funded status and pending increases in employer rate obligations. The Board of Education is committed to responsible fiscal management and financial stability. The District intends to work collaboratively with leadership from employee groups to discuss how staff compensation and benefits are affected by slow revenue growth compounded by appointed expense increases. Also, the District's general fund balance is at minimum policy levels and any further reductions will require Board of Education deliberation and action. Overall the District is relieved that revenues are increasing but restoration of past program and compensation reductions will be a challenge.

Requests for Information

Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Chief Financial Officer, Oregon City School District No. 62, PO Box 2110, Oregon City, OR, 97045.

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Statement of Net Position

June 30, 2015

	Primary Government	Component Units
	Total Governmental Activities	Total Major Component Units
ASSETS:		
Cash and investments	\$ 28,077,340	\$ 806,798
Receivables:		
Accounts	31,186	19,817
Intergovernmental	3,143,308	0
Undistributed tax collections	125,733	0
Property taxes	1,688,017	0
Note receivable	1,500,000	0
Prepaid items	112,420	0
Due from primary government	0	102,528
Prepaid PERS unfunded actuarial liability	22,766,183	0
Net pension asset	8,918,152	739,736
Capital assets, net of accumulated depreciation:		
Land	5,477,762	120,275
Construction in progress	812,669	0
Site improvements	2,824,765	0
Buildings	62,072,586	871,451
Vehicles and equipment	3,114,227	8,898
Total assets	140,664,348	2,669,503
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charge on refunding	1,638,687	0
Total deferred outflows of resources	1,638,687	0
Total assets and deferred outflows of resources	142,303,035	2,669,503
LIABILITIES:		
Payables:		
Accounts	1,953,188	111,877
Salaries and benefits	6,932,142	60,987
Unearned revenue	0	75
Payable to external parties	266,436	0
Due to component unit	102,530	0
Noncurrent liabilities, net of unamortized costs:		
Due within one year	8,572,388	71,573
Due in more than one year	88,955,116	494,971
Total liabilities	106,781,800	739,483
DEFERRED INFLOWS OF RESOURCES:		
Net pension-related deferral	7,593,053	741,609
Total deferred inflows of resources	7,593,053	741,609
Total liabilities and deferred inflows of resources	114,374,853	1,481,092
NET POSITION:		
Net investment in capital assets	39,423,023	434,080
Restricted for:		
Debt service	1,147,902	0
Grant projects	902,995	0
Facilities	14,933,568	0
Operations	0	200,000
Unrestricted	(28,479,306)	554,331
Total net position	\$ 27,928,182	\$ 1,188,411

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

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Statement of Activities

Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Primary Government	Total Major Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position	Net (Expenses) Revenues and Changes in Net Position
Primary government:						
Governmental activities:						
Instruction	\$ 43,713,441	\$ 303,620	\$ 6,162,921	\$ 0	\$ (37,246,900)	
Support services	26,780,628	537,412	5,206,376	242,035	(20,794,805)	
Enterprise/community services	3,476,224	2,008,475	1,560,499	0	92,750	
Interest on long-term debt	3,710,183	0	0	0	(3,710,183)	
Total primary government	<u>\$ 77,680,476</u>	<u>\$ 2,849,507</u>	<u>\$ 12,929,796</u>	<u>\$ 242,035</u>	<u>(61,659,138)</u>	
Major Component units (page 25)	<u>\$ 6,076,731</u>	<u>\$ 569,705</u>	<u>\$ 284,004</u>	<u>\$ 0</u>		<u>\$ (5,223,022)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					22,324,026	0
Property taxes, levied for debt services					6,714,742	0
Construction excise tax					396,735	0
State aid - formula grants not restricted to specific programs					43,398,060	6,093,209
Other general revenues					343,331	84,801
Gain on sale of capital assets					2,709,696	0
Unrestricted investment earnings					192,752	381
Total general revenues					<u>76,079,342</u>	<u>6,178,391</u>
Change in net position					14,420,204	955,369
Net position - beginning - as restated (Note 21)					<u>13,507,978</u>	<u>233,042</u>
Net position - ending					<u>\$ 27,928,182</u>	<u>\$ 1,188,411</u>

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

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Balance Sheet

Governmental Funds

June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Pension Obligation Bonds Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:						
Cash and investments	\$ 25,388,971	\$ 1,693,135	\$ 995,234	\$ 0	\$ 0	\$ 28,077,340
Receivables:						
Interfund	46,379	176	0	0	0	46,555
Accounts	28,062	0	0	0	0	28,062
Intergovernmental	841,089	2,302,219	0	0	0	3,143,308
Undistributed tax collections	96,486	0	29,247	0	0	125,733
Property taxes	1,295,472	0	392,545	0	0	1,688,017
Prepaid items	72,819	39,601	0	0	0	112,420
Due from other funds	0	1,105,853	0	150,000	14,938,283	16,194,136
Total assets	\$ 27,769,278	\$ 5,140,984	\$ 1,417,026	\$ 150,000	\$ 14,938,283	\$ 49,415,571
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
Payables:						
Interfund	\$ 0	\$ 46,555	\$ 0	\$ 0	\$ 0	\$ 46,555
Accounts	1,901,560	46,221	0	0	4,715	1,952,496
Salaries and benefits	6,863,476	68,666	0	0	0	6,932,142
Due to proprietary fund	418,176	0	0	0	0	418,176
Due to component unit	102,530	0	0	0	0	102,530
Due to fiduciary funds	266,436	0	0	0	0	266,436
Due to other funds	12,950,641	2,824,371	419,124	0	0	16,194,136
Total liabilities	22,502,819	2,985,813	419,124	0	4,715	25,912,471
Deferred inflows of resources:						
Unavailable revenue	1,221,846	0	369,890	0	0	1,591,736
Total liabilities and deferred inflows of resources	23,724,665	2,985,813	789,014	0	4,715	27,504,207
Fund balances:						
Nonspendable - prepaid items	72,819	39,601	0	0	0	112,420
Restricted fund balance:						
Debt service	0	0	628,012	150,000	0	778,012
Grant and other projects	0	902,995	0	0	0	902,995
Capital projects	0	0	0	0	14,933,568	14,933,568
Committed fund balance:						
Special revenues	0	866,581	0	0	0	866,581
Assigned fund balance:						
Special revenues	0	345,994	0	0	0	345,994
Unassigned, reported in:						
General fund	3,971,794	0	0	0	0	3,971,794
Total fund balances	4,044,613	2,155,171	628,012	150,000	14,933,568	21,911,364
Total liabilities, deferred inflows, and fund balances	\$ 27,769,278	\$ 5,140,984	\$ 1,417,026	\$ 150,000	\$ 14,938,283	\$ 49,415,571

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

OREGON CITY SCHOOL DISTRICT No. 62
 Clackamas County, Oregon
 Reconciliation of the Governmental Funds Balance Sheet
 To the Statement of Net Position
 June 30, 2015

Total fund balances - governmental funds	\$	21,911,364
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets are used in governmental activities that are not financial resources and therefore are not reported as assets in governmental funds, net of accumulated depreciation of \$43,997,636.		74,302,009
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Property taxes and other revenues will be collected this year but are not available soon enough to pay for the current period's expenditures, and therefore are considered to be deferred inflows of resources in the governmental funds.		1,591,736
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The District is carrying a contract on property sold in the current year. No principal was received this year; thus, no revenue was recognized in the governmental funds. However, in the government-wide financial statements, this transaction represents an asset to the District.		1,500,000
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The prepaid PERS unfunded actuarial liability is not available to pay for current period expenditures, and is therefore not reported in the governmental funds.		22,766,183
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The net pension asset is not available to pay for current period expenditures, and is therefore not reported in the governmental funds.		8,918,152
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The excess of the reacquisition price of refunded debt over its net carrying amount is not available to pay for current period expenditures and is therefore not reported in the governmental funds. In the Statement of Net Position, this item represents a deferred outflow of resources.		1,638,687
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An internal service fund is used by the District's management as a risk management pool. The assets and liabilities of the internal service fund are included with governmental activities.		420,608
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported as liabilities in the funds.
 Long-term liabilities at year-end consist of:

General and pension obligation bonds payable	\$	88,580,210	
Certificates of participation payable		220,002	
Notes payable		3,013,415	
Net pension obligation - early retirement		2,071,834	
OPEB obligation - health care subsidy		3,642,043	
			(97,527,504)

The net pension-related inflow is not available to offset current period expenditures, and is therefore not reported in the governmental funds.		(7,593,053)
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Total net position - governmental activities	\$	27,928,182
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The notes to the basic financial statements are an integral part of this statement.

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Pension Obligation Bonds Fund	Capital Projects Fund	Total Governmental Funds
Revenues:						
Local sources:						
Property taxes	\$ 22,164,575	\$ 0	\$ 6,704,217	\$ 0	\$ 0	\$ 28,868,792
Other local sources	1,627,124	3,908,926	63,538	3,517,895	690,934	9,808,417
Intermediate sources	383,586	798,135	0	0	0	1,181,721
State sources	46,720,614	1,006,169	0	0	94,978	47,821,761
Federal sources	9,821	5,208,307	0	0	0	5,218,128
Total revenues	70,905,720	10,921,537	6,767,755	3,517,895	785,912	92,898,819
Expenditures:						
Current:						
Instruction	45,846,874	5,431,384	0	0	653,241	51,931,499
Support services	24,265,309	2,501,169	0	0	336,610	27,103,088
Enterprise/community services	671,696	3,270,657	0	0	0	3,942,353
Facilities acquisition and construction	0	0	0	0	979,299	979,299
Debt service:						
Principal	0	431,251	6,160,000	1,245,000	471,770	8,308,021
Interest	0	0	476,030	2,268,238	545,133	3,289,401
Issuance costs	0	0	0	0	205,423	205,423
Total expenditures	70,783,879	11,634,461	6,636,030	3,513,238	3,191,476	95,759,084
Excess (deficiency) of revenues over (under) expenditures	121,841	(712,924)	131,725	4,657	(2,405,564)	(2,860,265)
Other financing sources (uses):						
Transfers in	250,000	130,000	0	0	0	380,000
Transfers out	(130,000)	0	0	0	0	(130,000)
Capital lease issuance	0	0	0	0	0	0
Issuance of debt	0	575,000	0	0	15,565,000	16,140,000
Premium on bonds issued					1,865,440	1,865,440
Payment to refunded bond escrow agent					(3,849,091)	(3,849,091)
Sale of capital assets	0	0	0	0	2,328,523	2,328,523
Total other financing sources (uses)	120,000	705,000	0	0	15,909,872	16,734,872
Total change in fund balances	241,841	(7,924)	131,725	4,657	13,504,308	13,874,607
Fund balances, July 1, 2014, as restated (Note 21)	3,802,772	2,163,095	496,287	145,343	1,429,260	8,036,757
Fund balances, June 30, 2015	\$ 4,044,613	\$ 2,155,171	\$ 628,012	\$ 150,000	\$ 14,933,568	\$ 21,911,364

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

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2015

Net change in fund balances - total governmental funds		\$ 13,874,607
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeds capital outlay for the current period.		
Expenditures for capital outlay	\$ 1,480,051	
Less current year depreciation	<u>(2,515,688)</u>	(1,035,637)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the decrease from the prior year.		
Property taxes and other unavailable revenue		48,622
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial position of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of discounts/premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This is the net effect of these differences in the treatment of long-term debt and related items:		
Debt issued or incurred:		
General obligation debt	(17,430,440)	
Notes and leases payable	(694,293)	
Principal repayments:		
General obligation debt	7,720,000	
Notes and leases payable	4,395,327	
Amortization of bond premium	<u>20,931</u>	(5,988,475)
The General Fund, Special Revenue Fund, and Pension Obligation Fund charged the other funds for services for various purposes. In the Statement of Activities, these transactions are eliminated. This is the effect of the elimination.		
Services to other funds	3,641,152	
Instruction	(2,270,801)	
Support services	(1,233,961)	
Enterprise/community services	<u>(136,390)</u>	0
Governmental funds report prepayments on unfunded pension liability as an expenditure. However, in the Statement of Net Position, this payment is recorded as a prepaid PERS unfunded actuarial net pension liability and amortized on a straight-line basis over the life of the bonds. This is the net effect of this difference:		
effect of this difference:		
Amortization of prepaid PERS unfunded actuarial liability		(1,751,245)
In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus the change in net position differs from the change in fund balance by the cost of the assets sold.		
		381,173
In the Statement of Activities, the deferred charge on refunding represents a deferred outflow of resources, which is amortized over the life of the bonds. In the governmental funds, this charge was considered an expense in the period of the refunding. This amount represents the current year amortization included in the Statement of Activities.		
Amortization of deferred charge		(327,738)
The governmental funds reported a net transfer in from the internal service fund of \$250,000. In the Statement of Activities, this transfer is netted upon consolidation between the funds.		
		(250,000)
Early retirement stipends are recognized as an expenditure when paid in the governmental funds. In the Statement of Activities, early retirement liability is recognized as an expense in accordance with actuarial calculations.		
Early retirement accrual decrease		122,123
Other post employment benefits are recognized as an expenditure when paid in the governmental funds. In the Statement of Activities, OPEB is recognized as an expense in accordance with actuarial calculations.		
OPEB accrual increase		(339,506)
Change in deferred inflows of resources from net pension asset		9,557,893
An internal service fund is used by the District's management as a risk management pool. The net expenses of the internal service fund are reported with the governmental activities.		
		<u>128,387</u>
Change in net position of governmental activities (page 14)		<u>\$ 14,420,204</u>

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

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Statement of Revenues, Expenditures, and Changes in Fund Balance --
 Budget and Actual
 General Fund
 Non GAAP Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Property taxes	\$ 21,299,681	\$ 21,299,681	\$ 22,164,575	\$ 864,894
Other local sources	1,536,698	1,536,698	1,627,124	90,426
Intermediate sources	763,723	763,723	383,586	(380,137)
State sources	44,826,817	44,826,817	46,720,614	1,893,797
Federal sources	16,000	16,000	9,821	(6,179)
Total revenues	<u>68,442,919</u>	<u>68,442,919</u>	<u>70,905,720</u>	<u>2,462,801</u>
Expenditures:				
Instruction	46,387,491	46,312,491	45,866,970	445,521
Support services	24,261,558	24,261,558	24,259,869	1,689
Enterprise/community services	666,510	741,510	671,696	69,814
Facilities acquisition and construction	10,300	10,300	0	10,300
Debt service	2,060	2,060	0	2,060
Contingencies	160,000	160,000	0	160,000
Total expenditures	<u>71,487,919</u>	<u>71,487,919</u>	<u>70,798,535</u>	<u>689,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,045,000)</u>	<u>(3,045,000)</u>	<u>107,185</u>	<u>3,152,185</u>
Other financing sources (uses):				
Transfers from other funds	250,000	250,000	250,000	0
Transfers to other funds	<u>(155,000)</u>	<u>(155,000)</u>	<u>(130,000)</u>	<u>25,000</u>
Total other financing sources (uses)	<u>95,000</u>	<u>95,000</u>	<u>120,000</u>	<u>25,000</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>(2,950,000)</u>	<u>(2,950,000)</u>	<u>227,185</u>	<u>3,177,185</u>
To adjust for encumbrances (Note 11)	<u>0</u>	<u>0</u>	<u>14,656</u>	<u>14,656</u>
Net change in fund balance (GAAP basis)	<u>(2,950,000)</u>	<u>(2,950,000)</u>	<u>241,841</u>	<u>3,191,841</u>
Total fund balances, July 1, 2014, as restated (Note 21)	<u>2,950,000</u>	<u>2,950,000</u>	<u>3,802,772</u>	<u>852,772</u>
Total fund balances, June 30, 2015	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,044,613</u>	<u>\$ 4,044,613</u>

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

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Statement of Revenues, Expenditures, and Changes in Fund Balance --
 Budget and Actual
 Special Revenue Fund
 Non GAAP Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
Revenues:			
Local sources	\$ 4,750,353	\$ 3,908,926	\$ (841,427)
Intermediate sources	932,261	798,135	(134,126)
State sources	816,400	1,006,169	189,769
Federal sources	<u>7,003,707</u>	<u>5,208,307</u>	<u>(1,795,400)</u>
Total revenues	<u>13,502,721</u>	<u>10,921,537</u>	<u>(2,581,184)</u>
Expenditures:			
Instruction	7,901,436	5,431,384	2,470,052
Support services	3,010,591	2,501,169	509,422
Enterprise/community services	3,618,316	3,270,657	347,659
Facilities acquisition/construction	10,000	0	10,000
Debt service	<u>440,222</u>	<u>431,251</u>	<u>8,971</u>
Total expenditures	<u>14,980,565</u>	<u>11,634,461</u>	<u>3,346,104</u>
Excess(deficiency) of revenues over expenditures	<u>(1,477,844)</u>	<u>(712,924)</u>	<u>764,920</u>
Other financing sources:			
Transfers in	125,000	130,000	5,000
Issuance of debt	572,449	575,000	2,551
Sale of capital assets	<u>6,000</u>	<u>0</u>	<u>(6,000)</u>
Total other financing sources	<u>703,449</u>	<u>705,000</u>	<u>1,551</u>
Net change in fund balance	(774,395)	(7,924)	766,471
Fund balances, July 1, 2014	<u>2,907,815</u>	<u>2,163,095</u>	<u>(744,720)</u>
Fund balances, June 30, 2015	<u>\$ 2,133,420</u>	<u>\$ 2,155,171</u>	<u>\$ 21,751</u>

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

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Statement of Net Position

Proprietary Fund

June 30, 2015

	Governmental Activities
	Risk Management Internal Service Fund
<hr/>	
ASSETS:	
<hr/>	
Current assets:	
Accounts receivable	\$ 3,124
Due from other funds	<hr/> 418,176
Total assets	<hr/> 421,300
LIABILITIES:	
<hr/>	
Current liabilities:	
Accounts payable	<hr/> 692
NET POSITION	
<hr/>	
Total net position - unrestricted	<hr/> \$ 420,608

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

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 For the Fiscal Year Ended June 30, 2015

	Governmental Activities
	Risk Management Internal Service Fund
Operating revenues:	
Recovery of prior year expenses	\$ 63,218
Services to other funds	516,879
Miscellaneous	<u>21,475</u>
Total revenues	<u>601,572</u>
Operating expenses:	
Salaries	47,201
Associated payroll cost	25,490
Purchased services	68,081
Supplies and materials	48,901
Insurance and judgments	<u>283,512</u>
Total operating expenses	<u>473,185</u>
Excess of revenues over expenditures	128,387
Other financing sources:	
Transfers to other funds	<u>(250,000)</u>
Change in net position	(121,613)
Net position - July 1, 2014	<u>542,221</u>
Net position - June 30, 2015	<u><u>\$ 420,608</u></u>

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

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2015

	Governmental Activities	Risk Management Internal Service Fund
Cash flows from operating activities:		
Internal activity - payments from other funds	\$ 538,043	
Other receipts	84,693	
Payments to employees	(47,201)	
Payments for employee benefits and taxes	(25,490)	
Payments for services	(68,081)	
Payments for supplies and materials	(48,901)	
Payments for insurance	(283,633)	
Net cash provided by operating activities	149,430	
Cash flows from noncapital financing activities:		
Transfers to other funds	(250,000)	
Advances from other funds	100,570	
Net cash used by noncapital financing activities	(149,430)	
Net change in cash and cash equivalents	0	
Beginning cash and cash equivalents	0	
Ending cash and cash equivalents	\$ 0	
Reconciliation of operating income to net cash used by operating activities:		
Net operating income	\$ 128,387	
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Decrease in accounts receivable	21,164	
Decrease in accounts payable	(121)	
Total adjustments	21,043	
Net cash provided by operating activities	\$ 149,430	

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

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Receivables:	
Interfund	<u>\$ 266,435</u>
<u>LIABILITIES:</u>	
Due to agency groups	<u>\$ 266,435</u>

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

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon
Combining Statement of Net Position
Major Component Units
June 30, 2015

	Component Units				
	Oregon City Service Learning Academy	Springwater Environmental Sciences School	Alliance Charter Academy	Clackamas Academy of Industrial Sciences	Total Component Units
ASSETS:					
Cash and investments	\$ 0	\$ 202,371	\$ 604,427	\$ 0	\$ 806,798
Receivables:					
Accounts	0	8,271	11,546	0	19,817
Due from Oregon City School District	28,211	0	0	74,317	102,528
Net pension asset	0	263,797	475,939	0	739,736
Capital assets, net of accumulated depreciation:					
Land	0	120,275	0	0	120,275
Site improvements	0	0	0	0	0
Buildings	0	871,451	0	0	871,451
Vehicles and equipment	0	0	8,898	0	8,898
Total assets	<u>28,211</u>	<u>1,466,165</u>	<u>1,100,810</u>	<u>74,317</u>	<u>2,669,503</u>
LIABILITIES:					
Payables:					
Accounts	10,862	7,557	30,796	62,662	111,877
Salaries and benefits	9,294	0	51,693	0	60,987
Unearned revenue	0	0	75	0	75
Noncurrent liabilities:					
Due within one year	0	71,573	0	0	71,573
Due in more than one year	0	494,971	0	0	494,971
Total liabilities	<u>20,156</u>	<u>574,101</u>	<u>82,564</u>	<u>62,662</u>	<u>739,483</u>
Deferred inflows of resources:					
Net pension-related deferral	0	364,835	376,774	0	741,609
Total liabilities and deferred inflows of resource	<u>20,156</u>	<u>938,936</u>	<u>459,338</u>	<u>62,662</u>	<u>1,481,092</u>
NET POSITION:					
Net investment in capital assets	0	425,182	8,898	0	434,080
Restricted for:					
Operating	0	0	200,000	0	200,000
Unrestricted	8,055	102,047	432,574	11,655	554,331
Total net position	<u>\$ 8,055</u>	<u>\$ 527,229</u>	<u>\$ 641,472</u>	<u>\$ 11,655</u>	<u>\$ 1,188,411</u>

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

OREGON CITY SCHOOL DISTRICT NO. 62

**Clackamas County, Oregon
Combining Statement of Activities
Major Component Units
Fiscal Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Component Units					Total Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Oregon City Service Learning Academy	Springwater Environmental Sciences School	Alliance Charter Academy	Clackamas Academy of Industrial Sciences		
<u>Component units:</u>										
Oregon City Service Learning Academy	\$ 1,322,208	\$ 3,895	\$ 0	\$ 0	\$ (1,318,313)	\$ 0	\$ 0	\$ 0	\$ (1,318,313)	
Springwater Environmental Sciences School	1,022,912	106,015	262,819	0	0	(654,078)	0	0	(654,078)	
Alliance Charter Academy	2,383,842	458,613	21,185	0	0	0	(1,904,044)	0	(1,904,044)	
Clackamas Academy of Industrial Sciences	1,347,769	1,182	0	0	0	0	0	(1,346,587)	(1,346,587)	
	<u>\$ 6,076,731</u>	<u>\$ 569,705</u>	<u>\$ 284,004</u>	<u>\$ 0</u>	<u>(1,318,313)</u>	<u>(654,078)</u>	<u>(1,904,044)</u>	<u>(1,346,587)</u>	<u>(5,223,022)</u>	
General revenues:										
State aid - formula grants not restricted to specific programs					1,309,035	1,196,290	2,254,698	1,333,186	6,093,209	
Other general revenues					229	174	65,270	19,128	84,801	
Unrestricted investment earnings					0	0	381	0	381	
Total general revenues					<u>1,309,264</u>	<u>1,196,464</u>	<u>2,320,349</u>	<u>1,352,314</u>	<u>6,178,391</u>	
Change in net position					(9,049)	542,386	416,305	5,727	955,369	
Net position - beginning					17,104	(15,157)	225,167	5,928	233,042	
Net position - ending					<u>\$ 8,055</u>	<u>\$ 527,229</u>	<u>\$ 641,472</u>	<u>\$ 11,655</u>	<u>\$ 1,188,411</u>	

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

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2015

Note 1: Summary of Significant Accounting Policies

Oregon City School District No. 62, a municipal corporation under the laws of the State of Oregon, is governed by a separately elected seven-member board and is authorized to transact all business on the District's behalf. The District is the special-purpose primary government exercising financial accountability for all public education within its boundaries.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles.

All significant activities and organizations have been included in the basic financial statements. The accompanying financial statements present the District and its four component units. The four component units, as described in the following paragraphs, are included in the District's financial statements because the District has consent over their charter, and the exclusion of the charter schools would cause the District's financial statements to be misleading or incomplete. The District has determined that each of the four component units is major.

Discretely Presented Component Units

Oregon City Service Learning Academy is a charter high school, which began operations in September 2006. The Academy's curriculum integrates real world activities like service-learning and project-based learning to help students meet academic goals.

Springwater Environmental Sciences School, which began operations in September 2006, is a charter K-8 school focusing on natural sciences. The School's mission is to integrate sciences throughout its academic core curriculum using hands on experiences with "real world" science in all subjects.

Alliance Charter Academy, which began operations in September 2007, is a 1-12 charter school. The Academy is a standards-based student-centered hybrid school offering flexible schedules and an array of creative logistical, staffing and management procedures that focus instruction on the individual student's needs.

Clackamas Academy of Industrial Sciences is a charter high school, which began operations in September 2010. The Academy's curriculum is designed to provide students with an innovative, contextual learning environment focused on manufacturing technologies.

Complete financial statements for each of the component units may be obtained at their respective administrative offices:

Oregon City Service Learning Academy
995 South End Road
Oregon City, Oregon 97045

Springwater Environmental Sciences School
16491 S. Springwater Road
Oregon City, Oregon 97045

Alliance Charter Academy
16075 Front Ave.
Oregon City, Oregon 97045

Clackamas Academy of Industrial Sciences
1306 12th Street
Oregon City, Oregon 97045

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The financial statements are presented at both the government-wide and fund levels. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to users outside the District for support. Under the criteria established by GAAP, the District has no activities that would be classified as business-type in the government-wide statements.

Government-wide financial statements display information about the reporting government as a whole. Except for interfund services provided and used, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period, and consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to applicants who use or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. *General revenues* consist of taxes and other items not properly included among program revenues.

Fund financial statements are presented separately for governmental, proprietary, and fiduciary funds, even though the proprietary fund (an internal service fund) is consolidated into the governmental activities and fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied.

The Government-wide Financial Statements and the Proprietary Fund Financial Statements are prepared on the *accrual* basis of accounting with an *economic resource* measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. This measurement focus is directly linked to full accrual accounting, under which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash inflows and outflows. It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Governmental Funds Financial Statements are presented on a *modified accrual* basis of accounting with a *current financial resources* measurement focus. A current financial resources focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. This measurement focus is directly linked to the modified accrual basis of accounting, under which revenues are recognized when they are "measurable and available," and expenditures are recorded when the fund liability is incurred, except for bond principal and interest which are reported when due. "Measurable" means knowing or being able to reasonably estimate the amount, while "available" means collectible within the current period or within sixty days after year-end. Property taxes, interest, and grant reimbursements are considered to be susceptible to accrual if received in cash by the District or a county collecting such taxes within sixty days after year-end. All other revenue items are recognized when they become measurable and available.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Fiduciary Statements are presented on the accrual basis of accounting, as described above, and represent agency funds.

A deferred inflow of resources, unavailable revenue, arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. The unavailable revenue consists of uncollected property taxes and assessments not available to finance operations in the current period. In the government-wide Statement of Net Position, which is presented on the full accrual basis of accounting, revenue must be recognized when earned regardless of its availability, thereby eliminating the liability present in the Governmental Funds Balance Sheet.

In a similar manner, governmental funds only record expenditures that affect current financial resources. Principal and interest on long-term debt obligations are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments due early in the following year. In the government-wide Statement of Net Position, however, because of the full accrual basis of accounting, the accrued liability for long-term debt must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the government-wide presentation. This reconciliation is part of the District's financial statements.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund's resources are available to the District for any purpose provided they are expended or transferred according to a resolution of the District and/or the general laws of Oregon.

The *Special Revenue Fund* accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. Principal sources of revenue are federal grants paid to the District through state and other agencies, other grants paid to the District from state, local, and private agencies, sales of meals, and student activities.

The *Debt Service Fund* accounts for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the District. Principal sources of revenue are property taxes and investment income.

The *Pension Obligation Bonds Fund* accounts for the accumulation of financial resources for the payment of principal and interest on bonds issued to retire a portion of its underfunded pension obligation as calculated by the Oregon Public Employees Retirement System. While the Pension Obligation Bonds Fund does not meet the percentage requirements to be a major fund, the District has elected to show it as such for the benefit of the users of the financial statements.

The *Capital Projects Fund* is used to account for resources restricted for the acquisition or construction of specific capital projects or items. Principal sources of revenue include loan proceeds, construction excise tax, proceeds from the sale of capital assets, and donations.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the District reports the following fund types:

Proprietary Fund:

The District maintains a Risk Management Internal Service Fund to account for costs of unemployment, workers' compensation and property and casualty insurance claims. For the fund financial statements, this fund is reported as a proprietary fund. For government-wide financial statements, however, the activities and balances of this fund are included in the governmental activities because the predominant participant is the District. The District's proprietary fund utilizes the accrual basis of accounting, as described above. Operating revenues and expenses consist of transactions that fall within the fund's defined purpose of risk management. Nonoperating revenues and expenses represent transactions outside the scope of the defined purpose. The fund had no nonoperating revenues or expenses in the current year.

Fiduciary Funds:

Fiduciary funds consisting of agency funds are used to account for scholarship and memorial funds held by the District in a fiduciary capacity. These assets cannot be used to support the District's own programs and therefore are not included in the government-wide financial statements.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

Cash and Investments

Moneys in the Oregon State Local Government Investment Pool, certificates of deposit, demand deposits, and petty cash are considered to be cash and cash equivalents.

Investments with a remaining maturity of more than ninety days at the time of purchase are stated at fair value.

Receivables

- (A) Interfund consists of balances due from other funds within the District, as a result of cash pool transactions. For the government-wide financial statements, these balances have been eliminated.
- (B) Accounts consist of amounts due to the District from outside non-governmental entities.
- (C) Intergovernmental consists of funds due from other governmental agencies.
- (D) Undistributed tax collections consists of taxes collected by the county tax collector before July 1, 2015, but not made available to the District until after June 30, 2015.
- (E) Property taxes represent taxes that have been levied by the District but have not been collected.

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These transactions occur in two categories: *reciprocal interfund activity* and *nonreciprocal interfund activity*.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Interfund Transactions (Continued)

"Reciprocal interfund activity" consists of interfund loans or pooled investment accounts and interfund services provided and used. Interfund loans are reported as interfund receivables and payables in the appropriate funds. Interfund transactions related to goods and services type transactions are classified as "due to and due from other funds," and as revenue or expenditures in the appropriate funds in the fund financial statements.

"Nonreciprocal interfund activity" represents flows of cash and other assets into or out of funds without equivalent flows of assets in return and without a requirement for repayment. These interfund transfers have been reported as other financing sources or uses in the appropriate funds in the fund financial statements.

Interfund transactions have been eliminated in the government-wide financial statements.

Property Taxes Receivable

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

Uncollected property taxes are shown in the balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes collected within approximately sixty days of fiscal year end are recognized as revenue. The remaining balance of taxes receivable is recorded as deferred revenue in the fund financial statements because it is not deemed available to finance operations of the current period. In the government-wide financial statements, the deferred revenue is recognized as revenue in the current period because it has been earned even though it has not yet been collected.

Prepaid Items

Prepaid items are recognized as expenditures in governmental funds proportionately over the periods that service is provided (*consumption method*).

Capital Assets

Capital assets include property, buildings, and equipment, and are reported in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased.

Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more; all capital assets acquired through debt transactions are capitalized. Capital assets are stated at cost, or estimated historical cost when the original cost was not available. Donated assets have been stated at fair market value at the date accepted by the District. Additions or improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other maintenance and repair costs are charged to expenses as incurred and not capitalized.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Capital Assets (continued)

Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Land is not depreciated. Depreciation is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site improvements	20
Buildings and improvements	50
Vehicles	15
Equipment	10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category: a deferred charge on refunding, which represents the *excess of reacquisition price of refunded debt over its net carrying amount*. The excess of reacquisition price of refunded debt over its net carrying amount results in the difference from the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two of these items. The first item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, *net pension-related deferral*, is reported only in the government-wide Statement of Net Position, and represents the adjustment to include the District's PERS net deferred inflows.

Long-Term Debt

In the government-wide Statement of Net Position, long-term debt obligations are reported as liabilities. The long-term debt consists primarily of general obligation bonds, pension obligation bonds, certificates of participation, and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources, and payments of interest and principal are reported as expenditures in the appropriate funds as incurred.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Retirement Plans

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

Administrators who have worked at least twelve years in the District immediately preceding retirement and are eligible for retirement under the Public Employees Retirement System are eligible for early retirement, as are certified teachers who have completed at least fifteen years with the District. Benefits are funded and charged to expenditures as payments become due to early retirees.

Compensated Absences

Vacation leave does not accumulate beyond June 30, and no liability is recorded for accrued vacation, salary-related payments and non-vested accumulated rights to receive sick pay benefits.

Equity

In the government-wide financial statements, equity is classified as net position, and displayed in three components:

- a. *Net investment in capital assets* – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net positions with constraints placed on them by external entities or by law.
- c. *Unrestricted net position* – all other net positions that do not meet either of the above criteria.

In the proprietary fund statements, equity is classified as unrestricted net position.

Fund Balances

In the governmental financial statements, funds balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

Fund Balances(continued)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Following are descriptions of fund classifications used by the District.

- a. *Nonspendable fund balance* includes items not immediately converted to cash, such as prepaid items or inventory. The District had \$112,420 in nonspendable fund balances as of June 30, 2015, which represents prepaid items.
- b. *Restricted fund balance* includes amounts that have constraints placed on the use of the resources, either by an external party or imposed by law through a constitutional or enabling legislation.
- c. *Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal resolution of the Board of Directors. The Board of Directors can modify or rescind the commitment at any time through taking a similar formal resolution. Board policy is to commit the ending balance of funds other than the General Fund in accordance with the purposes stated for each fund in the budget.
- d. *Assigned fund balance* includes amounts assigned for specific uses as authorized by the Superintendent and/or Director of Finance.
- e. *Unassigned fund balance* is the residual classification for balances not assigned to another category. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assign to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The District considers the spending of restricted fund balances for purposes for which such funds can be used to occur first when funds are spent for restricted and unrestricted purposes. When unrestricted classifications of fund balances are spent, the Board will consider the committed amounts will be reduced first, followed by assigned amounts and then unassigned amounts.

The Board of Directors recognizes its responsibility to establish an unrestricted fund balance in an amount sufficient to protect the District from unnecessary borrowing, provide prudent reserves to meet unexpected emergencies and protect against catastrophic events, meet the uncertainties of state and federal funding, ensure a favorable credit rating, and ensure the District operates as an ongoing entity and provides for future financial stability. The Board of Directors therefore adopted Policy DBDB whereby the Superintendent or designee is directed to manage the adopted budget in such a way as to ensure an ending unrestricted fund balance between a minimum of five percent and a maximum of ten percent of total adopted General Fund resources. Under this policy, the minimum unrestricted General Fund balance is \$3,422,146, which represents five percent of adopted resources, and the maximum unrestricted balance is \$6,844,292, which represents ten percent of adopted resources. The unassigned ending fund balance in the General Fund at June 30, 2015, is \$3,971,794 or 5.8%.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 2: Stewardship, Compliance, and Accountability

A budget is prepared and legally adopted for each governmental fund type, the two debt service funds, the proprietary fund type, and the fiduciary fund type in main program categories required by Oregon Local Budget Law. The District's budgetary basis of accounting is consistent with generally accepted accounting principles except the General Fund includes encumbrances, which have been recorded as expenditures in the current period. Encumbrances are open purchase orders for goods and services that have been committed but not yet received. The result is a timing difference. The budgetary comparison for the General Fund is prepared using the encumbrance method of accounting and is reconciled to the GAAP basis. Budgetary comparisons for the remaining District funds are prepared in accordance with GAAP and do not include encumbrances.

The budget is adopted, appropriations are made and the tax levy declared no later than June 30th. Expenditure budgets (including capital outlay) are appropriated at the following function levels for each fund type:

Level of Control

- Instruction
- Support services
- Enterprise/community services
- Facilities acquisition and construction
- Interfund transactions
- Debt service
- Operating contingency

After budget approval, the Board may approve supplemental appropriations and appropriation transfers between levels of controls if an occurrence, condition, or need exists, which was not known at the time the budget was adopted.

Expenditures cannot legally exceed appropriations. Unencumbered appropriations lapse at the fiscal year end. Encumbered appropriations do not lapse and can be liquidated without further budgetary authorization at any time after the fiscal year end. Supplemental appropriations may occur if the Board approves them when a need, which was not determinable at the time the budget was adopted, exists. Any budget appropriations, transfers, or other amendments must be approved by the Board. The Board approved two appropriation transfers during the year.

Specific to the Capital Projects Fund, the Board of Directors passed a resolution to refinance existing debt in the current fiscal year and approve financing for the construction of a transportation and maintenance facility. The overexpenditure in the Capital Projects Fund is a permitted exception to Oregon Budget Law.

Budget amounts shown in the combined financial statements reflect approved appropriation transfers. Appropriation transfers recategorized expenditures within the General, Internal Service, and Fiduciary Funds. Overall appropriations increased remained the same as originally approved.

Note 3: State Constitutional Property Tax Limit

The State of Oregon has a constitutional limit on property taxes for government operations. Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. Property taxes levied for the payment of bonded indebtedness are exempt from the limitation, provided such bonds are either authorized by a specific provision of the Oregon Constitution or approved by the voters of the District for capital construction or improvements.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 4: Cash and Investments

Deposits with financial institutions include bank demand deposits, deposits in the local government investment pool, time certificates of deposit, and savings accounts deposits as authorized by Oregon statutes. The cash and investments are comprised of the following:

Local Government Investment Pool	\$ 26,174,990
Demand accounts	1,899,630
Petty cash	<u>2,720</u>
Total cash and investments	<u><u>\$ 28,077,340</u></u>

Investments

Generally accepted accounting principles require investments with a remaining maturity of more than one year at the time of purchase to be stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale.

Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at share value, which approximates fair value and is the value at which the shares can be withdrawn. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments maturing more than 270 days from the date the computation is made. If the fair value totals more than one percent of the balance of the LGIP in terms of unrealized gain or loss, the amount is required to be distributed to the pool participants. Fifty percent of the LGIP portfolio must mature within 93 days. Up to twenty-five percent of the LGIP portfolio may mature in over one year and no investment may mature in over three years. At June 30, 2015, the District's share of the amount of unrealized gain reported by the LGIP, in accordance with ORS, was considered immaterial.

The Oregon Local Government Investment Pool is unrated.

Interest rate risk

In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by structuring the investment portfolio so that securities mature to meet ongoing operations. Interest risk is lessened by generally matching investment maturities with cash requirements so that sales prior to maturities (and the possible loss of principal) are minimized. The District's policy does not preclude the sale of securities prior to their maturity in order to improve the quality, net yield, or maturity characteristics of the portfolio.

Credit risk

The District's investment policy, and Oregon Revised Statutes, authorizes the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, bankers' acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port, or school district in Oregon (subject to specific standards), and the Oregon State Local Government Investment Pool, among others. Credit risk is minimized by limiting investments to the safest types of securities and by diversifying the investment portfolio to limit the District's exposure to an individual security issuer or backer. The credit worthiness of a security issuer or backer prior to an investment being purchased is a major factor in the District's investment decisions.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 4: Cash and Investments (continued)

Concentration of credit risk – investments

The District's investment policy places no limit on the amount the District may invest in U.S. Government agency securities, instrumentalities of government-sponsored corporations, or the State of Oregon Local Government Investment Pool. Investments in bankers' acceptances are limited to 50% of total investments. Investments in commercial paper are limited to 20% of total investments, and the corporation must meet specific strict criteria prior to the investment. The District's investment policy, and ORS 294.035, does not allow for an investment in any one corporate obligation that is in excess of five percent of the monies being invested.

Custodial credit risk – deposits

At year-end, the District's net carrying amount of deposits was \$1,899,630 and the bank balance was \$2,695,782. Of these deposits, \$1,433,575 was covered by federal depository insurance, while the remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP), created by the Oregon State Treasurer.

Oregon Revised Statutes permit governmental funds to be held at any insured financial institution with a head office or branch in Oregon. The Statutes also require governmental funds in banks in excess of deposit insurance to be held only by a state-approved qualified financial institution, which are required to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public funds if they are well-capitalized, or 110% of their quarter-end public fund deposits if they are adequately capitalized or undercapitalized. A depository institution's capitalization category is assigned by the FDIC on a quarterly basis. The District is required to report to the Oregon State Treasurer within three days of any change in depository. The District has complied with this requirement.

Custodial credit risk – investments

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies, and is not registered with the U.S. Securities and Exchange Commission. The LGIP 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, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, District management does not believe that there is any substantial custodial credit risk related to its investments in the LGIP. Participation by the District in the Local Government Investment Pool is voluntary. The fair value of the Pool is the same as the District's carrying value in the pool balances.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 5: Receivables

Receivables as of year-end are summarized as follows:

	General Fund	Total
Receivables:		
Other	\$ 28,062	\$ 28,062

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,482,313	\$ 0	\$ (4,551)	\$ 5,477,762
Construction in progress	0	812,669	0	812,669
Total capital assets not being depreciated	<u>\$ 5,482,313</u>	<u>\$ 812,669</u>	<u>\$ (4,551)</u>	<u>\$ 6,290,431</u>
Capital assets being depreciated:				
Site improvements	5,286,289	37,638	0	5,323,927
Buildings and improvements	97,324,309	91,212	(1,541,199)	95,874,322
Equipment	10,156,989	653,976	0	10,810,965
Total capital assets being depreciated	<u>112,767,587</u>	<u>782,826</u>	<u>(1,541,199)</u>	<u>112,009,214</u>
Less accumulated depreciation for:				
Site improvements	2,499,162	0	0	2,499,162
Buildings and improvements	32,136,569	2,114,658	(449,491)	33,801,736
Equipment	7,195,708	501,030	0	7,696,738
Total accumulated depreciation	<u>41,831,439</u>	<u>2,615,688</u>	<u>(449,491)</u>	<u>43,997,636</u>
Total capital assets being depreciated, net	<u>70,936,148</u>	<u>(1,832,862)</u>	<u>(1,091,708)</u>	<u>68,011,578</u>
Governmental activities capital assets, net	<u>\$ 76,418,461</u>	<u>\$ (1,020,193)</u>	<u>\$ (1,096,259)</u>	<u>\$ 74,302,009</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 6: Capital Assets (continued)

Depreciation expense was charged to programs as follows:

Governmental activities:

Instruction:

Regular programs:

High school	\$ 700
Total instruction	<u>700</u>

Support services:

Instructional staff support 14,299

Executive administration 6,218

Business support services:

Facilities acquisition 2,114,468

Plant services 26,629

Transportation 409,483

Food services 2,288

Internal services 1,250

Central support services 40,353

Total support services 2,614,988

Total depreciation expense - governmental activities \$ 2,615,688

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements (Continued)

Note 7: Long-Term Debt

Long-term debt consists of obligations from general obligation bonds, pension obligation bonds, certificates of participation, notes payable, and capital leases payable.

A summary of changes in long-term debt follows:

	Balance July 1, 2014	Additional Obligations	Payments & Adjustments	Balance June 30, 2015	Due within One Year
General obligation refunding bonds - 2013	\$ 37,080,000	\$ 0	\$ (6,160,000)	\$ 30,920,000	\$ 6,395,000
General obligation refunding bonds - 2014	0	15,565,000	(315,000)	15,250,000	250,000
Pension obligation bonds	41,910,000	0	(1,245,000)	40,665,000	1,460,000
2007 Certificates of participation	110,000	0	(35,000)	75,000	35,000
2008 Certificates of participation	190,000	0	(44,998)	145,002	45,000
Note payable	289,532	0	(43,947)	245,585	45,579
Note payable	242,662	0	(34,002)	208,660	35,157
Note payable	350,405	0	(39,601)	310,804	40,734
Note payable	767,289	0	(767,289)	0	0
Note payable	411,913	0	(46,937)	364,976	48,885
Note payable	1,681,692	0	(1,681,692)	0	0
Note payable	457,860	0	(27,697)	430,163	28,574
Note payable	1,455,000	0	(1,455,000)	0	0
Note payable	503,520	0	(51,786)	451,734	52,005
Note payable	412,464	0	(41,575)	370,889	42,580
Note payable	0	575,000	(62,867)	512,133	51,352
	85,862,337	16,140,000	(12,052,391)	89,949,946	8,529,866
Unamortized:					
Bond premium	0	1,865,440	(2,596)	1,862,844	5,490
Bond discount	(141,161)	0	23,527	(117,634)	(23,527)
Total bonds, COPs, and notes payable	85,721,176	18,005,440	(12,031,460)	91,695,156	8,511,829
Capital leases payable	65,963	115,444	(62,936)	118,471	60,559
Net pension obligation - early retirement	2,193,957	0	(122,123)	2,071,834	0
OPEB obligation - health care subsidy	3,302,537	0	339,506	3,642,043	0
Total	<u>\$ 91,283,633</u>	<u>\$ 18,120,884</u>	<u>\$ (11,877,013)</u>	<u>\$ 97,527,504</u>	<u>\$ 8,572,388</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 7: Long-Term Debt (Continued):

General Obligation Refunding Bonds, Series 2013 issue

In a prior year, the District issued \$39,130,000 of General Obligation Refunding Bonds, Series 2013. The proceeds were used to advance refund \$36,230,000 of General Obligation Refunding Bonds, Series 2004, which had interest rates ranging from 2.0% to 5.05%. The net proceeds of \$38,941,785 (including a \$188,215 discount and after payment of \$88,648 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, \$36,230,000 of the General Obligation Refunding Bonds, Series 2004 are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,621,901. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The District advance refunded the Series 2004 bonds to reduce its total debt service payments over eight years by \$3,947,383 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) to the District of \$3,621,330. A description and maturity schedule follows:

Original net purchase price: \$ 38,941,785 including discount.

Interest payment dates: Interest on the obligations first payable on June 15, 2013, and semiannually thereafter on June 15 and December 15 of each year.

Maturity schedule: Bonds shall mature on June 15, 2013-2020, and bear interest of .3% to 2.024%.

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2016	\$ 6,395,000	\$ 444,018	\$ 6,839,018
2017	6,650,000	393,242	7,043,242
2018	5,640,000	318,496	5,958,496
2019	5,945,000	232,655	6,177,655
2020	6,290,000	127,310	6,417,310
Total	<u>\$ 30,920,000</u>	<u>\$ 1,515,721</u>	<u>\$ 32,435,721</u>

General Obligation Refunding Bonds, Series 2014 issue

In a December, 2014, the District issued \$15,565,000 of Full Faith and Credit and Refunding Obligations, Series 2014. The proceeds were used to advance refund three notes payable and for the construction of a new transportation facility for the District. Proceeds of \$3,761,240 were deposited into an irrevocable trust with an escrow agent and are therefore considered defeased; the liability for those notes has been removed from the Statement of Net Position.

The balance of the proceeds (including a premium of \$1,865,440 and after payment of \$231,350 in issuance costs) were deposited into the District's LGIP account to be drawn on as the transportation facility progresses. The premium is being netted against the new debt and amortized over the life of the bond.

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

General Obligation Refunding Bonds, Series 2014 issue (continued)

The District advance refunded the three notes to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) to the District of \$400,554. The Capital Projects Fund is used to liquidate this liability. A description and maturity schedule follows:

Original net purchase price: \$ 17,430,440 including discount.

Interest payment dates: Interest on the obligations first payable on June 1, 2015, and semiannually thereafter on June 11 and December 11 of each year.

Maturity schedule: Bonds shall mature on June 1, 2015-2039 and bear interest of 2% to 5%.

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2016	\$ 250,000	\$ 690,456	\$ 940,456
2017	255,000	685,456	940,456
2018	265,000	677,806	942,806
2019	490,000	667,206	1,157,206
2020	505,000	656,181	1,161,181
2021 - 2025	2,770,000	3,030,050	5,800,050
2026 - 2030	3,445,000	2,351,000	5,796,000
2031 - 2035	4,125,000	1,399,250	5,524,250
2036 - 2039	3,145,000	402,750	3,547,750
Total	<u>\$ 15,250,000</u>	<u>\$ 10,560,155</u>	<u>\$ 25,810,155</u>

Limited Tax Pension Obligation Bonds, Series 2004 issue

In February 2004, the District issued \$45,990,000 of series 2004 limited tax pension obligation bonds to finance its portion of the unfunded actuarial liability (UAL) with the State of Oregon Public Employees Retirement System (PERS) as of March 1, 2004. Also financed was an interest fund to help subsidize interest payments through December 30, 2006. The interest fund was placed in an irrevocable trust to provide for interest subsidy. As required by generally accepted accounting principles, the assets and liabilities of these trust accounts are not included in the District's basic financial statements. The issuance of the bonds was considered an advance refunding of the District's UAL and resulted in an estimated present value savings of approximately \$11.9 million over the life of the bonds based on a true interest cost of 5.493%. The actual savings realized by the District over the life of the pension obligation bonds cannot be determined because of uncertainty regarding the ultimate investment earnings of the advance refunding relative to the amount of interest expense that will be paid on the bonds. Also uncertain are the possible legislative changes to PERS and pending legal issues which could impact the District's future required contribution rate. A description and maturity schedule follows:

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

Limited Tax Pension Obligation Bonds, Series 2004 issue (continued)

Original net purchase price: \$45,990,000.

Interest payment dates: Interest on the obligations first payable on June 30, 2004, and semiannually thereafter on June 30 and December 30 of each year.

Maturity schedule: Bonds shall mature on June 30, 2008-2028, and bear interest of 3.250% to 5.528%.

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2016	\$ 1,460,000	\$ 2,214,765	\$ 3,674,765
2017	1,685,000	2,141,429	3,826,429
2018	1,935,000	2,055,107	3,990,107
2019	2,205,000	1,954,042	4,159,042
2020	2,500,000	1,836,670	4,336,670
2021 - 2025	17,850,000	6,770,885	24,620,885
2026 - 2028	13,030,000	1,329,484	14,359,484
Total	<u>\$ 40,665,000</u>	<u>\$ 18,302,382</u>	<u>\$ 58,967,382</u>

Certificate of Participation, 2007 issue

The District sold \$326,000 in lease-purchase certificates of participation on May 15, 2007 for the purpose of acquiring four buses. The Special Revenue Fund is used to liquidate this liability. A description and maturity schedule of the certificates follows:

Net purchase price: \$ 319,969 net of issuance costs of \$6,031

Interest payment dates: Interest on the obligations first payable on December 1, 2007, and semi-annually thereafter on June 1 and December 1 of each year.

Maturity schedule: Certificates shall mature on June 1, 2017, and bear interest of 5.151%.

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2015	\$ 35,000	\$ 3,106	\$ 38,106
2017	40,000	1,664	41,664
Total	<u>\$ 75,000</u>	<u>\$ 4,770</u>	<u>\$ 79,770</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

Certificate of Participation, 2008 issue

The District sold \$438,000 in lease-purchase certificates of participation on July 1, 2008 for the purpose of acquiring a food delivery van and four buses. The Special Revenue Fund is used to liquidate this liability. A description and maturity schedule of the certificates follows:

Net purchase price: \$ 429,979 net of issuance costs of \$8,102.

Interest payment dates: Interest on the obligations first payable on December 1, 2008, and semi-annually thereafter on June 1 and December 1 of each year.

Maturity schedule: Certificates shall mature on June 1, 2018, and bear interest rates of 2.4% to 4.3%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2016	\$ 45,000	\$ 6,070	\$ 51,070
2017	50,000	4,225	54,225
2018	50,002	2,150	52,152
Total	<u>\$ 145,002</u>	<u>\$ 12,445</u>	<u>\$ 157,447</u>

Note Payable

The District purchased transportation equipment in February 2010. In order to acquire the equipment, the District borrowed \$450,000 from U. S. Bank National Association. The Special Revenue Fund will be used to liquidate this liability. A description and maturity schedule of the note follows:

Net purchase price: \$ 450,000

Interest payment dates: Interest on the obligation first payable on August 8, 2010, and semi-annually thereafter on February 8 and December 8 of each year.

Maturity schedule: The note will mature on February 8, 2020, and bears interest of 3.70%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2016	\$ 45,579	\$ 8,668	\$ 54,247
2017	47,281	6,966	54,247
2018	49,047	5,201	54,248
2019	50,879	3,369	54,248
2020	52,799	1,440	54,239
Total	<u>\$ 245,585</u>	<u>\$ 25,644</u>	<u>\$ 271,229</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

Note Payable

The District purchased transportation equipment in December 2010. In order to acquire the equipment, the District borrowed \$353,175 from U. S. Bank National Association. The Special Revenue Fund will be used to liquidate this liability. A description and maturity schedule of the note follows:

Net purchase price: \$ 353,175

Interest payment dates: Interest on the obligation first payable on June 14, 2011, and semi-annually thereafter on December 14 and June 14 of each year.

Maturity schedule: The note will mature on December 14, 2020, and bears interest of 3.35%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2016	\$ 35,157	\$ 6,698	\$ 41,855
2017	36,345	5,510	41,855
2018	37,573	4,282	41,855
2019	38,842	3,013	41,855
2020	40,154	1,701	41,855
2021	20,589	355	20,944
Total	<u>\$ 208,660</u>	<u>\$ 21,559</u>	<u>\$ 230,219</u>

Note Payable

The District purchased transportation equipment in May 2012. In order to acquire the equipment, the District borrowed \$437,000 from Municipal Asset Management, Inc. The Special Revenue Fund will be used to liquidate this liability. A description and maturity schedule of the note follows:

Net purchase price: \$ 437,000

Interest payment dates: Interest on the obligation first payable on July 1, 2012, and annually thereafter on July 1 for ten years.

Maturity schedule: The note will mature on July 1, 2021, and bears interest of 2.86%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2016	\$ 40,734	\$ 8,889	\$ 49,623
2017	41,899	7,724	49,623
2018	43,097	6,526	49,623
2019	44,330	5,293	49,623
2020	45,598	4,025	49,623
2021 - 2022	95,146	4,101	99,247
Total	<u>\$ 310,804</u>	<u>\$ 36,558</u>	<u>\$ 347,362</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

Note Payable

The District purchased modular classrooms in August 2012. In order to acquire the classrooms, the District borrowed \$950,000 from U. S. Bank National Association. The Capital Projects Fund was used to liquidate this liability. This note was defeased as part of the Series 2014 refunding.

Note Payable

The District purchased transportation equipment in August 2012. In order to acquire the equipment, the District borrowed \$510,000 from U. S. Bank National Association. The Special Revenue Fund will be used to liquidate this liability. A description and maturity schedule of the note follows:

Net purchase price: \$ 510,000

Interest payment dates: Interest on the obligation first payable on February 14, 2013 and annually thereafter on February 14 for ten years.

Maturity schedule: The note will mature on February 14, 2022, and bears interest of 6.03%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2016	\$ 48,885	\$ 7,475	\$ 56,360
2017	49,889	6,471	56,360
2018	50,913	5,447	56,360
2019	51,958	4,401	56,359
2020	53,026	3,334	56,360
2021 - 2022	110,305	3,380	113,685
Total	<u>\$ 364,976</u>	<u>\$ 30,508</u>	<u>\$ 395,484</u>

Note Payable

The District purchased land near Oregon City High School in November 2012. In order to acquire the property, the District borrowed \$1,690,000 from Municipal Asset Management, Inc. The Capital Projects Fund was used to liquidate this liability. This note was defeased as part of the Series 2014 refunding.

Note Payable

The District made mechanical and controls systems upgrades at one of its schools in July 2012. In order to perform the upgrades, the District borrowed \$500,000 through the State of Oregon Small Scale Local Energy Program. The loan was funded in November 2012. The Capital Projects Fund will be used to liquidate this liability. A description and maturity schedule of the note follows:

Net purchase price: \$ 500,000

Interest payment dates: Interest on the obligation first payable on January 31, 2013 and monthly thereafter for twenty-five years.

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

Note payable (continued)

Maturity schedule: The note will mature on December 31, 2027, and bears interest of 3.25%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2016	\$ 28,574	\$ 13,594	\$ 42,168
2017	29,553	12,615	42,168
2018	30,528	11,640	42,168
2019	31,556	10,612	42,168
2020	32,549	9,619	42,168
2021 - 2025	179,703	31,137	210,840
2026 - 2028	97,700	4,268	101,968
Total	<u>\$ 430,163</u>	<u>\$ 93,485</u>	<u>\$ 523,648</u>

Note Payable

The District made additional improvements and purchased more modular classrooms in April 2013. In order to acquire the classrooms and make improvements, the District borrowed \$1,500,000 through U.S. Bancorp Government Leasing and Finance, Inc. The Capital Projects Fund was used to liquidate this liability. This note was defeased as part of the Series 2014 refunding.

Note Payable

The District purchased transportation equipment in August 2013. In order to acquire the equipment, the District borrowed \$565,000 from U. S. Bank National Association. The Special Revenue Fund will be used to liquidate this liability. A description and maturity schedule of the note follows:

Net purchase price: \$ 565,000

Interest payment dates: Interest on the obligation first payable on September 27, 2013, and annually thereafter on August 27 for nine years.

Maturity schedule: The note will mature on August 27, 2022, and bears interest of 2.31%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2016	\$ 52,005	\$ 10,564	\$ 62,569
2017	53,221	9,348	62,569
2018	54,466	8,103	62,569
2019	55,740	6,829	62,569
2020	57,043	5,526	62,569
2021 - 2023	179,259	8,448	187,707
Total	<u>\$ 451,734</u>	<u>\$ 48,818</u>	<u>\$ 500,552</u>

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements (Continued)

Note 7: Long-Term Debt (Continued)

Note Payable

The District modernized and performed upgrades to the HVAC system/controls at one of its schools in October 2013. In order to finance the improvements, the District borrowed \$565,000 from U. S. Bank National Association. The Capital Projects Fund will be used to liquidate this liability. A description and maturity schedule of the note follows:

Net purchase price: \$ 458,500

Interest payment dates: Interest on the obligation first payable on May 15, 2014, and annually thereafter for nine years.

Maturity schedule: The note will mature on May 15, 2023, and bears interest of 2.39%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2016	\$ 42,580	\$ 8,963	\$ 51,543
2017	43,609	7,934	51,543
2018	44,663	6,880	51,543
2019	45,742	5,801	51,543
2020	46,848	4,695	51,543
2021 - 2025	147,447	7,183	154,630
Total	<u>\$ 370,889</u>	<u>\$ 41,456</u>	<u>\$ 412,345</u>

Note Payable

The District acquired new transportation equipment in August 2015. In order to finance the equipment, the District borrowed \$575,000 from U.S. Bancorp Government Leasing & Finance, Inc. The Special Revenue Fund will be used to liquidate this liability. A description and maturity schedule of the note follows:

Net purchase price: \$ 575,000

Interest payment dates: Interest on the obligation first payable on August 15, 2016, and annually thereafter for eight years.

Maturity schedule: The note will mature on August 15, 2023, and bears interest of 2.49%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2016	\$ 51,352	\$ 12,712	\$ 64,064
2017	52,630	11,434	64,064
2018	53,939	10,125	64,064
2019	55,281	8,783	64,064
2020	56,657	7,408	64,065
2021 - 2024	242,274	15,177	257,451
Total	<u>\$ 512,133</u>	<u>\$ 65,639</u>	<u>\$ 577,772</u>

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements (Continued)

Note 8: Capital Leases

In the prior year, the District entered into a lease for the acquisition of technology equipment valued at \$100,081. The equipment has a three-year estimated useful life. This year \$33,360 was included in depreciation expense. The lease qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of its future minimum lease payments as of the inception date. The Capital Projects Fund is used to liquidate this lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year ending June 30	Governmental Activities
2016	\$ 34,118
Total minimum lease payments	34,118
Less: amount representing interest	(763)
Present value of minimum lease payments	\$ 33,355

In the current year, the District entered into a lease for the acquisition of technology equipment valued at \$115,444. The equipment has a three-year estimated useful life. This year \$38,481 was included in depreciation expense. The lease qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of its future minimum lease payments as of the inception date. The Capital Projects Fund is used to liquidate this lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year ending June 30	Governmental Activities
2016	\$ 30,328
2017	30,328
2017	30,328
Total minimum lease payments	90,984
Less: amount representing interest	(5,105)
Present value of minimum lease payments	\$ 85,879

Note 9: Early Retirement

Plan description

The District maintains a single-employer early retirement incentive program for its employees, as per collective bargaining agreements, for certain retirees. The benefits vary by agreement and depend upon a retiree's years of service and salary. In general, the District pays a monthly stipend based on the age of the retiree, a certain percentage of the final salary times the number of months remaining until age 62. The retiree may apply all or part of the entire stipend toward continuing insurance costs. The District does not issue a stand-alone report for this plan. The General Fund has been used to liquidate the early retirement liability.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 9: Early Retirement (continued)

Benefits payable

A summary of benefits payable under this plan is as follows:

The former Superintendent was eligible to receive a stipend equal to 7% of the total salary earned between July 2, 2006 and June 30, 2011. This stipend is being paid over a four-year period beginning with the prior fiscal year.

Administrative retirees are eligible to receive a stipend of 1.63% of base annual salary payable monthly from age 58 until age 62. The monthly stipend may be prorated and paid out over a longer period upon mutual consent of the District and the retiree.

Licensed retirees are eligible to receive a monthly stipend based on the number of full-time years of service with the District. Payments range from \$511 per month to \$684 per month based on years of service to the District. The monthly stipend may be prorated and paid out over a longer period upon mutual consent of the District and the retiree.

Stipend payments end upon death of the retiree.

Summary of significant accounting policies

The early retirement stipend plan is accounted for in the General Fund, which is reported on the modified accrual basis. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with terms of the plan. For purposes of the government-wide financial statements, a net pension obligation is recognized as a noncurrent liability, as described in the following paragraphs.

Funding policy

The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required.

Annual pension cost and net pension obligation

The District's annual pension cost and net pension obligation (NPO) for the early retirement stipend for the current year were as follows:

	<u>2015</u>
Annual required contribution	\$ 741,661
Interest on prior year net pension obligation	76,788
Adjustment to annual required contribution	<u>(597,313)</u>
Annual pension cost	221,136
Expected stipend payments	<u>(343,259)</u>
Decrease in net pension obligation	(122,123)
Net pension obligation - beginning of year	<u>2,193,957</u>
Net pension obligation - end of year	<u><u>\$ 2,071,834</u></u>

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements (Continued)

Note 9: Early Retirement (continued)

Annual pension cost and net pension obligation (continued)

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
6/30/2015	\$ 221,136	155%	\$ 2,071,834
6/30/2014	384,791	85%	2,193,957
6/30/2013	446,954	77%	2,138,061
6/30/2012	581,314	64%	2,033,132
6/30/2011	712,218	60%	1,823,081
6/30/2010	744,237	67%	1,539,636

The annual required contribution (ARC) for the current year was determined as part of the October 1, 2013 actuarial valuation using the projected unit credit cost method, the objective of which is to fund each member's benefit under the plan as it accrues. The ARC is equal to the employer-provided benefit attributable to employee service in the current year plus an amount to amortize the unfunded actuarial accrued liability as a level-dollar payment over four years. The ARC represents an accounting expense, but the District is not required to contribute the ARC to a separate trust; therefore, the ARC less actual benefit payments accumulates as a liability on the District's government-wide statement of net position. The actuarial assumptions include an open amortization period; a rate of return on investment of present and future assets of 3.50 percent (the discount rate applied to the liability); no future increase in benefits payable from this program; no post-retirement benefit increases; and an inflation rate of 2.75 percent.

Funding status and funding progress

As of October 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The October 1, 2013 actuarial accrued liability for benefits was \$2,308,889, and the actuarial value of assets was zero, resulting in an unfunded actuarial liability of \$2,308,889. The current year's covered payroll (annual payroll of active employees covered by the plan) was \$22,947,641 and the ratio of the unfunded actuarial liability to the current year's covered payroll was 14.40 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, provides multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Program membership consisted of the following at October 1, 2013:

Active program members	452
Retirees currently receiving benefits	<u>43</u>
Total	<u><u>495</u></u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 10: Post-Employment Health Care Subsidy

Plan Description

The District, as a result of collective bargaining agreements, offers a post-employment health care subsidy under a single-employer, defined benefit plan. All employees covered under OEGB medical benefits at the time of retirement are eligible. Employees must retire from active service while eligible for a pension benefit payable immediately under Oregon PERS. This plan is not a stand-alone plan and therefore does not issue its own financial statements. The General Fund has been used to liquidate this liability.

Retirees and their dependents under age 65 are allowed to continue the health care coverages received prior to retirement. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the District.

The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than 65, at which point such retirees and spouses typically become eligible for Medicare.

Summary of significant accounting policies

The plan is accounted for in the General Fund, which is reported on the modified accrual basis. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with terms of the plan. For purposes of the government-wide financial statements, an obligation for other post-employment benefits is recognized as a liability, as described in the following paragraphs. Because the District has not transferred the assets to an insurance trust, the actuarial value of plan assets is zero.

Funding policy

The benefits for this program are fully paid by the District and, consequently, no contributions by employees are required.

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements (Continued)

Note 10: Post-Employment Health Care Subsidy (continued)

Annual cost and OPEB obligation

The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, and the amount is actuarially determined within the parameters of GASB Statement 45. Calculations are based on the types of benefits provided under the plan at the time of each valuation and on the pattern of sharing of costs between the District and the plan members to that point. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period of fifteen years. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the District and plan members to that point. The following table shows the components of the OPEB obligation at the end of the year.

	<u>2015</u>
Annual required contribution	\$ 1,029,169
Interest on net OPEB obligation	115,589
Adjustment to ARC	<u>(397,101)</u>
Annual OPEB cost	747,657
Implicit benefit payments	<u>(408,151)</u>
Increase in net OPEB obligation	339,506
Net OPEB obligation - beginning of year	<u>3,302,537</u>
Net OPEB obligation - end of year	<u><u>\$ 3,642,043</u></u>

The following table shows the annual OPEB cost and net OPEB obligation for the year ended June 30, 2015 and the three preceding years:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2015	\$ 747,657	55%	\$ 3,642,043
6/30/2014	994,182	57%	3,302,537
6/30/2013	969,329	60%	2,870,951
6/30/2012	1,402,202	60%	2,485,326

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 10: Post-Employment Health Care Subsidy (continued)

Actuarial methods and assumptions

The annual required contribution (ARC) for the current year was determined as part of the October 1, 2013 actuarial valuation using the projected unit credit cost method, the objective of which is to fund each member's benefit under the plan as it accrues. The ARC is equal to the employer-provided benefit attributable to employee service in the current year plus an amount to amortize the unfunded actuarial accrued liability as a level dollar amount over a period of ten years. The ARC represents an accounting expense, but the District is not required to contribute the ARC to a separate trust; therefore, the ARC less actual benefit payments accumulates as a liability on the District's government-wide statement of net position. The actuarial assumptions include an open amortization period; a rate of return on investment of present and future assets of 3.50 percent (the discount rate applied to the liability); increases in medical and prescription drug costs between 5.50 percent to 7.50 percent per year, and increases in dental and vision costs of 5.25 percent per year; and an inflation rate of 2.75 percent.

Actuarial valuations for the OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations for the plan reflect a long-term perspective.

Funding status and funding progress

As of October 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The October 1, 2013 actuarial accrued liability for benefits was \$5,538,387, and the actuarial value of assets was zero, resulting in an unfunded actuarial liability of \$5,538,387. The current year's covered payroll (annual payroll of active employees covered by the plan) was \$33,922,255, and the ratio of the unfunded actuarial liability to the current year's covered payroll was 16.33 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, provides multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 11: Reconciliation of Budgetary Basis to Fund Financial Statements

General Fund

The following is a reconciliation of the General Fund's total expenditures, budgetary basis, to total expenditures in the fund financial statements:

Total expenditures, budgetary basis	<u>\$ 70,798,535</u>
Plus amounts expended in 2014-2015 that were related to encumbrances outstanding in prior periods and were recorded under the budgetary basis as expenditures in prior fiscal years.	115,347
Less encumbrances placed during 2014-2015 and still outstanding at June 30, 2015, which were recorded as 2014-2015 expenditures under the budgetary basis, but which are not considered to be expended under GAAP.	<u>(130,003)</u>
Net adjustments	<u>(14,656)</u>
Total expenditures, fund financial statements	<u><u>\$ 70,783,879</u></u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 12: Pension Plan

Plan description

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

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

Tier One/Tier Two retirement Benefits (Chapter 238)

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater 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 the 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 One 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 Two members are eligible for full benefits at age 60.

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 OPERS employer at the time of death;
- Member died within 120 days after termination of OPERS covered employment;
- Member died as a result of injury sustained while employed in an OPERS-covered job; or
- Member was on an official leave of absence from an OPERS-covered job at the time of death.

Disability benefits. A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability payment. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-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 benefits.

Benefit changes after retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes. The cap of the COLA will vary based on the amount of the annual benefit.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 12: Pension Plan (continued)

Plan description (continued)

OPSRP Pension Program (OPSRPDB)

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

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

- Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60, or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which the 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, received for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability benefits. A member who has accrued ten 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. The cap on the COLA will vary based on the amount of the annual benefit.

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. The funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments and their rates have been reduced. District contributions for the year ended June 30, 2015 were \$7,026,875, excluding amounts to fund employer-specific liabilities. Approximately \$3,517,895 was charged for the year ended June 30, 2015 as OPERS benefits expenditures to be used for bond payments as they become due. In addition, approximately \$2,325,842 in employee contributions were paid or picked up by the District in fiscal 2015.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 12: Pension Plan (continued)

Plan description (continued)

Contributions (continued)

At June 30, 2015, the District reported an asset of \$8,918,152 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's portion of the net pension asset 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 OPERS employers, actuarially determined. At December 31, 2012, the District's proportion was .39343956 %.

Deferred outflows (inflows) of resources

Net deferred inflows of resources was calculated as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	17,208,421
Changes in proportion and differences between District contributions and proportionate shares of contributions	57,475	-
District contributions subsequent to the measurement date	<u>7,026,875</u>	<u>-</u>
Net deferred (inflows) of resources		<u>\$ (10,124,071)</u>

Current year deferred inflows of \$(2,531,018) are recognized in the financial statements for the period ending June 30, 2015. Amounts reported as deferred outflows or inflows of resources related to the pension will be recognized in pension expense as follows:

Year ending June 30,	<u>Amount</u>
2016	\$ (2,531,018)
2017	(2,531,018)
2018	(2,531,017)
Thereafter	<u>-</u>
Total	<u>\$ (7,593,053)</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 12: Pension Plan (continued)

Deferred outflows (inflows) of resources (continued)

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

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

Actuarial valuations

The employer contribution rates effective July 1, 2013 through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two components of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year) and an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer rate consisting of an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees in the current service year); an actuarially determined amount for funding a disability benefit component; and an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial methods and assumptions

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

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 12: Pension Plan (continued)

Actuarial methods and assumptions (continued)

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

Discount rate

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability (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 1-percentage-point lower (6.75 percent) or 1-percentage -point higher (8.75 percent) than the current rate.

	Decrease	Rate	Increase
	<u>6.75%</u>	<u>7.75%</u>	<u>8.75%</u>
District's proportionate share of			
the net pension liability (asset)	\$ 18,885,425	\$ (8,918,152)	\$ (32,433,457)

Changes in plan provisions subsequent to the measurement date

The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision that the provisions of Senate Bill 861, signed into law in October 2013, which limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bill was passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2 percent increase annually. OPERS will make restoration payments to those benefit recipients. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in next year's actuarial valuation. The impact of the Moro decision on the total pension liability and the employer's net pension liability (asset) has not been fully determined.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 12: Pension Plan (continued)

Changes in plan provisions subsequent to the measurement date (continued)

However, OPERS's third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below. Estimates have been rounded to the nearest \$10 million.

	June 30, 2014 Measurement Date for all OPERS Employers	
	Pre - Moro	Post - Moro
Total pension liability	\$ 63,130,000,000	\$ 68,050,000,000
Fiduciary net position	<u>65,400,000,000</u>	<u>65,400,000,000</u>
Net pension liability (asset)	\$ <u>(2,270,000,000)</u>	\$ <u>2,650,000,000</u>

Additional disclosures related to OPERS not applicable to specific employers are available online at the website below, or by contacting OPERS at the following address: P.O. Box 23700, Tigard, OR 97281-3700.

http://www.oregon.gov/pers/EMP/docs/er_

Note 13: Prepaid PERS Unfunded Actuarial Liability

As a result of the limited tax pension obligation bonds discussed in Note 7, the District has reported a Prepaid PERS Unfunded Actuarial Liability in the Statement of Net Position. The Prepaid PERS Unfunded Actuarial Liability is equal to the initial \$43,781,123 in payment made to PERS from the bond proceeds, less accumulated amortization at June 30, 2015 of \$21,014,940. Annual amortization is calculated using the straight-line method over the life of the pension obligation bonds.

Note 14: Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the district expects such amounts, if any, to be immaterial.

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements (Continued)

Note 15: Interfund Accounts Receivable and Payable

Interfund accounts receivable and payable represent reimbursements due to the General Fund for expenditures incurred on behalf of the Special Revenue Fund. For purposes of the fund financial statements, amounts due to and from other funds at June 30, 2015 were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 46,379	\$ 0
Special Revenue Fund	176	46,555
Total all funds	<u>\$ 46,555</u>	<u>\$ 46,555</u>

Note 16: Interfund Transfers

In accordance with legal restrictions, the General Fund transferred funds to the Special Revenue Fund and the Internal Service Fund transferred funds to the General Fund as follows:

	Transfers In	Transfers Out
General Fund	\$ 250,000	\$ 130,000
Special Revenue Fund	130,000	0
Internal Service Fund	0	250,000
Total	<u>\$ 380,000</u>	<u>\$ 380,000</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 17: Due To and Due From Other Funds

Amounts due to and from other funds arise because the District utilizes a common cash depository. For purposes of the fund financial statements, individual fund due to and from other funds at June 30, 2015, were as follows:

	Interfund Receivable	Interfund Payable
MAJOR FUNDS:		
General	\$ 0	\$ 12,950,641
General - due to Proprietary Fund	0	418,176
General - due to Component Unit	0	102,530
General - due to Fiduciary Funds	0	266,436
Special Revenue	1,105,853	2,824,371
Debt Service	0	419,124
Pension Obligation Bonds	150,000	0
Capital Projects	14,938,283	0
Total Major Funds	<u>16,194,136</u>	<u>16,981,278</u>
OTHER FUNDS:		
Internal Service Fund	418,176	0
Component Unit	102,530	0
Fiduciary Funds	266,436	0
Total All Funds	<u>\$ 16,981,278</u>	<u>\$ 16,981,278</u>

Note 18: Risk Management

The District secures and maintains commercial insurance coverage to protect against most risks of asset loss, personal injury and other torts, errors and omissions, and natural disasters. The District has not exceeded the claims limitation on its insurance policies for the last three years. The District retains a limited risk management program to self-insure for workers' compensation costs, unemployment claims, and liability claims.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The result of the process to estimate claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors.

A summary of changes in aggregate liabilities for claims follows:

	Beginning Balance	Additions	Deletions	Ending Balance
2013-2014	<u>\$ 0</u>	<u>\$ 61,637</u>	<u>\$ (61,637)</u>	<u>\$ 0</u>
2014-2015	<u>\$ 0</u>	<u>\$ 9,370</u>	<u>\$ (9,370)</u>	<u>\$ 0</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 19: Subsequent Events

On September 16, 2015, the District entered into a loan agreement to acquire new transportation equipment. The loan, in the amount of \$525,000, is to be repaid over a ten-year period in annual installments of \$57,284, with interest of 1.982 percent.

Note 20: Commitments

The District entered into a Construction Management/General Contractor (CMGC) agreement with P & C Construction during the 2014-15 fiscal year for a guaranteed maximum price of \$9,500,000. This contract is for the development of land and construction of a building and facilities for the regular maintenance and operation of the District's maintenance and transportation fleets. The project is expected to be completed during the spring season of 2016.

Note 21: Prior Period Adjustment

In the current year, the District discovered that a payment received from the State of Oregon after June 30, 2014 should have been accrued in the prior year. This change affects both the beginning General Fund balance and the beginning net position. The following reflects the change in beginning General Fund balance:

Beginning General Fund balance, as originally stated	\$ 3,452,802
Net effect of revenue accrual on beginning balance	<u>349,970</u>
Beginning General Fund balance, as restated	\$ <u>3,802,772</u>

The District implemented GASB Statement No. 68, *Accounting and Reporting for Pensions*, as well as GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Beginning net position, as originally stated	\$ 21,390,802
Net effect of revenue accrual on beginning net position	349,970
Net change due to implementation of GASB No. 68 and No. 71	<u>(8,232,794)</u>
Beginning net position, as restated	\$ <u>13,507,978</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements (Continued)

Note 19: Subsequent Events

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon
Required Supplementary Information

Early Retirement Program

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) Liability (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered a percent Payroll ((b - a)/c)
10/1/2008	\$ 0	\$ 3,411,193	\$ 3,411,193	0.00%	\$ 23,681,700	14.40%
10/1/2009	0	3,286,066	3,286,066	0.00%	22,833,048	14.39%
10/1/2010 1	0	3,068,090	3,068,090	0.00%	24,821,769	12.36%
10/1/2011	0	2,853,113	2,853,113	0.00%	21,772,925	13.10%
10/1/2012 2	0	2,719,711	2,719,711	0.00%	20,871,030	13.03%
10/1/2013	0	2,308,889	2,308,889	0.00%	22,947,641	14.40%

- 1) The most recent actuarial valuation date was October 1, 2013 for the Early Retirement Program. In accordance with applicable guidelines, the next actuarial valuation will be performed as of October 1, 2015 for the Subsidy. Actuarial valuations are not performed in odd-numbered fiscal years. The AAL shown in odd-numbered years is rolled forward from the prior actuarial valuation assuming no gains or losses.
- 2) The October 1, 2012 AAL was projected using standard actuarial techniques based upon the October 1, 2011 accrued liability and normal costs, less expected benefit payments and adjusting for interest at 3.50% per annum.

Post-Employment Health Care Subsidy

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered a percent Payroll
10/1/2008	\$ 0	\$ 10,644,786	\$ 10,644,786	0.00%	\$ 31,850,851	33.42%
10/1/2009	0	10,614,387	10,614,387	0.00%	33,587,587	31.60%
10/1/2011	0	7,955,365	7,955,365	0.00%	31,034,552	25.63%
10/1/2012	0	8,088,575	8,088,575	0.00%	30,006,151	26.96%
10/1/2013	0	5,538,387	5,538,387	0.00%	33,922,255	16.33%

The most recent actuarial valuation date was October 1, 2013 for the Post-Employment Health Care Subsidy. In accordance with applicable guidelines, the next actuarial valuation will be performed as of October 1, 2015 for the Subsidy. Actuarial valuations are not performed in odd-numbered fiscal years. The AAL shown in odd-numbered years is rolled forward from the prior actuarial valuation assuming no gains or losses.

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Required Supplementary Information

Oregon Public Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)

Last 10 Fiscal Years*

Year ended June 30,	District's proportion of the net pension liability (NPL)	District's proportionate share of the net pension liability (asset)	District's covered payroll	NPL (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2015	0.3934396%	\$ (10,973,772)	\$ 38,663,017	-28.3831%	103.6%
2014	0.3934396%	8,918,152	35,806,805	24.9063%	92.0%

Schedule of District Contributions

Year ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2015	\$ 7,026,875	\$ 7,026,875	\$ -	\$ 38,663,017	18.17%
2014	6,506,367	6,506,367	-	35,806,805	18.17%

* Information for years prior to 2014 are not available. As the information becomes available, additional years will presented to show a 10-year trend.

BUDGETARY COMPARISON SCHEDULES

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OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Schedule of Revenues, Expenditures, and Changes in Fund Balance --

Budget and Actual

General Fund

Non GAAP Budgetary Basis

For the Fiscal Year Ended June 30, 2015

	<u>Total</u>	<u>Final Budgeted Amount</u>	<u>Variance with Final Budget</u>
Revenues:			
Revenue from local sources:			
Taxes -- current year's levy	\$ 21,728,991	\$ 20,740,987	\$ 988,004
Taxes -- prior years' levy	435,584	450,000	(14,416)
Payments in lieu of taxes	11,335	10,000	1,335
Penalties and interest on taxes	110,019	98,692	11,327
Tuition from other districts	33,241	0	33,241
Transportation fees	83,624	47,500	36,124
Earnings on investments	49,285	126,000	(76,715)
Extracurricular activities	207,410	174,200	33,210
Community services activities	371,751	289,000	82,751
Rental revenue	369,267	400,000	(30,733)
Services provided to other LEAs	31,147	50,000	(18,853)
Recovery of prior years' expenditures	100,875	150,000	(49,125)
Fees charged to grants	73,290	115,000	(41,710)
Third party billing	67,048	50,000	17,048
Miscellaneous	118,832	135,000	(16,168)
Total local revenues	<u>23,791,699</u>	<u>22,836,379</u>	<u>955,320</u>
Revenue from intermediate sources:			
County school fund	1,317	10,000	(8,683)
ESD	<u>382,269</u>	<u>753,723</u>	<u>(371,454)</u>
Total intermediate revenues	<u>383,586</u>	<u>763,723</u>	<u>(380,137)</u>
Revenue from state sources:			
State school fund	42,657,003	40,884,539	1,772,464
Common school funds	741,057	692,278	48,779
Driver education	42,840	45,000	(2,160)
State school fund transportation allocation	2,950,397	2,905,000	45,397
Miscellaneous unrestricted grants	<u>329,317</u>	<u>300,000</u>	<u>29,317</u>
Total state revenues	<u>46,720,614</u>	<u>44,826,817</u>	<u>1,893,797</u>
Revenue from federal sources:			
Federal forest fees	<u>9,821</u>	<u>16,000</u>	<u>(6,179)</u>
Total revenues	<u>70,905,720</u>	<u>68,442,919</u>	<u>2,462,801</u>

Continued on Following Page

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Schedule of Revenues, Expenditures, and Changes in Fund Balance --

Budget And Actual

General Fund (Continued)

Non GAAP Budgetary Basis

For the Fiscal Year Ended June 30, 2015

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>
Expenditures:				
Instruction:				
Regular programs:				
Elementary programs	\$ 8,012,946	\$ 4,464,446	\$ 44,068	\$ 182,220
Middle school programs	4,201,116	2,296,695	13,320	141,605
Middle school extracurricular	84,623	22,512	0	2,228
High school programs	5,829,485	3,108,171	25,256	186,486
High school extracurricular	288,475	67,887	42,622	7,290
Special programs:				
Talented and gifted	26,414	6,685	1,233	295
Structured learning centers	1,087,190	718,354	1,367	8,672
Out of district programs	0	0	2,262,452	0
Itinerant instruction services	321,914	163,714	320	2,004
Other restrictive programs	1,010,431	661,763	47,859	6,179
Less restrictive programs	1,527,703	996,778	132	6,856
Title I	3,908	333	0	0
Alternative education	71,423	45,581	338,185	36,672
Charter School	0	0	5,945,834	0
ESOL services	891,074	563,320	13,234	20,013
Other special programs	0	0	18,348	0
Total instruction	<u>23,356,702</u>	<u>13,116,239</u>	<u>8,754,230</u>	<u>600,520</u>
Support services:				
Attendance and social work	88,649	69,435	14,800	7,373
Guidance services	1,099,823	615,162	2,403	9,809
Health services	149,816	96,552	141,830	6,621
Psychological services	270,448	110,193	29,500	46,951
Speech/audiology services	714,811	375,522	5,244	4,161
Other student treatment services	133,704	75,123	89,356	2,761
Special Education Direction	567,158	289,723	16,535	11,314
Improvement of instruction	166,054	79,318	5,594	38,625
Educational media	402,912	285,265	1,519	60,470
Instructional technical support	102,754	81,076	0	10,944
Instructional staff development	21,207	252,974	36,902	1,643
Board of education	32,117	17,032	65,118	13,013
Executive administration	197,377	96,649	53,865	8,300
Office of the principal	2,358,887	1,322,880	78,974	47,933
Director of business	149,251	69,025	5,473	3,671
Fiscal services	447,411	242,490	56,327	4,779
Operation and maintenance	1,905,815	1,230,167	2,219,887	331,140
Student transportation	2,076,760	1,533,126	382,567	516,500
Internal services	106,254	69,992	73,646	4,224
Planning/grant writing services	0	0	8,100	0
Information services	71,665	38,624	1,135	30
Staff services	222,291	107,183	24,846	22,386
Operations services	227,944	145,798	221,244	94,383
Supplemental retirement program	297,842	13,603	0	0
Total support services	<u>11,810,950</u>	<u>7,216,912</u>	<u>3,534,865</u>	<u>1,247,031</u>

Continued on Following Page

Capital Outlay		Other Objects	Total	Final Budgeted Amount	Variance with Final Budget
\$	0	\$ 0	\$ 12,703,680	\$ 12,923,729	\$ 220,049
	0	1,200	6,653,936	6,903,708	249,772
	0	0	109,363	109,081	(282)
	0	199	9,149,597	8,555,307	(594,290)
	0	5,229	411,503	577,216	165,713
	0	20	34,647	31,659	(2,988)
	0	0	1,815,583	2,435,563	619,980
	0	139	2,262,591	1,820,500	(442,091)
	0	0	487,952	383,398	(104,554)
	0	0	1,726,232	1,958,047	231,815
	0	0	2,531,469	2,300,392	(231,077)
	0	0	4,241	0	(4,241)
	0	0	491,861	715,687	223,826
	0	32,492	5,978,326	5,991,161	12,835
	0	0	1,487,641	1,575,043	87,402
	0	0	18,348	32,000	13,652
	0	39,279	45,866,970	46,312,491	445,521
	0	150	180,407	189,751	9,344
	0	5,603	1,732,800	1,797,514	64,714
	0	25	394,844	369,580	(25,264)
	0	70	457,162	356,119	(101,043)
	0	2,700	1,102,438	1,077,012	(25,426)
	0	0	300,944	172,345	(128,599)
	0	1,190	885,920	959,151	73,231
	0	1,293	290,884	289,443	(1,441)
	0	343	750,509	770,867	20,358
	0	0	194,774	188,605	(6,169)
	0	0	312,726	364,561	51,835
	0	9,484	136,764	169,159	32,395
	0	10,544	366,735	367,525	790
	0	19,155	3,827,829	3,798,115	(29,714)
	0	939	228,359	231,043	2,684
	0	5,686	756,693	752,643	(4,050)
	0	1,938	5,688,947	5,735,144	46,197
	0	76,335	4,585,288	4,503,020	(82,268)
	0	301,454	555,570	335,298	(220,272)
	0	0	8,100	23,174	15,074
	0	335	111,789	125,425	13,636
	0	1,972	378,678	403,506	24,828
	0	10,895	700,264	854,117	153,853
	0	0	311,445	428,441	116,996
	0	450,111	24,259,869	24,261,558	1,689

Continued on Following Page

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Schedule of Revenues, Expenditures, and Changes in Fund Balance --

Budget And Actual

General Fund (Concluded)

Non GAAP Budgetary Basis

For the Fiscal Year Ended June 30, 2015

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>
Expenditures (continued):				
Enterprise/community services	<u>\$ 412,688</u>	<u>\$ 177,021</u>	<u>\$ 48,101</u>	<u>\$ 32,548</u>
Facilities acquisition and construction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Debt service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contingency	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>\$ 35,580,340</u>	<u>\$ 20,510,172</u>	<u>\$ 12,337,196</u>	<u>\$ 1,880,099</u>
Excess (deficiency) of revenues over (under) expenditures				
Other financing sources (uses):				
Transfers from other funds				
Transfers to other funds				
Total other financing sources (uses)				
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)				
To adjust for encumbrances				
Net change in fund balance				
Fund balance, July 1, 2014, as restated				
Fund balance, June 30, 2015				

Continued on Following Page

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Total</u>	<u>Final Budgeted Amount</u>	<u>Variance with Final Budget</u>
\$ 0	\$ 1,338	\$ 671,696	\$ 741,510	\$ 69,814
0	0	0	10,300	10,300
0	0	0	2,060	2,060
0	0	0	160,000	160,000
<u>\$ 0</u>	<u>\$ 490,728</u>	<u>70,798,535</u>	<u>71,487,919</u>	<u>689,384</u>
		107,185	(3,045,000)	0
		250,000	250,000	0
		(130,000)	(155,000)	25,000
		120,000	95,000	25,000
		227,185	(2,950,000)	25,000
		14,656	0	0
		241,841	(2,950,000)	3,191,841
		3,802,772	2,950,000	852,772
		<u>\$ 4,044,613</u>	<u>\$ 0</u>	<u>\$ 4,044,613</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Schedule of Revenues, Expenditures, and Changes in Fund Balance --

Budget and Actual

Debt Service Fund

For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
Revenues:			
Local sources:			
Property taxes - current year's levy	\$ 6,392,500	\$ 6,571,520	\$ 179,020
Property taxes - prior years' levy	125,000	132,697	7,697
Penalties and interest on taxes	25,000	33,359	8,359
Earnings on investments	15,500	30,179	14,679
Total revenues	6,558,000	6,767,755	209,755
Expenditures:			
Debt service:			
Principal	6,160,000	6,160,000	0
Interest	476,050	476,030	20
Total expenditures	6,636,050	6,636,030	20
Net change in fund balance	(78,050)	131,725	209,775
Fund balance, July 1, 2014	463,000	496,287	33,287
Fund balance, June 30, 2015	\$ 384,950	\$ 628,012	\$ 243,062

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Schedule of Revenues, Expenditures, and Changes in Fund Balance --
 Budget and Actual
 Pension Obligation Bonds Fund
 For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
Revenues:			
Local sources:			
Services to other funds	\$ 3,521,057	\$ 3,517,895	\$ (3,162)
Total revenues	<u>3,521,057</u>	<u>3,517,895</u>	<u>(3,162)</u>
Expenditures:			
Debt service:			
Principal	1,245,000	1,245,000	0
Interest	<u>2,276,057</u>	<u>2,268,238</u>	<u>7,819</u>
Total expenditures	<u>3,521,057</u>	<u>3,513,238</u>	<u>7,819</u>
Net change in fund balance	0	4,657	4,657
Fund balance, July 1, 2014	<u>100,000</u>	<u>145,343</u>	<u>45,343</u>
Fund balance, June 30, 2015	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 50,000</u>

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Schedule of Revenues, Expenditures, and Changes in Fund Balance --
 Budget and Actual
 Capital Projects Fund
 For the Fiscal Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
Revenues:			
Local sources	\$ 616,020	\$ 690,934	\$ 74,914
State sources	0	94,978	94,978
Total revenues	616,020	785,912	169,892
Expenditures:			
Instruction	699,500	653,241	46,259
Support services	760,862	336,610	424,252
Facilities acquisition/construction	2,174,929	979,299	1,195,630
Debt service	484,503	1,222,326	(737,823)
Total expenditures	4,119,794	3,191,476	928,318
Excess (deficiency) of revenues over (under) expenditures	(3,503,774)	(2,405,564)	1,098,210
Other financing sources:			
Capital lease issuance	115,000	0	(115,000)
Issuance of debt	0	15,565,000	15,565,000
Premium on bonds issued	0	1,865,440	1,865,440
Payment to refunded bond escrow agent	0	(3,849,091)	(3,849,091)
Sale/comp of capital assets	1,600,000	2,328,523	728,523
Total other financing sources	1,715,000	15,909,872	14,194,872
Net change in fund balances	(1,788,774)	13,504,308	15,293,082
Fund balances, July 1, 2014	4,432,774	1,429,260	(3,003,514)
Fund balances, June 30, 2015	<u>\$ 2,644,000</u>	<u>\$ 14,933,568</u>	<u>\$ 12,289,568</u>

PROPRIETARY FUND

The Proprietary Fund accounts for revenue and expenditures for the Risk Management Internal Service Fund. This fund accounts for revenue and expenditures for the District's self-insurance program for unemployment, workers' compensation and property and casualty insurance claims. The primary revenue source is charges for services provided to other funds.

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Schedule of Revenues, Expenditures, and Changes in Fund Balance --
 Budget and Actual
 Risk Management Internal Service Fund
 For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Local sources:				
Earnings on investments	\$ 3,500	\$ 3,500	\$ 0	\$ (3,500)
Recovery of prior year expenses	10,000	10,000	63,218	53,218
Services to other funds	500,000	500,000	516,879	16,879
Miscellaneous	50,000	50,000	21,475	(28,525)
Total revenues	563,500	563,500	601,572	38,072
Expenditures:				
Support services:				
Health services:				
Purchased services	0	0	465	(465)
Supplies and materials	0	0	290	(290)
Instructional staff development:				
Supplies and materials	0	0	382	(382)
Superintendent's office:				
Other objects	0	0	757	(757)
Fiscal services:				
Purchased services	0	0	153	(153)
Supplies and materials	0	0	3,491	(3,491)
Care/upkeep of buildings:				
Salaries	0	0	6,501	(6,501)
Employee benefits	0	0	2,070	(2,070)
Purchased services	0	0	25,238	(25,238)
Supplies and materials	0	0	20,430	(20,430)
Security services:				
Salaries	29,779	0	0	0
Employee benefits	16,692	0	0	0
Purchased services	500	0	0	0
Supplies and materials	1,000	0	247	(247)
District repair and maintenance:				
Purchased services	0	0	3,135	(3,135)
Other operation/maintenance of plant:				
Salaries	0	29,779	19,891	9,888
Employee benefits	0	16,692	11,442	5,250
Supplies and materials	0	0	3,995	(3,995)
Vehicle operation services:				
Other objects	65,000	65,000	0	65,000
Vehicle service and maintenance:				
Purchased services	0	0	12,337	(12,337)
Other objects	0	0	1,425	(1,425)
Internal services:				
Salaries	0	0	20,809	(20,809)
Employee benefits	0	0	11,978	(11,978)
Purchased services	48,500	49,400	26,753	22,647
Supplies and materials	1,500	1,500	9,490	(7,990)
Other objects	470,000	545,600	281,330	264,270
Other internal services:				
Supplies and materials	16,500	0	63	(63)
Staff services:				
Supplies and materials	0	0	763	(763)
Operations services:				
Supplies and materials	0	16,500	9,750	6,750
Total support services	649,471	724,471	473,185	251,286
Facilities acquisition and construction:				
Bldg. acquisition/construction/improvements:				
Capital outlay	150,000	75,000	0	75,000
Total expenditures	799,471	799,471	473,185	326,286
Excess (deficiency) of revenues				
over (under) expenditures	(235,971)	(235,971)	128,387	364,358
Other financing uses:				
Transfers to other funds	(250,000)	(250,000)	(250,000)	-
Net change in fund balance	(485,971)	(485,971)	(121,613)	364,358
Fund balance, July 1, 2014	525,000	525,000	542,221	17,221
Fund balance, June 30, 2015	\$ 39,029	\$ 39,029	\$ 420,608	\$ 381,579

FIDUCIARY FUNDS

The Fiduciary Funds account for the revenues and expenditures of funds for which assets are held by the District as a trustee or agent. Included in this type fund are:

MEGGAN PARKINSON MEMORIAL SCHOLARSHIP FUND - Funds scholarships for deserving students.

DENNY PETERS MEMORIAL SCHOLARSHIP FUND - Funds scholarships for deserving students.

CLASS OF '52 SCHOLARSHIP FUND - Funds scholarships for deserving students.

KARMIN TOMLINSON SCHOLARSHIP FUND – Funds scholarships for deserving students.

JANE ADRIAN MEMORIAL SCHOLARSHIP FUND - Funds scholarships for deserving students.

AL GALLAGHER MEMORIAL SCHOLARSHIP FUND - Funds scholarships for deserving students.

OCHS SCHOLARSHIPS FUND - Funds scholarships for deserving students.

CJ CHURCH EDUCATIONAL FUND – Funds educational needs in memory of CJ Church.

LANGE/BUSH-LANGE SCHOLARSHIPS FUND - Funds scholarships for deserving students.

DELEEN BAKER MEMORIAL – Funds charitable activities in memory of Deleen Baker.

ALICE BAUGHMAN SCHOLARSHIP FUND – Funds scholarships for deserving students.

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Combining Balance Sheet

All Agency Funds

June 30, 2015

	M. Parkinson Memorial	D. Peters Memorial	Class of '52 Schol- arship	Karmin Tomlinson Scholarship	J. Adrian Memorial	A. Gallagher Memorial	OCHS Schol- arships	CJ Church EducationalF und	Lange/Bush- Lange Scholarships	Deleen Baker Memorial	Baughman Scholarships	Total
<u>ASSETS</u>												
Receivables:												
Interfund	\$ 21,277	\$ 7,156	\$ 44,818	\$ 8,071	\$ 34,715	\$ 24,716	\$ 5,385	\$ 3,839	\$ 16,412	\$ 1,105	\$ 98,941	\$ 266,435
Total assets	<u>\$ 21,277</u>	<u>\$ 7,156</u>	<u>\$ 44,818</u>	<u>\$ 8,071</u>	<u>\$ 34,715</u>	<u>\$ 24,716</u>	<u>\$ 5,385</u>	<u>\$ 3,839</u>	<u>\$ 16,412</u>	<u>\$ 1,105</u>	<u>\$ 98,941</u>	<u>\$ 266,435</u>
<u>LIABILITIES</u>												
Due to agency groups	\$ 21,277	\$ 7,156	\$ 44,818	\$ 8,071	\$ 34,715	\$ 24,716	\$ 5,385	\$ 3,839	\$ 16,412	\$ 1,105	\$ 98,941	\$ 266,435
Total liabilities	<u>\$ 21,277</u>	<u>\$ 7,156</u>	<u>\$ 44,818</u>	<u>\$ 8,071</u>	<u>\$ 34,715</u>	<u>\$ 24,716</u>	<u>\$ 5,385</u>	<u>\$ 3,839</u>	<u>\$ 16,412</u>	<u>\$ 1,105</u>	<u>\$ 98,941</u>	<u>\$ 266,435</u>

OREGON CITY SCHOOL DISTRICT NO. 62.
 Clackamas County, Oregon
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Fiscal Year Ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
M. Parkinson Memorial Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 22,126	\$ 151	\$ (1,000)	\$ 21,277
Liabilities:				
Due to agency groups	\$ 22,126	\$ 151	\$ (1,000)	\$ 21,277
D. Peters Memorial Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 8,081	\$ 75	\$ (1,000)	\$ 7,156
Liabilities:				
Due to agency groups	\$ 8,081	\$ 75	\$ (1,000)	\$ 7,156
Class of '52 Scholarship Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 49,577	\$ 241	\$ (5,000)	\$ 44,818
Liabilities:				
Due to agency groups	\$ 49,577	\$ 241	\$ (5,000)	\$ 44,818
Karmin Tomlinson Scholarship Fund				
Assets:				
Receivables:				
Interfund	\$ 11,028	\$ 43	\$ (3,000)	\$ 8,071
Liabilities:				
Due to agency groups	\$ 11,028	\$ 43	\$ (3,000)	\$ 8,071

Continued on Following Page

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds (Continued)
 For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
J. Adrian Memorial Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 40,455	\$ 260	\$ (6,000)	\$ 34,715
Liabilities:				
Due to agency groups	\$ 40,455	\$ 260	\$ (6,000)	\$ 34,715
A. Gallagher Memorial Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 24,935	\$ 281	\$ (500)	\$ 24,716
Liabilities:				
Due to agency groups	\$ 24,935	\$ 281	\$ (500)	\$ 24,716
OCHS Scholarships Fund				
Assets:				
Receivables:				
Interfund	\$ 5,356	\$ 29	\$ 0	\$ 5,385
Liabilities:				
Due to agency groups	\$ 5,356	\$ 29	\$ 0	\$ 5,385
CJ Church Educational Fund:				
Assets:				
Receivables:				
Interfund	\$ 3,818	\$ 21	\$ 0	\$ 3,839
Liabilities:				
Due to agency groups	\$ 3,818	\$ 21	\$ 0	\$ 3,839

Continued on Following Page

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds (Concluded)
 For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Lange/Bush-Lange Scholarships Fund				
Assets:				
Receivables:				
Interfund	\$ 19,250	\$ 162	\$ (3,000)	\$ 16,412
Liabilities:				
Due to agency groups	\$ 19,250	\$ 162	\$ (3,000)	\$ 16,412
Deleen Baker Memorial Fund				
Assets:				
Receivables:				
Interfund	\$ 1,025	\$ 80	\$ 0	\$ 1,105
Liabilities:				
Due to agency groups	\$ 1,025	\$ 80	\$ 0	\$ 1,105
Baughman Scholarships Fund:				
Assets:				
Receivables:				
Interfund	\$ 103,410	\$ 531	\$ (5,000)	\$ 98,941
Liabilities:				
Due to agency groups	\$ 103,410	\$ 531	\$ (5,000)	\$ 98,941
Totals -- All Funds				
Assets:				
Receivables:				
Interfund	\$ 289,061	\$ 1,874	\$ (24,500)	\$ 266,435
Liabilities:				
Due to agency groups	\$ 289,061	\$ 1,874	\$ (24,500)	\$ 266,435

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**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedule by Source
 As of June 30, 2015 and June 30, 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>GOVERNMENTAL FUNDS CAPITAL ASSETS:</u>		
Land	\$ 5,477,762	\$ 5,482,313
Site improvements	5,323,927	5,286,289
Buildings and building improvements	95,874,322	97,324,309
Equipment and vehicles	10,810,965	10,156,989
Construction in progress	<u>812,669</u>	<u>0</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 118,299,645</u>	<u>\$ 118,249,900</u>
 INVESTMENT IN GOVERNMENTAL FUNDS		
<u>CAPITAL ASSETS BY SOURCE:</u>		
General Fund	\$ 39,484,345	\$ 39,484,345
Special Revenue Funds	4,569,399	4,035,984
Capital Projects Funds	<u>74,245,901</u>	<u>74,729,571</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 118,299,645</u>	<u>\$ 118,249,900</u>

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2015

<u>Program Description</u>	<u>Land, Buildings, and Improvements</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
INSTRUCTION:				
Regular programs:				
Elementary	\$ 0	\$ 108,564	\$ 0	\$ 108,564
Middle school	0	20,833	0	20,833
High school	0	45,890	0	45,890
TOTAL INSTRUCTION	<u>0</u>	<u>175,287</u>	<u>0</u>	<u>175,287</u>
SUPPORT SERVICES:				
Instructional staff support	0	206,368	0	206,368
Executive administration	0	127,973	0	127,973
Special ed. administration	0	17,693	0	17,693
School administration	0	468,875	0	468,875
Business support services:	0	0	0	
Business manager	0	5,195	0	5,195
Facilities acquisition	107,483,681	143,622	0	107,627,302
Plant services	0	645,104	325,237	970,341
Transportation	0	515,999	6,539,817	7,055,816
Food services	0	368,673	57,210	425,883
Internal services	0	31,015	57,679	88,694
Central support services	0	1,130,218	0	1,130,218
TOTAL SUPPORT SERVICES	<u>107,483,681</u>	<u>3,660,735</u>	<u>6,979,943</u>	<u>118,124,358</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 107,483,681</u>	<u>\$ 3,836,022</u>	<u>\$ 6,979,943</u>	<u>\$ 118,299,645</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity

For the Fiscal Year Ended June 30, 2015

<u>Program Description</u>	<u>Capital Assets July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Capital Assets June 30, 2015</u>
INSTRUCTION:				
Regular programs:				
Elementary	\$ 108,564	\$ 0	\$ 0	\$ 108,564
Middle school	20,833	0	0	20,833
High school	45,890	0	0	45,890
TOTAL INSTRUCTION	175,287	0	0	175,287
SUPPORT SERVICES:				
Instructional staff support	206,368	0	0	206,368
Executive administration	127,973	0	0	127,973
Special ed. administration	17,693	0	0	17,693
School administration	468,875	0	0	468,875
Business support services:				
Business manager	5,195	0	0	5,195
Facilities acquisition	108,110,972	984,687	(1,545,750)	107,549,909
Plant services	970,341	77,393	0	1,047,734
Transportation	6,522,401	533,415	0	7,055,816
Food services	425,883	0	0	425,883
Internal services	88,694	0	0	88,694
Central support services	1,130,218	0	0	1,130,218
TOTAL SUPPORT SERVICES	118,074,613	1,595,495	(1,545,750)	118,124,358
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 118,249,900</u>	<u>\$ 1,595,495</u>	<u>\$ (1,545,750)</u>	<u>\$ 118,299,645</u>

**OTHER
FINANCIAL SCHEDULES**

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Schedule of Property Tax Transactions for Taxes Levied by the District
 General Fund
 For the Fiscal Year Ended June 30, 2015

<u>Tax Roll Year</u>	<u>Taxes Uncollected June 30, 2014</u>	<u>2014-2015 Tax Levy</u>	<u>Taxes Collected Current Year</u>	<u>Net Adjustment to Tax Roll</u>	<u>Taxes Uncollected June 30, 2015</u>
Prior to 1993	1,093	0	0	0	1,093
1993-1994	62	0	0	0	62
1994-1995	58	0	0	0	58
1995-1996	248	0	(1)	(7)	240
1996-1997	236	0	(18)	(2)	216
1997-1998	351	0	(48)	(2)	301
1998-1999	553	0	(31)	(9)	513
1999-2000	680	0	(11)	(53)	616
2000-2001	870	0	(56)	(91)	723
2001-2002	1,260	0	(137)	(94)	1,029
2002-2003	1,198	0	(181)	(96)	921
2003-2004	1,452	0	(208)	(94)	1,150
2004-2005	1,728	0	(140)	(120)	1,468
2005-2006	2,439	0	(412)	(109)	1,918
2006-2007	3,098	0	(452)	(120)	2,526
2007-2008	5,432	0	(936)	(521)	3,975
2008-2009	15,004	0	(6,307)	(1,975)	6,722
2009-2010	85,863	0	(8,977)	(2,261)	74,625
2010-2011	121,465	0	(36,633)	(1,669)	83,163
2011-2012	210,670	0	(84,794)	(1,811)	124,065
2012-2013	293,012	0	(103,585)	(1,368)	188,059
2013-2014	535,493	0	(256,735)	(9,444)	269,314
2014-2015	0	22,840,912	(22,275,609)	(32,588)	532,715
Total	<u>\$ 1,282,265</u>	<u>\$ 22,840,912</u>	<u>\$ (22,775,271)</u>	<u>\$ (52,434)</u>	<u>\$ 1,295,472</u>

Reconciliation to Revenue Statements

	<u>General Fund</u>
Current tax collected through June 30, 2015	\$ 22,275,609
Turnovers July 2015	39,187
Less discount	<u>(585,805)</u>
Current tax per statements	<u>\$ 21,728,991</u>
Total tax collections through June 30, 2015	\$ 22,775,271
Turnovers July 2015 and 2014, net	(64,078)
Less current taxes through June 30, 2015	<u>(22,275,609)</u>
Delinquent tax per statements	<u>\$ 435,584</u>
Interest on tax collections	<u>\$ 110,019</u>

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Schedule of Property Tax Transactions for Taxes Levied by the District
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2015

<u>Tax Roll Year</u>	<u>Taxes</u>		<u>Taxes</u>		<u>Net Adjustment to Tax Roll</u>	<u>Taxes</u>	
	<u>Uncollected June 30, 2014</u>	<u>2013-2014 Tax Levy</u>	<u>Uncollected</u>	<u>Taxes Collected Current Year</u>		<u>Uncollected</u>	<u>June 30, 2015</u>
2000-2001	\$ 326	\$ 0	\$ (23)	\$ (31)	\$ 272		
2001-2002	470	0	(51)	(35)	384		
2002-2003	445	0	(67)	(36)	342		
2003-2004	545	0	(78)	(36)	431		
2004-2005	565	0	(46)	(39)	480		
2005-2006	757	0	(128)	(34)	595		
2006-2007	912	0	(133)	(35)	744		
2007-2008	1,731	0	(299)	(166)	1,266		
2008-2009	4,588	0	(1,928)	(604)	2,056		
2009-2010	25,915	0	(2,664)	(671)	22,580		
2010-2011	35,531	0	(10,716)	(488)	24,327		
2011-2012	62,200	0	(25,035)	(535)	36,630		
2012-2013	91,638	0	(32,396)	(428)	58,814		
2013-2014	164,074	0	(78,663)	(2,894)	82,517		
2014-2015	0	6,907,606	(6,736,645)	(9,854)	161,107		
Total	<u>\$ 389,697</u>	<u>\$ 6,907,606</u>	<u>\$ (6,888,872)</u>	<u>\$ (15,886)</u>	<u>\$ 392,545</u>		

Reconciliation to Revenue Statements

	<u>Debt Service Fund</u>
Current tax collected through June 30, 2015	\$ 6,736,645
Turnovers July 2015	11,852
Less discount	<u>(176,977)</u>
Current tax per statements	<u>\$ 6,571,520</u>
Total tax collections through June 30, 2015	\$ 6,888,872
Turnovers July 2015 and 2014, net	(19,530)
Less current taxes through June 30, 2015	<u>(6,736,645)</u>
Delinquent tax per statements	<u>\$ 132,697</u>
Interest on tax collections	<u>\$ 33,359</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon
Schedule of Appropriation Transfers
For the Fiscal Year Ended June 30, 2015

	Adopted Budgeted Appropriations	Increase	Decrease	Final Adopted Appropriations
General Fund				
Instruction	\$ 46,387,491	\$ 0	\$ (75,000)	\$ 46,312,491
Support services	24,261,558	0	0	24,261,558
Enterprise/community services	666,510	75,000	0	741,510
Facilities acquisition/construction	10,300	0	0	10,300
Debt service (short-term)	2,060	0	0	2,060
Transfer of Funds	155,000	0	0	155,000
Contingency	160,000	0	0	160,000
	<u>\$ 71,642,919</u>	<u>\$ 75,000</u>	<u>\$ (75,000)</u>	<u>\$ 71,642,919</u>
Special Revenue Funds				
Instruction	\$ 7,901,436	\$ 0	\$ 0	\$ 7,901,436
Support services	3,010,591	0	0	3,010,591
Enterprise/community services	3,618,316	0	0	3,618,316
Facilities acquisition/construction	10,000	0	0	10,000
Debt Service	440,222	0	0	440,222
Unappropriated fund balance	2,133,420	0	0	2,133,420
	<u>\$ 17,113,985</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,113,985</u>
Debt Service Fund				
Debt service	\$ 6,636,050	\$ 0	\$ 0	\$ 6,636,050
Unappropriated fund balance	384,950	0	0	384,950
	<u>\$ 7,021,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,021,000</u>
PERS UAL Debt Service Fund				
Debt service	\$ 3,521,057	\$ 0	\$ 0	\$ 3,521,057
Unappropriated fund balance	100,000	0	0	100,000
	<u>\$ 3,621,057</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,621,057</u>
Capital Projects Funds				
Instruction	\$ 699,500	\$ 0	\$ 0	\$ 699,500
Support services	760,862	0	0	760,862
Facilities acquisition/construction	2,174,929	0	0	2,174,929
Debt Service	484,503	0	0	484,503
Unappropriated fund balance	2,644,000	0	0	2,644,000
	<u>\$ 6,763,794</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,763,794</u>
Internal Service Fund				
Support services	649,470	75,000	0	724,470
Facilities acquisition/construction	150,000	0	(75,000)	75,000
Transfer of Funds	250,000	0	0	250,000
Unappropriated fund balance	39,030	0	0	39,030
	<u>\$ 1,088,500</u>	<u>\$ 75,000</u>	<u>\$ (75,000)</u>	<u>\$ 1,088,500</u>
Trust and Agency Funds				
Instruction	\$ 2,049,987	\$ 75,000	\$ 0	\$ 2,124,987
Support services	823,650	0	(75,000)	748,650
Enterprise/community services	31,500	0	0	31,500
Unappropriated fund balance	290,404	0	0	290,404
	<u>\$ 3,195,541</u>	<u>\$ 75,000</u>	<u>\$ (75,000)</u>	<u>\$ 3,195,541</u>
Total all funds	<u>\$ 110,446,796</u>	<u>\$ 225,000</u>	<u>\$ (225,000)</u>	<u>\$ 110,446,796</u>

STATISTICAL SECTION

STATISTICAL SECTION

(UNAUDITED)

This part of Oregon City School District No. 62's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends	86-93
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	94-100
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	101-105
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	106-107
These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	108-122
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
<u>GOVERNMENTAL ACTIVITIES:</u>				
Net investment in capital assets	\$ 39,423,023	\$ 34,225,425	\$ 27,896,841	\$ 27,984,659
Restricted	16,984,465	2,877,749	4,098,938	3,595,900
Unrestricted	(28,479,306)	(15,712,372)	(12,596,452)	(13,703,324)
Total governmental activities net position	<u>\$ 27,928,182</u>	<u>\$ 21,390,802</u>	<u>\$ 19,399,327</u>	<u>\$ 17,877,235</u>

Source: Statement of Net Positions

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 26,283,206	\$ 24,811,323	\$ 21,370,613	\$ 20,450,003	\$ 23,443,450	\$ 23,145,524
799,765	897,483	807,496	724,385	476,469	698,708
(9,969,659)	(7,173,762)	(3,993,052)	97,668	(98,127)	1,907,312
<u>\$ 17,113,312</u>	<u>\$ 18,535,044</u>	<u>\$ 18,185,057</u>	<u>\$ 21,272,056</u>	<u>\$ 23,821,792</u>	<u>\$ 25,751,544</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Expenses by Function, Revenues by Source, and Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
<u>GOVERNMENTAL ACTIVITIES:</u>				
Expenses by function/program:				
Instruction	\$ 43,713,441	\$ 46,757,925	\$ 44,384,650	\$ 42,557,434
Support services	26,780,628	27,943,762	26,918,301	26,795,494
Enterprise/community services	3,476,224	3,538,931	3,446,191	3,450,242
Interest on long-term debt	3,710,183	3,254,871	2,582,842	4,470,247
Total expenses	<u>77,680,476</u>	<u>81,495,489</u>	<u>77,331,984</u>	<u>77,273,417</u>
Program revenues:				
Charges for services:				
Instruction	303,620	284,124	305,089	307,823
Support services	537,412	632,299	677,178	570,537
Enterprise/community services	2,008,475	1,794,340	1,837,185	1,782,912
Total charges for services	<u>2,849,507</u>	<u>2,710,763</u>	<u>2,819,452</u>	<u>2,661,272</u>
Operating grants and contributions:				
Instruction	6,162,921	5,760,457	5,240,963	5,458,139
Support services	5,206,376	5,017,245	5,050,752	6,690,516
Enterprise/community services	1,560,499	1,521,520	1,638,140	1,455,824
Interest on long-term debt	0	0	0	0
Total operating grants and contributions	<u>12,929,796</u>	<u>12,299,222</u>	<u>11,929,855</u>	<u>13,604,479</u>
Capital grants and contributions:				
Instruction	242,035	0	0	0
Support services	0	316,591	177,351	166,175
Total capital grants and contributions	<u>242,035</u>	<u>316,591</u>	<u>177,351</u>	<u>166,175</u>
Total program revenues	<u>16,021,338</u>	<u>15,326,576</u>	<u>14,926,658</u>	<u>16,431,926</u>
Total net (expense) revenue	<u>(61,659,138)</u>	<u>(66,168,913)</u>	<u>(62,405,326)</u>	<u>(60,841,491)</u>
General revenues and other changes in net position:				
Taxes:				
Property taxes, general	22,324,026	20,829,803	19,832,045	20,107,620
Property taxes, debt services	6,714,742	6,342,154	6,190,437	5,933,815
Construction excise tax	396,735	451,324	633,158	412,736
State aid - formula grants	43,748,030	39,995,170	36,539,574	34,712,623
Other general revenues	343,331	280,065	324,089	310,064
Gain on sale of capital assets	2,709,696	104,151	274,984	5,859
Unrestricted investment earnings	192,752	164,186	133,131	122,697
Total general revenues	<u>76,429,312</u>	<u>68,166,853</u>	<u>63,927,418</u>	<u>61,605,414</u>
Change in net position	<u>\$ 14,770,174</u>	<u>\$ 1,997,940</u>	<u>\$ 1,522,092</u>	<u>\$ 763,923</u>
Expense per pupil	<u>\$ 10,424</u>	<u>\$ 10,885</u>	<u>\$ 10,469</u>	<u>\$ 10,304</u>
Student Enrollment	<u>7,452</u>	<u>7,487</u>	<u>7,387</u>	<u>7,499</u>

Source: Statement of Activities

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 43,103,298	\$ 41,806,594	\$ 43,880,494	\$ 44,389,428	\$ 38,935,792	\$ 36,756,079
27,781,017	27,266,029	29,473,379	28,577,301	26,163,153	25,939,877
3,362,655	3,187,940	3,217,607	3,040,096	2,652,797	2,828,227
4,608,681	4,761,480	4,906,101	5,028,145	4,938,357	4,936,019
<u>78,855,651</u>	<u>77,022,043</u>	<u>81,477,581</u>	<u>81,034,970</u>	<u>72,690,099</u>	<u>70,460,202</u>
631,902	249,036	197,467	342,895	293,136	134,305
557,764	604,886	477,097	424,997	341,472	44,323
1,529,445	1,792,960	1,785,618	1,914,041	1,856,214	1,750,139
<u>2,719,111</u>	<u>2,646,882</u>	<u>2,460,182</u>	<u>2,681,933</u>	<u>2,490,822</u>	<u>1,928,767</u>
8,602,811	7,703,414	7,637,631	5,339,571	5,353,982	5,372,318
5,490,616	5,073,258	6,291,910	5,841,310	3,781,925	3,981,689
1,548,040	1,431,787	1,218,997	1,087,175	1,181,509	1,220,234
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>15,641,467</u>	<u>14,208,459</u>	<u>15,148,538</u>	<u>12,268,056</u>	<u>10,317,416</u>	<u>10,574,241</u>
0	0	0	0	129,910	121,031
137,279	128,068	182,018	130,304	0	0
<u>137,279</u>	<u>128,068</u>	<u>182,018</u>	<u>130,304</u>	<u>129,910</u>	<u>121,031</u>
<u>18,497,857</u>	<u>16,983,409</u>	<u>17,790,738</u>	<u>15,080,293</u>	<u>12,938,148</u>	<u>12,624,039</u>
<u>(60,357,794)</u>	<u>(60,038,634)</u>	<u>(63,686,843)</u>	<u>(65,954,677)</u>	<u>(59,751,951)</u>	<u>(57,836,163)</u>
19,439,103	19,104,013	18,350,667	17,438,732	16,456,737	15,448,448
5,682,080	5,664,178	5,610,930	5,565,973	4,830,626	4,810,790
267,885	276,690	248,976	128,629	0	0
32,850,497	34,759,839	35,518,740	38,389,390	34,965,514	33,503,016
353,447	335,114	274,530	631,816	438,281	924,918
11,873	0	7,430	0	0	0
258,368	248,787	588,571	1,250,401	1,483,447	1,226,313
<u>58,863,253</u>	<u>60,388,621</u>	<u>60,599,844</u>	<u>63,404,941</u>	<u>58,174,605</u>	<u>55,913,485</u>
<u>\$ (1,494,541)</u>	<u>\$ 349,987</u>	<u>\$ (3,086,999)</u>	<u>\$ (2,549,736)</u>	<u>\$ (1,577,346)</u>	<u>\$ (1,922,678)</u>
<u>\$ 10,432</u>	<u>\$ 10,144</u>	<u>\$ 10,538</u>	<u>\$ 10,370</u>	<u>\$ 9,265</u>	<u>\$ 8,895</u>
<u>7,559</u>	<u>7,593</u>	<u>7,732</u>	<u>7,814</u>	<u>7,846</u>	<u>7,921</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12 (1)</u>
<u>GENERAL FUND:</u>				
Nonspendable - prepaid items	\$ 72,819	\$ 36,269	\$ 56,486	\$ 0
Assigned, encumbrances	0	115,347	50,396	225,949
Unassigned	3,971,794	3,301,186	2,950,821	4,528,204
Total general fund	<u>\$ 4,044,613</u>	<u>\$ 3,452,802</u>	<u>\$ 3,057,703</u>	<u>\$ 4,754,153</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Nonspendable - prepaid items	\$ 39,601	\$ 49,623	\$ 49,623	\$ 0
Restricted, reported in:				
Debt Service Fund	778,012	641,630	655,429	645,629
Special Revenues Fund	902,995	860,504	1,491,442	1,572,859
Capital Projects Fund	14,933,568	1,375,615	1,952,067	1,377,412
Committed, special revenues	866,581	789,365	860,357	863,945
Assigned, reported in:				
Special Revenues Fund	345,994	513,226	125,974	111,485
Capital Projects Fund	0	4,022	297,471	188,191
Total all other governmental funds	<u>\$ 17,866,751</u>	<u>\$ 4,233,985</u>	<u>\$ 5,432,363</u>	<u>\$ 4,759,521</u>

(1) The District implemented a new fund balance classification policy in 2011-12.

Source: Balance Sheet - Governmental Funds

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
203,542	139,595	294,954	285,783	420,312	440,227
4,755,345	5,489,780	4,252,698	5,072,020	5,981,907	6,939,079
<u>\$ 4,958,887</u>	<u>\$ 5,629,375</u>	<u>\$ 4,547,652</u>	<u>\$ 5,357,803</u>	<u>\$ 6,402,219</u>	<u>\$ 7,379,306</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
799,765	897,483	807,496	724,385	476,469	698,708
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,239,110	2,142,265	2,357,617	3,460,416	4,295,578	3,686,898
1,091,108	1,334,526	1,109,901	1,175,301	1,538,038	1,439,709
<u>\$ 4,129,983</u>	<u>\$ 4,374,274</u>	<u>\$ 4,275,014</u>	<u>\$ 5,360,102</u>	<u>\$ 6,310,085</u>	<u>\$ 5,825,315</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
REVENUES:				
Property taxes (1)	\$ 28,868,792	\$ 27,129,158	\$ 25,869,269	\$ 25,643,030
Other local sources	9,808,417	9,524,008	9,917,033	9,365,901
Intermediate sources	1,181,721	828,710	846,596	847,393
State sources	47,821,761	43,984,779	40,558,979	40,103,029
Federal sources	5,218,128	5,469,034	4,782,018	5,048,555
Total revenues	<u>92,898,819</u>	<u>86,935,689</u>	<u>81,973,895</u>	<u>81,007,908</u>
EXPENDITURES:				
Instruction	51,931,499	48,682,017	46,266,745	44,221,832
Support services	27,103,088	25,085,779	24,265,950	23,776,295
Enterprise/community services	3,942,353	3,687,663	3,611,575	3,535,801
Facilities Acquisition and Construction	979,299	1,262,618	4,462,017	25,255
Debt service:				
Principal	8,308,021	7,379,875	6,081,102	4,767,061
Interest	3,289,401	3,133,146	3,836,151	4,699,719
Bond issuance cost	205,423	8,500	88,648	0
Total expenditures	<u>95,759,084</u>	<u>89,239,598</u>	<u>88,612,188</u>	<u>81,025,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,860,265)</u>	<u>(2,303,909)</u>	<u>(6,638,293)</u>	<u>(18,055)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	380,000	305,931	85,000	254,228
Transfers out	(130,000)	(55,931)	(85,000)	(254,228)
Lease purchase proceeds	0	0	0	0
Lease purchase discount	0	0	0	0
Capital lease issuance	0	100,081	0	0
Debt issued	16,140,000	1,023,500	5,150,000	437,000
Refunding bonds issued	0	0	39,130,000	0
Bond premium	1,865,440	0	0	0
Payment to refunded bond escrow agent	(3,849,091)	0	(38,851,900)	0
Discount of bonds issued	0	0	(188,215)	0
Sale or compensation for loss of capital assets	<u>2,328,523</u>	<u>127,049</u>	<u>374,800</u>	<u>5,859</u>
Total other financing sources (uses)	<u>16,734,872</u>	<u>1,500,630</u>	<u>5,614,685</u>	<u>442,859</u>
Net change in fund balances	<u>\$ 13,874,607</u>	<u>\$ (803,279)</u>	<u>\$ (1,023,608)</u>	<u>\$ 424,804</u>
Debt service as a percentage of noncapital expenditures	11.93%	11.55%	10.66%	11.75%

(1) Revenues are recognized when measurable and available.

Source: Statement of revenues, expenditures, and changes in fund balances.

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 25,222,415	\$ 24,687,462	\$ 23,622,478	\$ 22,762,087	\$ 21,205,346	\$ 20,307,074
9,082,225	8,873,199	8,708,948	9,679,904	8,957,887	8,365,050
662,339	843,915	877,325	931,769	976,199	995,083
36,252,703	38,265,708	41,319,801	42,889,873	37,429,235	35,938,924
9,404,216	7,697,437	6,273,808	4,636,189	4,870,426	4,659,914
<u>80,623,898</u>	<u>80,367,721</u>	<u>80,802,360</u>	<u>80,899,822</u>	<u>73,439,093</u>	<u>70,266,045</u>
44,677,612	43,261,082	45,619,040	46,029,505	40,458,586	38,161,859
24,541,277	24,543,754	25,657,642	25,500,238	23,113,812	22,770,432
3,432,733	3,233,483	3,351,019	3,117,523	3,004,712	2,902,885
0	7,269	0	83,875	81,374	2,912,677
4,549,561	3,957,391	3,373,000	2,906,000	2,425,000	2,165,000
4,836,806	4,989,605	5,134,226	5,257,080	5,167,895	5,165,557
0	0	0	0	0	0
<u>82,037,989</u>	<u>79,992,584</u>	<u>83,134,927</u>	<u>82,894,221</u>	<u>74,251,379</u>	<u>74,078,410</u>
<u>(1,414,091)</u>	<u>375,137</u>	<u>(2,332,567)</u>	<u>(1,994,399)</u>	<u>(812,286)</u>	<u>(3,812,365)</u>
0	267,600	1,498,557	682,314	490,000	1,322,755
0	(267,600)	(1,498,557)	(682,314)	(490,000)	(1,322,755)
134,264	450,000	438,000	0	319,969	0
0	0	(8,102)	0	0	0
0	0	0	0	0	0
353,175	355,846	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
11,873	0	7,430	0	0	0
<u>499,312</u>	<u>805,846</u>	<u>437,328</u>	<u>0</u>	<u>319,969</u>	<u>0</u>
<u>\$ (914,779)</u>	<u>\$ 1,180,983</u>	<u>\$ (1,895,239)</u>	<u>\$ (1,994,399)</u>	<u>\$ (492,317)</u>	<u>\$ (3,812,365)</u>
11.51%	11.32%	10.29%	9.90%	10.15%	10.34%

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Assessed and Real Market Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Public Utility Property	
	Assessed Value	Real Market Value	Assessed Value	Real Market Value	Assessed Value	Real Market Value
2014-15	\$ 4,806,137,457	\$ 6,289,133,878	\$ 60,077,937	\$ 60,077,937	\$ 165,718,700	\$ 183,892,863
2013-14	4,620,661,826	5,641,761,240	82,085,569	84,515,202	156,363,062	166,539,536
2012-13	4,397,895,265	4,753,742,311	82,719,705	87,572,178	153,852,330	166,749,524
2011-12	4,117,592,121	5,007,487,205	87,905,069	90,030,984	160,188,640	164,479,601
2010-11	3,997,471,087	5,398,376,301	93,391,799	95,693,560	152,371,380	153,214,264
2009-10	3,851,415,043	5,975,204,950	95,587,980	98,398,120	148,986,830	149,311,207
2008-09	3,694,950,859	6,572,232,712	109,079,896	111,992,587	127,120,900	128,351,903
2007-08	3,498,123,316	6,367,015,976	106,011,981	107,739,886	127,485,800	134,719,537
2006-07	3,303,767,025	5,449,548,700	103,712,852	104,912,451	114,975,660	116,390,551
2005-06	3,102,555,176	4,512,861,785	99,049,190	99,826,513	117,597,890	118,909,046

Note: future increases in assessed value on each property are limited by Oregon laws to 3% per year with special exemptions for property that is improved, rezoned, subdivided, or ceases to qualify for exemption.

(1) Urban renewal excess.

Source: Clackamas County Department of Assessment and Taxation

Exemptions Real Property (1)	Total		Real Market Value	Ratio of Total Assessed Value to Total Real Market Value
	Assessed Value	Direct Tax Rate		
\$ (129,428,600)	\$ 4,902,505,494	6.41	\$ 6,533,104,678	75.04 %
(128,168,327)	4,730,942,130	6.40	5,892,815,978	80.28
(122,583,947)	4,511,883,353	6.41	5,008,064,013	90.09
(107,990,588)	4,257,695,242	6.38	5,261,997,790	80.91
(109,317,145)	4,133,917,121	6.37	5,647,284,125	73.20
(99,393,379)	3,996,596,474	6.42	6,222,914,277	64.22
(95,975,156)	3,835,176,499	6.45	6,812,577,202	56.30
(89,175,389)	3,642,445,708	6.52	6,609,475,399	55.11
(84,483,823)	3,437,971,714	6.40	5,670,851,702	60.63
(76,559,689)	3,242,642,567	6.48	4,731,597,344	68.53

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Property Tax Rates - All Overlapping Governments
Last Ten Fiscal Years

<u>Governmental Unit</u>	<u>Percent Within School District</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
District Direct Rates:					
Operating	n/a %	\$ 4.96	\$ 4.96	\$ 4.96	\$ 4.96
Debt Service	n/a	<u>1.45</u>	<u>1.44</u>	<u>1.45</u>	<u>1.42</u>
Total District Direct Rates	n/a	6.41	6.40	6.41	6.38
City of Oregon City	100.00	4.52	4.52	4.28	4.28
City of Oregon City - Urban Renewal	100.00	0.84	0.84	0.85	0.79
Clackamas FD 1	27.77	2.46	2.46	2.47	2.46
Oak Lodge Water District 4	18.43	0.00	0.00	0.00	0.14
Clackamas Community College	15.41	0.71	0.71	0.72	0.70
Tri-Met Transportation District	12.99	0.00	0.00	0.00	0.06
Clackamas ESD	11.95	0.37	0.37	0.37	0.37
Clackamas County Rural	11.48	3.22	3.22	2.98	2.98
Clackamas County Library	11.43	0.40	0.40	0.40	0.40
Clackamas County Extension & 4-H	11.43	0.05	0.05	0.05	0.05
Clackamas Co. Urban Renewal Sp.	11.42	0.00	0.00	0.11	0.11
Clackamas Co. Urban Renewal Reg.	11.42	0.03	0.02	0.11	0.11
Clackamas County Vector Control	11.42	0.03	0.03	0.01	0.01
Clack. Co. Vector Control Local Opt.	11.42	0.03	0.03	0.03	0.03
Clackamas County Public Safety LO	11.42	0.25	0.25	0.25	0.25
Clackamas Co. Soil Conservation	11.42	0.05	0.05	0.05	0.05
Port of Portland	11.42	0.07	0.07	0.07	0.07
Clackamas County City	11.38	2.65	2.65	2.40	2.40
Metro Service District	10.54	0.46	0.47	0.40	0.32
Clackamas County Law Enhance.	6.15	0.72	0.72	0.72	0.72
City of Gladstone	3.36	5.81	5.81	5.81	5.81
City of Gladstone Urban Renewal 3	3.36	0.00	0.00	0.00	0.00
North Clackamas Parks & Rec.	3.20	0.54	0.54	0.54	0.54
Estacada FD #69	0.99	2.40	2.40	2.40	2.40
Estacada Cemetery District	0.05	0.11	0.11	0.11	0.11
Recreation Canby Area Parks	0.05	0.00	0.00	0.00	0.00
Molalla FD 73	0.02	1.44	0.78	0.78	0.78

Amounts are expressed as rate per \$1,000 of assessed value.

Source: Oregon Municipal Debt Advisory Commission
Clackamas County Department of Assessment and Taxation

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 4.96	\$ 4.96	\$ 4.96	\$ 4.96	\$ 4.96	\$ 4.96
1.41	1.46	1.49	1.56	1.44	1.52
6.37	6.42	6.45	6.52	6.40	6.48
4.28	4.30	4.31	5.23	5.25	5.24
0.83	0.80	0.79	0.52	0.53	0.51
2.47	2.48	2.47	2.48	2.49	2.55
0.15	0.15	0.15	0.16	0.17	0.18
0.72	0.74	0.76	0.76	0.74	0.79
0.09	0.09	0.08	0.09	0.10	0.12
0.37	0.37	0.37	0.37	0.37	0.37
2.98	2.98	2.98	2.98	2.98	2.98
0.40	0.39	0.00	0.00	0.00	0.00
0.05	0.05	0.00	0.00	0.00	0.00
0.12	0.12	0.07	0.07	0.10	0.13
0.15	0.15	0.13	0.03	0.03	0.05
0.01	0.01	0.01	0.01	0.01	0.01
0.03	0.03	0.03	0.03	0.03	0.03
0.25	0.25	0.25	0.25	0.00	0.00
0.04	0.05	0.05	0.05	0.00	0.00
0.07	0.07	0.07	0.07	0.07	0.07
2.40	2.40	2.65	2.65	2.40	2.40
0.41	0.44	0.40	0.43	0.28	0.28
0.72	0.72	0.72	0.72	0.68	0.65
5.81	5.81	5.81	5.81	5.81	5.81
0.00	0.00	0.00	0.00	0.00	0.00
0.54	0.54	0.54	0.54	0.54	0.54
2.40	2.40	2.40	2.40	2.40	2.40
0.11	0.11	0.11	0.11	0.11	0.11
0.00	0.00	0.00	0.00	0.00	0.00
0.78	0.78	0.78	0.78	0.78	0.78

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OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Principal Taxpayers Within District

June 30, 2015

Taxpayer	June 30, 2015			June 30, 2006		
	Assessed	Rank	Percentage	Assessed	Rank	Percentage
	Valuation		of Total Assessed Valuation	Valuation		of Total Assessed Valuation
Portland General Electric Co.	\$ 67,539,000	1	1.43 %	\$ 41,835,000	1	1.26 %
The Landing - 302 LLC	45,953,486	2	0.97			
Comcast Corporation	24,717,200	3	0.52			
Northwest Natural Gas Company	23,197,900	4	0.49	21,013,400	3	0.63
Quantum Management	22,017,337	5	0.47	17,086,539	5	0.51
Metropolitan Life Ins. Co.	20,723,097	6	0.44	15,051,263	7	0.45
Trails End Oregon Investors LLC	19,314,876	7	0.41			
Country Village Estates	18,703,419	8	0.40	14,346,489	9	0.43
Danielson, Craig T	18,001,982	9	0.38			
Investment Concepts Inc	15,122,042	10	0.32			
Beavercreek Coop. Telephone Co.				20,319,472	4	0.61
CenturyLink, Inc.				17,063,500	6	0.51
Blue Heron Paper Co				25,430,025	2	0.77
Park Place Development, Inc.				14,902,356	8	0.45
BHLP REFI LLC				10,507,084	10	0.32
ALL OTHER TAXPAYERS	<u>4,455,651,791</u>		<u>94.17</u>	<u>3,121,647,128</u>		<u>94.06</u>
TOTAL	<u>\$ 4,730,942,130</u>		<u>100.00 %</u>	<u>\$ 3,319,202,256</u>		<u>100.00 %</u>

Source: Clackamas County Department of Assessment and Taxation

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Certified Tax Levies			Current Tax Collections	Current Tax Collections as a Percentage of Current Levy
	General Fund	Debt Service Fund	Total		
2014-15	\$ 22,840,912	\$ 6,907,606	\$ 29,748,518	\$ 29,664,143	99.7 %
2013-14	21,305,871	6,528,081	27,833,952	27,823,982	100.0
2012-13	20,325,699	6,356,781	26,682,480	25,819,109	96.8
2011-12	20,520,017	6,058,528	26,578,545	25,622,905	96.4
2010-11	20,152,811	5,894,946	26,047,757	25,085,280	96.3
2009-10	19,636,845	5,826,431	25,463,276	24,460,453	96.1
2008-09	18,868,929	5,767,584	24,636,513	23,520,387	95.5
2007-08	17,920,443	5,717,560	23,638,003	22,786,943	96.4
2006-07	16,905,484	4,975,327	21,880,811	21,246,923	97.1
2005-06	15,924,289	4,947,406	20,871,695	20,335,215	97.4

Source: Clackamas County Department of Assessment and Taxation
Oregon City School District No. 62 financial records

Prior Years Tax Collections	Total Tax Collections	Total Tax Collections as a Percentage of Current Levy	Uncollected Taxes	Uncollected Taxes as a Percentage of Current Levy
\$ 651,889	\$ 30,316,032	101.9 %	\$ 1,688,017	5.7 %
735,218	28,559,200	102.6	1,671,962	6.0
715,347	26,534,456	99.4	1,748,745	6.6
684,037	26,306,942	99.0	1,739,524	6.5
851,404	25,936,684	99.6	1,505,757	5.8
838,406	25,298,859	99.4	1,623,180	6.4
641,248	24,161,635	98.1	1,552,306	6.3
475,950	23,262,893	98.4	1,161,868	4.9
475,950	21,722,873	99.3	898,059	4.1
486,400	20,821,615	99.8	804,258	3.9

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OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Pension Obligation Bonds	Certificates of Participation	Notes Payable	Total Outstanding Debt	General Obligation Bond Premium (Discount)	Percentage of Assessed Value (1)	Percentage of Personal Income (2)	Per Capita (3)
2014-15	\$ 46,170,000	\$ 40,665,000	\$ 220,002	\$ 2,894,944	\$ 89,949,946	\$ 1,745,210	1.83 %	n/a %	\$ 1,587
2013-14	37,080,000	41,910,000	300,000	6,572,337	85,862,337	(141,161)	1.81	0.45	1,517
2012-13	42,855,000	42,965,000	380,000	5,984,596	92,184,596	64,850	2.04	0.48	1,633
2011-12	44,785,000	43,840,000	460,000	1,117,102	90,202,102	1,836,308	2.12	0.49	1,624
2010-11	48,585,000	44,550,000	530,000	750,247	94,415,247	2,065,846	2.28	0.54	1,718
2009-10	52,095,000	45,105,000	785,000	450,000	98,435,000	2,295,384	2.46	0.60	1,801
2008-09	55,265,000	45,525,000	1,030,000	0	101,820,000	2,524,922	2.65	0.62	1,836
2007-08	58,115,000	45,815,000	825,000	0	104,755,000	2,754,460	2.88	0.60	1,903
2006-07	60,665,000	45,990,000	1,006,000	0	107,661,000	2,983,998	3.13	0.65	1,970
2005-06	62,940,000	45,990,000	830,000	0	109,760,000	3,213,536	3.38	0.69	2,031

(1) See the Schedule Assessed and Real Market Value of Taxable Property on page 94-95 for assessed value data.

(2) See the Schedule of Demographic and Economic Statistics on page 95 for personal income and population data.

(3) See the Schedule of Demographic and Economic Statistics on page 95 for personal income and population data.

Source: Oregon City School District No. 62 financial records

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Ratios of Net General Bonded Debt
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (Estimated)</u>	<u>Average Daily Membership (ADM)</u>	<u>Assessed Valuation (2)</u>
2014-15	56,662 (1)	7,734.9	\$ 4,902,505,494
2013-14 (4)	56,605 (1)	7,741.6	4,730,942,130
2012-13	56,436 (1)	7,748.9	4,511,883,353
2011-12	55,547 (1)	7,778.6	4,257,695,242
2010-11	54,943 (1)	7,839.8	4,133,917,121
2009-10	54,670 (1)	7,835.9	3,996,596,474
2008-09	55,466 (1)	7,930.4	3,835,176,499
2007-08	55,053 (1)	8,005.4	3,642,445,708
2006-07	54,643 (1)	7,771.9	3,437,971,714
2005-06	54,049 (1)	7,786.8	3,242,642,567

Source: (1) Population Research Center, Portland State University
(2) Clackamas County Department of Assessment and Taxation
(3) Oregon City School District No. 62 financial records
(4) Beginning with 2013-14 General Pension Bonds are included in Gross General Bonded Debt

<u>Gross General Bonded Debt</u>	<u>Less Debt Service Fund (3)</u>	<u>Net General Bonded Debt</u>	<u>Ratio Of Net General Bonded Debt To Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>	<u>Net General Bonded Debt Per ADM</u>
\$ 86,835,000	\$ 778,012	\$ 86,056,988	1.76 %	\$ 1,519	\$ 11,126
78,990,000	641,630	78,348,370	1.66	1,384	10,120
42,855,000	517,006	42,337,994	0.94	750	5,464
44,785,000	546,376	44,238,624	1.04	796	5,687
48,585,000	700,857	47,884,143	1.16	872	6,108
52,095,000	805,490	51,289,510	1.28	938	6,545
55,265,000	806,447	54,458,553	1.42	982	6,867
58,115,000	722,051	57,392,949	1.58	1,043	7,169
60,665,000	473,958	60,191,042	1.75	1,102	7,745
62,940,000	677,789	62,262,211	1.92	1,152	7,996

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Direct and Overlapping Governmental Activities Debt
June 30, 2015

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable</u>	<u>Net Property Tax Backed Debt Outstanding (1)</u>	<u>Estimated Share of Direct and Overlapping Debt (2)</u>
<u>DIRECT DEBT:</u>			
Oregon City School District	100.00 %	<u>\$ 90,068,417</u>	<u>\$ 90,068,417</u>
<u>OVERLAPPING GOVERNMENT:</u>			
City of Oregon City	100.00	750,000	750,000
Clackamas RFPD #1	26.95	0	0
Clackamas Community College	15.21	66,116,012	10,058,824
Clackamas County	11.11	98,780,000	10,969,519
Port Of Portland	2.51	2,609,405	65,600
South Clackamas Transportation District	2.37	145,000	3,438
Metropolitan Service District	1.91	193,205,000	3,684,806
Molalla RFPD #73	0.02	3,610,000	679
Subtotal Overlapping Debt			<u>25,532,866</u>
Total Direct and Overlapping Debt			<u><u>\$ 115,601,283</u></u>

(1) Net property tax backed debt included all General Obligation (GO) bonds and limited tax GO bonds, less self-supporting unlimited tax (GO) and self-supporting limited tax GO debt.

(2) Overlapping Debt is calculated using net property-tax backed debt times percent overlapping that are provided by Oregon State Treasury, Debt Management Division.

Source: Oregon Municipal Debt Advisory Commission

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Computation of Legal Debt Margin
Last Ten Fiscal Years

Fiscal Year	(a) Real Market Value	(b = a x 7.95%) Legal Debt Limitation (1)	(c) Net General Bonded Debt (2)	(b - c) Debt Margin	(c / b) Percentage of Debt to Debt Limit
2014-15	\$ 6,533,104,678	\$ 519,381,822	\$ 86,056,988	\$ 433,324,834	16.57 %
2013-14	5,892,815,978	468,478,870	78,348,370	390,130,500	16.72
2012-13	5,008,064,013	398,141,089	42,337,994	355,803,095	10.63
2011-12	5,261,997,790	418,328,824	44,238,624	374,090,200	10.58
2010-11	5,647,284,125	448,959,088	47,884,143	401,074,945	10.67
2009-10	6,222,914,277	494,721,685	51,289,510	443,432,175	10.37
2008-09	6,812,577,202	541,599,888	54,458,553	487,141,335	10.06
2007-08	6,609,475,399	525,453,294	57,392,949	468,060,345	10.92
2006-07	5,670,851,702	450,832,710	60,191,042	390,641,668	13.35
2005-06	4,731,597,344	376,161,989	62,262,211	313,899,778	16.55

(1) The legal debt limitation is calculated as 7.95% of real market value of property within the district.

(2) The general bonded indebtedness subject to the limitation may be offset by amounts set aside for repaying general bonded indebtedness. See Ratios of Net General Bonded Debt schedule.

Source: Oregon City School District No. 62 financial records

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	District Population (Estimated)	County Personal Income (2) (x \$1,000)	County Per Capita Income (2)	District Student Enrollment	County Unemployment Rate (3)	County Construction Activity (4)	
						Permits	Value (x \$1,000)
2014-15	56,662 (1)	\$ n/a	\$ n/a	7,452	5.7 %	2,579	\$ 181,647
2013-14	56,605 (1)	19,240,407	48,713	7,487	6.2	1,217	119,460
2012-13	56,436 (1)	19,200,727	49,453	7,387	6.8	1,297	127,803
2011-12	55,547 (1)	18,535,004	48,286	7,499	7.5	1,440	135,128
2010-11	54,943 (1)	17,457,115	45,915	7,559	8.5	1,440	121,533
2009-10	54,670 (1)	16,537,551	43,871	7,593	10.1	2,332	333,766
2008-09	55,466 (1)	16,315,504	43,614	7,732	10.7	944	147,376
2007-08	55,053 (1)	17,482,238	47,109	7,814	5.2	732	251,900
2006-07	54,643 (1)	16,678,152	45,468	7,846	4.6	774	268,316
2005-06	54,049 (1)	15,872,775	43,666	7,921	5.4	934	314,152

Certain data on this table is only available on a calendar year basis. The prior calendar year data is used for a given fiscal year.

Source: (1) Population Research Center, Portland State University
(2) Bureau of Economic Analysis for Clackamas County. District-level data unavailable.
(3) Oregon Employment Department for Clackamas County. District-level data unavailable.
(4) Clackamas County Building Department for Clackamas County. District-level data unavailable.

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Principal Employers
June 30, 2015

Employer	June 30, 2015		June 30, 2006	
	Employees	Percent of Total Estimated Employment	Employees (1)	Percent of Total Estimated Employment
Clackamas County Government	1,884	3.32 %	2,226	4.12 %
Clackamas Community College	918	1.62	799	1.48
Oregon City School District No. 62	876	1.55	906	1.68
Providence Willamette Falls Hospital	645	1.14	807	1.49
Fred Meyer	330	0.58	290	0.54
City of Oregon City	254	0.45	210	0.39
Home Depot	200	0.35	n/a	n/a
Safeway	142	0.25	n/a	n/a
Haggen Food & Pharmacy	85	0.15	115	0.21
Albertson's	100	0.18	105	0.19
Portland General Electric	77	0.14	117	0.22
TOTAL	<u>5,511</u>	<u>9.73 %</u>	<u>5,575</u>	<u>10.32 %</u>

Note: Total employment information specific to the District's boundaries is unavailable. Therefore, total estimated population was used for comparative purposes.

(1) Number of employees listed may be an estimate provided by the employer if historical records were unavailable

Source: Oregon City School District No. 62 annual survey of district employers.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Full-Time Equivalent (FTE) Employees by Function
Last Ten Fiscal Years

FUNCTION	2014-15	2013-14	2012-13	2011-12
General Fund:				
Instruction	409.5	412.8	406.2	403.7
Support Services	257.5	247.5	234.8	235.6
Enterprise/Community Services	5.3	4.8	2.7	2.5
Total General Fund	<u>672.3</u>	<u>665.1</u>	<u>643.7</u>	<u>641.8</u>
Special Revenue Funds:				
Instruction	48.5	57.8	46.0	43.8
Support Services	13.7	12.6	14.7	14.2
Enterprise/Community Services	31.9	30.5	31.1	32.5
Total Special Revenue Funds	<u>94.1</u>	<u>100.9</u>	<u>91.8</u>	<u>90.5</u>
Capital Projects Funds:				
Facilities Acquisition/Construction	0.0	0.0	0.0	0.0
Total Capital Projects Funds	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Internal Service Fund:				
Support Services	1.0	0.5	0.5	0.5
Total Internal Service Fund	<u>1.0</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Trust and Agency Funds:				
Instruction	28.6	20.6	15.7	12.2
Support Services	5.7	6.8	4.1	2.9
Total Trust and Agency Funds	<u>34.3</u>	<u>27.4</u>	<u>19.8</u>	<u>15.1</u>
Grand Total All Funds	<u><u>801.7</u></u>	<u><u>793.9</u></u>	<u><u>755.8</u></u>	<u><u>747.9</u></u>

Amounts represent full-time equivalent (FTE) positions at June 30.

Source: Oregon City School District No. 62, Human Resource Department

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
397.4	398.1	447.8	452.4	422.1	411.8
240.0	240.4	261.7	262.4	257.1	253.1
2.6	2.6	2.6	4.0	3.5	3.5
<u>640.0</u>	<u>641.1</u>	<u>712.1</u>	<u>718.8</u>	<u>682.7</u>	<u>668.4</u>
51.1	56.3	52.7	58.0	66.9	67.7
22.4	21.3	17.3	15.8	15.2	13.8
30.7	31.8	33.3	33.6	36.0	36.3
<u>104.2</u>	<u>109.4</u>	<u>103.3</u>	<u>107.4</u>	<u>118.1</u>	<u>117.8</u>
0.0	0.0	0.0	0.0	0.0	0.0
<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
0.5	0.5	0.5	0.5	0.5	0.5
<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
8.6	6.8	6.7	9.0	6.3	0.0
2.1	1.5	1.8	1.0	1.2	0.0
<u>10.7</u>	<u>8.3</u>	<u>8.5</u>	<u>10.0</u>	<u>7.5</u>	<u>0.0</u>
<u>755.4</u>	<u>759.3</u>	<u>824.4</u>	<u>836.7</u>	<u>808.8</u>	<u>786.7</u>

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OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Non-GAAP Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Expenditures (2)	Cost Per Pupil	Percentage Change	Pupil - Teacher Ratio	Percentage of Students Receiving Free or Reduced Price Meals
2014-15	7,452	\$ 81,987,089	\$ 11,002	7.28 %	\$ 95,759,084	\$ 12,850	7.81 %	18.80 :1	39.2 %
2013-14	7,487	76,781,432	10,255	3.10	89,239,598	11,919	-0.64	19.00 :1	39.0
2012-13	7,387	73,481,759	9,947	4.24	88,612,188	11,996	11.02	19.60 :1	39.5
2011-12	7,499	71,553,629	9,542	0.03	81,025,963	10,805	#REF!	20.00 :1	40.7
2010-11	7,559	72,108,814	9,539	3.93	#REF!	#REF!	#REF!	19.90 :1	37.8
2009-10	7,675	70,443,348	9,178	-4.26	79,992,584	10,422	-3.07	19.90 :1	36.0
2008-09	7,732	74,120,764	9,586	1.39	83,134,927	10,752	1.36	18.30 :1	32.3
2007-08	7,814	73,882,576	9,455	11.21	82,894,221	10,608	12.09	18.10 :1	31.0
2006-07	7,846	66,705,644	8,502	5.92	74,251,379	9,464	1.20	18.90 :1	31.7
2005-06	7,921	63,583,258	8,027	7.54	74,078,410	9,352	2.79	19.70 :1	32.3

(1) Operating expenditures include all General & Special Revenue Funds with the exception of functions 4000, 5000, 6000, or 7000.

(2) Expenditures include all governmental fund types.

Source: Oregon City School District No. 62 financial records and various departments.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Revenues and Other Financing Sources - General Fund (1)
Non GAAP Budgetary Basis
Last Ten Fiscal Years

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
REVENUES AND OTHER FINANCING SOURCES:				
Local Sources:				
Property Taxes (2)	\$ 22,164,575 29.62%	\$ 20,767,357 30.01%	\$ 19,712,770 29.88%	\$ 19,797,126 29.82%
Miscellaneous Local Sources	1,627,124 2.17%	1,644,911 2.38%	1,879,953 2.85%	1,764,372 2.66%
Total Local Sources	23,791,699 31.79%	22,412,268 32.39%	21,592,723 32.73%	21,561,498 32.48%
Intermediate Sources:				
County School Funds	383,586 0.51%	64 0.00%	42,344 0.06%	15,712 0.02%
State Sources:				
School Support Fund	45,607,400 60.95%	42,706,944 61.72%	38,521,576 58.40%	36,953,655 55.66%
Miscellaneous and Restricted Grants	1,463,184 1.96%	781,877 1.13%	1,012,485 1.53%	2,828,431 4.26%
Total State Sources	47,070,584 62.91%	43,488,821 62.85%	39,534,061 59.93%	39,782,086 59.92%
Federal Sources	9,821 0.01%	41,377 0.06%	42,851 0.06%	70,271 0.11%
Other Financing Sources	120,000 0.16%	194,069 0.28%	0 0.00%	0 0.00%
Beginning Fund Balance Available for Appropriation	3,452,802 4.61%	3,057,703 4.42%	4,754,153 7.21%	4,958,887 7.47%
Total Revenues and Other Financing Sources	<u>\$ 74,828,492</u>	<u>\$ 69,194,302</u>	<u>\$ 65,966,132</u>	<u>\$ 66,388,454</u>

Note: The totals on percentages may not equal an even 100% due to rounding.

- (1) The General Fund accounts for the general operating revenues of the District.
(2) Revenues are recognized when measurable and available.

Source: Oregon City School District No. 62 financial records

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 19,510,059 29.65%	\$ 19,033,781 28.89%	\$ 18,089,062 26.12%	\$ 17,261,172 24.89%	\$ 16,374,720 25.78%	\$ 15,474,182 25.28%
1,971,665 3.00%	1,738,823 2.64%	1,692,340 2.44%	2,537,005 3.66%	2,345,969 3.69%	2,062,537 3.37%
21,481,724 32.65%	20,772,604 31.53%	19,781,402 28.56%	19,798,177 28.55%	18,720,689 29.47%	17,536,719 28.65%
10,323 0.02%	1,049 0.00%	6,782 0.01%	1,077 0.00%	17,115 0.03%	7,393 0.01%
34,756,309 52.83%	36,727,934 55.76%	37,564,385 54.25%	40,085,420 57.80%	36,326,553 57.18%	34,980,902 57.15%
1,175,673 1.79%	1,263,804 1.92%	3,550,924 5.13%	2,620,123 3.78%	877,579 1.38%	718,047 1.17%
35,931,982 54.62%	37,991,738 57.68%	41,115,309 59.38%	42,705,543 61.58%	37,204,132 58.56%	35,698,949 58.32%
2,711,234 4.12%	2,291,627 3.48%	1,746,456 2.52%	203,936 0.29%	206,369 0.32%	207,089 0.34%
26,242 0.04%	267,600 0.41%	1,238,387 1.79%	246,193 0.35%	0 0.00%	0 0.00%
5,629,375 8.56%	4,547,652 6.90%	5,357,803 7.74%	6,402,219 9.23%	7,379,306 11.62%	7,759,386 12.68%
<u>\$ 65,790,880</u>	<u>\$ 65,872,270</u>	<u>\$ 69,246,139</u>	<u>\$ 69,357,145</u>	<u>\$ 63,527,611</u>	<u>\$ 61,209,536</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Expenditures by Program - General Fund (1)
Non GAAP Budgetary Basis
Last Ten Fiscal Years

<u>EXPENDITURES:</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Instruction:				
Regular Instruction	\$ 29,028,079 40.93%	\$ 27,037,742 40.97%	\$ 26,329,807 42.03%	\$ 25,647,238 41.60%
Special Programs	16,838,891 23.74%	15,985,584 24.22%	14,547,008 23.22%	13,618,865 22.09%
Support Services:				
Students	5,054,515 7.13%	4,033,429 6.11%	3,626,581 5.79%	3,522,995 5.71%
Instructional Staff	1,548,893 2.18%	1,400,104 2.12%	1,267,504 2.02%	1,416,130 2.30%
General Administration	503,499 0.71%	484,161 0.73%	448,547 0.72%	449,077 0.73%
School Administration	3,827,829 5.40%	3,773,458 5.72%	3,604,650 5.75%	3,962,719 6.43%
Business:				
Direction and Fiscal Services	985,052 1.39%	941,162 1.43%	863,874 1.38%	806,692 1.31%
Operation and Maintenance of Plant	5,688,947 8.02%	5,260,815 7.97%	5,203,979 8.31%	5,235,031 8.49%
Student Transportation	4,585,288 6.47%	4,228,875 6.41%	4,290,091 6.85%	4,028,191 6.53%
Internal Services	555,570 0.78%	460,237 0.70%	347,947 0.56%	446,213 0.72%
Central Support	1,510,276 2.13%	1,613,750 2.45%	1,594,691 2.55%	1,728,489 2.80%
Other Support	0 0.00%	0 0.00%	0 0.00%	0 0.00%
Enterprise/Community Services	671,696 0.95%	587,134 0.89%	523,197 0.84%	513,441 0.83%
Debt Service	0 0.00%	0 0.00%	0 0.00%	27,399 0.04%
Other Uses - Transfers Out	120,000 0.17%	194,069 0.29%	0 0.00%	254,228 0.41%
Total Expenditures	<u>\$ 70,918,535</u>	<u>\$ 66,000,520</u>	<u>\$ 62,647,876</u>	<u>\$ 61,656,708</u>
Student Enrollment	7,452	7,487	7,387	7,499
Expenditures/Other Uses Per Student	\$ 9,517	\$ 8,815	\$ 8,481	\$ 8,222

Note: The totals on percentages may not equal an even 100% due to rounding.

(1) The General Fund accounts for the general operating expenditures and transfers of the District.

Source: Oregon City School District No. 62 financial records

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 26,199,307 43.02%	\$ 25,827,294 42.98%	\$ 28,376,561 43.85%	\$ 28,588,213 44.76%	\$ 26,509,105 46.42%	\$ 24,739,306 46.65%
12,726,494 20.90%	12,450,099 20.72%	12,490,054 19.30%	11,676,329 18.28%	8,694,363 15.23%	7,782,778 14.68%
3,482,194 5.72%	3,402,513 5.66%	3,872,870 5.99%	3,937,335 6.17%	3,518,922 6.16%	2,939,336 5.54%
1,479,838 2.43%	1,310,229 2.18%	1,605,119 2.48%	1,597,786 2.50%	1,695,765 2.97%	2,101,097 3.96%
442,786 0.73%	437,680 0.73%	463,867 0.72%	440,125 0.69%	448,101 0.78%	400,014 0.75%
3,946,737 6.48%	3,973,579 6.61%	4,203,556 6.50%	4,102,082 6.42%	3,973,599 6.96%	3,679,245 6.94%
780,294 1.28%	796,460 1.33%	928,630 1.44%	896,462 1.40%	783,565 1.37%	780,483 1.47%
5,109,820 8.39%	5,205,408 8.66%	5,733,618 8.86%	5,863,774 9.18%	5,607,327 9.82%	5,416,570 10.21%
4,082,513 6.70%	3,846,802 6.40%	3,908,962 6.04%	3,883,372 6.08%	3,516,658 6.16%	3,282,999 6.19%
221,355 0.36%	433,262 0.72%	485,016 0.75%	305,182 0.48%	319,924 0.56%	307,285 0.58%
1,720,129 2.82%	1,774,441 2.95%	1,746,119 2.70%	1,556,689 2.44%	953,057 1.67%	970,868 1.83%
0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
502,915 0.83%	434,784 0.72%	431,543 0.67%	401,719 0.63%	399,696 0.70%	433,782 0.82%
201,558 0.33%	194,985 0.32%	194,143 0.30%	192,745 0.30%	195,395 0.34%	197,790 0.37%
0 0.00%	0 0.00%	267,600 0.41%	423,000 0.66%	490,000 0.86%	0 0.00%
<u>\$ 60,895,940</u>	<u>\$ 60,087,536</u>	<u>\$ 64,707,658</u>	<u>\$ 63,864,813</u>	<u>\$ 57,105,477</u>	<u>\$ 53,031,553</u>
7,559	7,593	7,732	7,814	7,846	7,921
\$ 8,056	\$ 7,914	\$ 8,369	\$ 8,173	\$ 7,278	\$ 6,695

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Capital Asset Information
Last Ten Fiscal Years

Elementary Schools:	Year Built	2014-15	2013-14	2012-13	2011-12
Beavercreek	1948				
Square Feet		56,150	56,150	56,150	56,150
Preferred Student Capacity		560	560	560	560
Enrollment		539	548	480	432
Candy Lane	1969				
Square Feet		34,930	34,930	34,930	34,930
Preferred Student Capacity		200	200	200	200
Enrollment		309	252	235	182
Gaffney Lane	1965				
Square Feet		56,828	56,828	56,828	56,828
Preferred Student Capacity		600	600	600	600
Enrollment		566	533	536	570
Holcomb	1966				
Square Feet		51,090	51,090	51,090	51,090
Preferred Student Capacity		661	661	661	661
Enrollment		488	536	547	542
Jennings Lodge	1938				
Square Feet		31,980	31,980	31,980	31,980
Preferred Student Capacity		275	275	275	275
Enrollment		237	312	292	293
John McLoughlin	1975				
Square Feet		57,780	57,780	57,780	57,780
Preferred Student Capacity		583	583	583	583
Enrollment		556	561	545	557
Redland	1948				
Square Feet		55,000	55,000	55,000	55,000
Preferred Student Capacity		607	607	607	607
Enrollment		529	539	547	544
Middle Schools:					
Mt. Pleasant (Gardiner grade 6)	1929				
Square Feet		0	50,150	50,150	50,150
Preferred Student Capacity		0	560	560	560
Enrollment (1)		0	0	258	403
Gardiner (grades 6-8)	1954/ 2013				
Square Feet		106,890	106,890	98,600	98,600
Preferred Student Capacity		853	853	613	613
Enrollment		762	775	587	625
Ogden	1965/ 2012				
Square Feet		107,538	107,538	107,538	100,370
Preferred Student Capacity		896	896	896	656
Enrollment		876	888	898	608
High Schools:					
Oregon City High School (2)	2003				
Square Feet		323,000	323,000	304,440	323,000
Preferred Student Capacity		2,450	2,450	2,450	2,450
Enrollment		2,187	2,199	2,187	2,200
King -Charter High Schools	1958				
Square Feet		44,220	44,220	44,220	44,220
Preferred Student Capacity		400	400	400	400
Enrollment (3)		188	344	275	375

(1) Mt Pleasant Elementary became a sixth grade campus for one year in 2012-13.

(2) King Elementary became a Charter High School in 2012-13.

(1) Mt Pleasant was sold in 2014-15.

Source: Oregon City School District No. 62 property records.

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
56,150	56,150	56,150	56,150	56,150	56,150
560	560	560	560	560	560
441	465	458	453	494	511
34,930	34,930	34,930	34,930	34,930	34,930
200	200	200	200	200	200
202	224	263	243	221	232
56,828	56,828	56,828	56,828	56,828	56,828
600	600	600	600	600	600
573	551	561	575	590	583
51,090	51,090	51,090	51,090	51,090	51,090
661	661	661	661	661	661
566	563	494	456	427	427
31,980	31,980	31,980	31,980	31,980	31,980
275	275	275	275	275	275
296	328	295	319	312	293
57,780	57,780	57,780	57,780	57,780	57,780
583	583	583	583	583	583
554	569	588	582	579	572
55,000	55,000	55,000	55,000	55,000	55,000
607	607	607	607	607	607
572	570	473	522	546	583
50,150	50,150	50,150	50,150	50,150	50,150
560	560	560	560	560	560
395	378	391	391	400	402
98,600	98,600	98,600	98,600	98,600	98,600
613	613	613	613	613	613
633	552	547	577	611	602
100,370	100,370	100,370	100,370	100,370	100,370
656	656	656	656	656	656
623	631	627	663	664	663
323,000	323,000	323,000	323,000	323,000	323,000
2,450	2,450	2,450	2,450	2,450	2,450
2,194	2,231	2,125	2,213	2,259	2,356
44,220	44,220	44,220	44,220	44,220	44,220
400	400	400	400	400	400
369	412	416	419	402	411

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Teacher Full-Time Equivalents (FTE) by Education Range and Step
June 30, 2015

Step	B.S. Degree	B.S. Degree +24 Hrs.	B.S. Degree +45 Hrs.	Master's or B.S. Degree +60 Hrs.	Master's +24 Hrs. or B.S. Degree +84 Hrs.	Master's +45 Hrs. or B.S. Degree +105 Hrs.	Total FTE
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	0.00	0.00	0.00	1.00	0.00	0.00	1.00
3	4.00	1.00	0.00	21.50	3.80	3.00	33.30
4	1.00	1.00	1.00	6.80	4.00	4.00	17.80
5	3.25	0.70	0.00	14.80	3.00	3.30	25.05
6	1.00	0.00	0.00	9.65	2.50	4.50	17.65
7	1.00	0.00	0.00	13.00	3.00	2.00	19.00
8	0.00	0.00	0.00	9.00	2.00	4.00	15.00
9	0.00	0.00	2.00	9.50	7.10	5.00	23.60
10	0.00	1.00	0.00	12.25	6.75	16.95	36.95
11	0.50	0.00	0.00	2.00	3.80	5.00	11.30
12	3.00	2.00	1.00	7.00	6.00	5.00	24.00
13	0.00	10.00	0.63	10.50	3.00	6.30	30.43
14	0.00	0.00	2.00	4.50	6.00	8.00	20.50
15	0.00	0.00	0.00	1.00	2.00	15.40	18.40
16	0.00	0.00	0.00	24.40	17.40	7.30	49.10
17	0.00	0.00	0.00	0.00	0.00	52.40	52.40
Total FTE	<u>13.75</u>	<u>15.70</u>	<u>6.63</u>	<u>146.90</u>	<u>70.35</u>	<u>142.15</u>	<u>395.48</u>

Estimated Average Teacher Salary: \$60,993.67

Source: Oregon City School District No. 62 Human Resources Department.

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Miscellaneous Statistical Data
Last Ten Fiscal Years

Fiscal Year	High School Graduates	Student per Teacher Ratio (1)	Nutrition Services		Pupil Transportation	
			Lunches Served	Other Meals and Snacks	Miles Driven	Students Served
2014-15	514	18.8	491,218	230,716	1,145,032	4,029
2013-14	454	19.0	488,944	256,640	1,064,608	4,489
2012-13	481	19.6	512,090	283,046	942,184	4,874
2011-12	461	20.0	527,506	259,419	937,772	3,936
2010-11	475	19.9	562,088	233,899	997,693	4,125
2009-10	463	19.9	574,536	256,752	984,088	3,965
2008-09	486	18.3	771,212	126,651	1,016,597	4,010
2007-08	426	18.1	718,835	207,110	1,005,462	4,219
2006-07	458	18.9	721,257	198,426	987,215	4,245
2005-06	462	19.7	728,525	214,921	970,811	4,358
2004-05	437	20.3	713,023	234,242	947,466	4,368

(1) Includes Classroom, Music, Physical Education, and Special Education Teachers as well as Media Specialists and Counselors.

Source: Oregon City School District No. 62, various departments.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Revenues and Other Financing Sources - All Funds
Non GAAP Budgetary Basis
Last Ten Fiscal Years

	2014-15 (3)	2013-14	2012-13 (3)	2011-12
REVENUES AND OTHER FINANCING SOURCES:				
Local sources:				
Current/prior years' taxes (1)	\$ 29,276,856	\$ 27,580,481	\$ 26,513,339	\$ 26,068,553
Earnings on investments	158,809	127,964	135,352	124,930
Food services	627,501	652,412	694,671	686,866
Extracurricular activities	2,197,457	2,351,397	2,366,570	2,429,741
Community service activities	1,392,297	1,143,158	1,186,587	1,078,586
Miscellaneous	5,652,170	5,333,824	5,431,920	5,134,714
Total local sources	<u>39,305,090</u>	<u>37,189,236</u>	<u>36,328,439</u>	<u>35,523,390</u>
Intermediate sources:				
ESD funds	1,136,944	767,026	788,540	831,681
Miscellaneous	21,067	38,538	58,056	15,712
Total intermediate sources	<u>1,158,011</u>	<u>805,564</u>	<u>846,596</u>	<u>847,393</u>
State sources:				
School support fund	45,299,224	41,819,628	37,528,883	35,159,868
SSF - transportation	2,950,397	3,061,744	3,081,126	3,202,382
Common school fund	741,068	349,970	731,466	664,479
Restricted grants	906,575	540,976	9,250	1,788,584
Miscellaneous	590,440	410,035	906,075	408,128
Total state sources	<u>50,487,704</u>	<u>46,182,353</u>	<u>42,256,800</u>	<u>41,223,441</u>
Federal sources:				
School nutrition	1,306,545	644,000	1,318,774	1,346,261
Restricted grants	3,901,761	4,783,660	3,420,393	3,655,357
Miscellaneous	9,821	41,377	42,851	46,937
Total federal sources	<u>5,218,127</u>	<u>5,469,037</u>	<u>4,782,018</u>	<u>5,048,555</u>
Other financing sources:				
Transfers in	380,000	305,931	103,782	254,228
Lease purchase proceeds	0	100,081	0	0
Loan Proceeds	16,140,000	1,023,500	5,150,000	437,000
Bond proceeds	1,865,440	0	38,941,785	0
Sale or compensation for loss of capital assets	2,328,523	127,049	374,800	5,859
Total other financing sources	<u>20,713,963</u>	<u>1,556,561</u>	<u>44,570,367</u>	<u>697,087</u>
Beginning fund balance available for appropriation (2)	<u>8,775,708</u>	<u>9,646,030</u>	<u>10,107,357</u>	<u>9,723,219</u>
Total revenues and other financing sources	<u>\$ 125,658,603</u>	<u>\$ 100,848,779</u>	<u>\$ 138,891,577</u>	<u>\$ 93,063,085</u>

(1) Revenues are recognized when measurable and available.

(2) Does not include fund balance reserved for encumbrances.

(3) General obligation bond refunding caused a significant increase in other financing sources.

Source: Oregon City School District No. 62 financial records

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 25,502,789	\$ 24,975,105	\$ 23,871,454	\$ 22,762,087	\$ 21,203,145	\$ 20,304,166
116,206	152,595	503,229	1,171,775	1,376,106	1,076,323
734,963	815,560	885,721	1,015,553	988,196	950,153
2,300,130	2,135,845	2,173,808	2,368,037	2,128,194	2,206,059
1,073,674	1,010,723	955,005	909,067	864,970	790,786
5,387,244	5,419,613	4,573,009	4,563,965	4,360,651	4,023,736
<u>35,115,006</u>	<u>34,509,441</u>	<u>32,962,226</u>	<u>32,790,484</u>	<u>30,921,262</u>	<u>29,351,223</u>
626,308	829,557	838,293	925,721	931,016	910,844
36,031	14,357	39,032	6,048	92,691	84,238
<u>662,339</u>	<u>843,914</u>	<u>877,325</u>	<u>931,769</u>	<u>1,023,707</u>	<u>995,082</u>
33,006,857	34,646,910	35,705,252	38,191,727	34,752,227	32,885,716
2,869,333	2,918,005	2,598,097	2,467,907	2,043,320	2,120,072
666,651	699,404	552,452	771,877	682,281	642,186
41,884	35,070	1,743,115	1,912,944	183,311	246,589
467,139	529,330	1,296,093	138,210	189,583	44,361
<u>37,051,864</u>	<u>38,828,719</u>	<u>41,895,009</u>	<u>43,482,665</u>	<u>37,850,722</u>	<u>35,938,924</u>
1,318,297	1,295,363	981,347	918,640	875,584	895,412
7,972,623	6,254,982	5,104,670	3,513,615	3,788,471	3,228,567
151,454	169,230	187,791	203,936	206,369	513,414
<u>9,442,374</u>	<u>7,719,575</u>	<u>6,273,808</u>	<u>4,636,191</u>	<u>4,870,424</u>	<u>4,637,393</u>
0	267,600	1,498,558	682,314	490,000	1,322,755
134,263	355,846	429,897	0	319,969	0
353,175	450,000	0	0	0	0
0	0	0	0	0	0
11,873	0	7,429	0	0	0
<u>499,311</u>	<u>1,073,446</u>	<u>1,935,884</u>	<u>682,314</u>	<u>809,969</u>	<u>1,322,755</u>
10,703,003	9,106,170	10,940,290	13,312,720	13,944,191	16,880,832
<u>\$ 93,473,897</u>	<u>\$ 92,081,265</u>	<u>\$ 94,884,542</u>	<u>\$ 95,836,143</u>	<u>\$ 89,420,275</u>	<u>\$ 89,126,209</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Expenditures and Other Financing Uses by Program - All Funds
Non GAAP Budgetary Basis
Last Ten Fiscal Years

	2014-15	2013-14	2012-13 (1)	2011-12
EXPENDITURES:				
Instruction:				
Regular instruction:				
Elementary	\$ 13,719,411	\$ 12,260,192	\$ 11,756,731	\$ 13,645,117
Middle school	7,194,299	6,947,250	6,845,765	4,729,225
High school	13,205,323	11,956,671	11,344,259	10,521,316
Special programs:				
Restrictive programs	7,139,815	7,771,745	5,641,289	6,797,976
Less restrictive programs	3,268,731	2,664,210	2,589,100	2,350,910
Charter School Payments	5,978,326	5,364,726	4,474,877	4,049,138
Other programs	3,373,772	3,426,048	4,719,677	3,018,686
Total instruction	<u>53,879,677</u>	<u>50,390,842</u>	<u>47,371,698</u>	<u>45,112,368</u>
Support services:				
Students:				
Guidance/health services	2,446,946	226,392	1,981,756	1,844,879
Psychological/speech services	1,974,578	1,647,988	1,495,002	1,507,156
Student support direction	1,208,656	648,173	640,761	584,591
Other	689,972	520,161	377,411	371,812
Instructional staff support:				
Educational media services	908,837	824,817	839,025	731,435
Other	1,278,354	1,372,967	1,181,789	1,268,741
General administration	504,257	484,734	448,930	449,077
School administration	4,245,195	4,085,597	3,965,966	4,269,794
Business:				
Direction and fiscal services	1,028,412	980,928	905,903	815,108
Operation and maintenance	6,033,602	5,761,176	5,541,183	5,335,483
Student transportation	5,198,941	4,867,074	4,815,672	4,473,922
Internal services	906,040	923,252	844,715	888,363
Central support	1,909,639	1,909,168	2,193,608	2,007,322
Total support services	<u>28,333,429</u>	<u>24,252,427</u>	<u>25,231,721</u>	<u>24,547,683</u>
Enterprise/community services:				
Food services	2,196,862	2,181,957	2,127,201	2,105,418
Community education	620,967	562,777	464,667	455,671
Child care services	1,005,769	826,062	869,937	813,656
Other	122,546	118,896	188,247	174,669
Total enterprise/community services	<u>3,946,144</u>	<u>3,689,692</u>	<u>3,650,052</u>	<u>3,549,414</u>
Facilities acquisition/construction	<u>979,299</u>	<u>1,262,617</u>	<u>4,462,018</u>	<u>25,256</u>
Debt service	<u>15,651,937</u>	<u>10,521,521</u>	<u>48,857,802</u>	<u>9,466,779</u>
Other financing uses: transfers out	<u>380,000</u>	<u>305,931</u>	<u>103,782</u>	<u>254,228</u>
Total expenditures and other financing uses	<u>\$ 103,170,486</u>	<u>\$ 90,423,030</u>	<u>\$ 129,677,073</u>	<u>\$ 82,955,728</u>

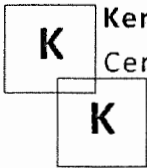
(1) General obligation bond refunding caused a significant one time increase in debt service.

Source: Oregon City School District No. 62 financial records

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 14,052,476	\$ 14,294,358	\$ 15,914,562	\$ 16,391,698	\$ 14,893,795	\$ 14,001,522
4,806,718	4,493,396	5,027,982	5,103,699	4,708,835	4,672,035
10,337,936	9,377,355	9,955,994	10,272,138	9,592,847	8,317,063
7,260,110	7,379,153	7,622,240	7,626,444	6,865,583	6,430,756
2,150,269	1,728,072	1,295,701	1,246,896	1,127,282	1,305,910
3,448,867	3,248,048	3,018,308	2,427,481	806,450	0
3,170,164	3,068,667	3,145,682	3,083,914	2,915,064	3,083,397
<u>45,226,540</u>	<u>43,589,049</u>	<u>45,980,469</u>	<u>46,152,270</u>	<u>40,909,856</u>	<u>37,810,683</u>
1,844,971	1,775,702	2,136,038	2,121,840	2,115,926	2,368,649
1,562,486	1,527,203	1,518,587	1,539,936	1,384,486	1,162,040
790,625	694,619	661,788	794,735	701,798	560,742
353,907	343,519	411,912	465,877	389,861	94,603
876,564	872,024	1,212,366	1,073,879	1,190,092	1,606,154
1,630,880	1,230,815	910,871	1,066,042	943,058	528,683
445,286	441,680	464,482	439,998	453,662	403,476
4,243,399	4,205,069	4,398,272	4,248,711	4,056,787	3,679,246
793,863	814,134	948,959	908,775	819,554	791,172
5,666,180	5,388,339	6,342,202	6,161,713	5,778,692	5,487,362
4,441,106	4,404,866	4,300,861	4,230,666	3,641,977	3,711,178
916,711	1,102,660	982,714	951,434	977,723	999,219
2,127,197	2,518,515	2,143,925	2,281,486	1,520,276	1,291,869
<u>25,693,175</u>	<u>25,319,145</u>	<u>26,432,977</u>	<u>26,285,092</u>	<u>23,973,892</u>	<u>22,684,393</u>
2,055,817	2,010,733	2,096,774	1,982,490	1,990,640	1,891,511
452,202	354,357	317,366	286,656	254,842	745,529
699,402	717,688	718,712	661,342	509,622	446,064
237,175	165,426	226,292	178,029	281,816	0
<u>3,444,596</u>	<u>3,248,204</u>	<u>3,359,144</u>	<u>3,108,517</u>	<u>3,036,920</u>	<u>3,083,104</u>
0	7,269	0	83,874	85,064	2,912,677
9,386,367	8,946,996	8,507,225	8,163,080	7,592,895	7,330,556
0	267,600	1,498,558	682,314	490,000	1,322,755
<u>\$ 83,750,678</u>	<u>\$ 81,378,263</u>	<u>\$ 85,778,373</u>	<u>\$ 84,475,147</u>	<u>\$ 76,088,627</u>	<u>\$ 75,144,168</u>

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**AUDIT COMMENTS
AND
DISCLOSURES**



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OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of Oregon City School District No. 62 as of and for the year ended June 30, 2015, and have issued our report thereon dated December 22, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Oregon City School District No. 62'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, and 279C).
- State school fund factors and calculations.

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OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Independent Auditor's Report Required by Oregon State Regulations (Continued)

Compliance (continued)

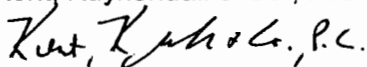
In connection with our testing, nothing came to our attention that caused us to believe Oregon City School District No. 62 was not in substantial compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Oregon City School District No. 62's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oregon City School District No. 62's internal control. Accordingly, we do not express an opinion on the effectiveness of Oregon City School District No. 62's internal control.

This report is intended solely for the information and use of the Board of Directors and management of Oregon City School District No. 62 and the Oregon Secretary of State, Division of Audits, and is not intended to be and should not be used by anyone other than these parties.

Kent, Kuykendall & Co., P.C.



December 22, 2015

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Public School System Support Data
For the Fiscal Year Ended June 30, 2015

A. Energy Bill for Heating - All Funds

All funds total expenditures for electricity and heating fuel, objects 325 and 326:

Function 2540

\$ 994,008

Function 2550

\$ 9,452

B. Replacement of Equipment - General Fund

General Fund expenditures for replacement of equipment (object code 542),
for all functions except 1113, 1122, 1132, 1140, 1300, 1400, 4150,
2550, 3100, and 3300 were:

\$ 0

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**GRANT
COMPLIANCE
SECTION**

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OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2015

Federal Grantor, Pass through Grantor, Program Title	Grant Period	CFDA Number	Grant Amount	2014 - 2015 Revenue	2014 - 2015 Expenditures
<u>U. S. Department of Education:</u>					
Passed through Oregon Department of Education:					
Special Education Grants to States -					
Title I Part A Grants to LEAs:					
32651	2014-2015	84.010	\$ 1,316,232	\$ 1,155,667	\$ 1,155,667
28193	2013-2014	84.010	341,417	341,417	341,417
			<u>1,657,649</u>	<u>1,497,084</u>	<u>1,497,084</u>
Special Education Grants IDEA Part B:					
27676	2014-2015	84.027	2,700	2,700	2,700
29846	2014-2015	84.027	6,562	561	561
32191	2014-2015	84.027	4,828	4,828	4,828
33772	2014-2015	84.027	12,731	12,731	12,731
33352	2014-2015	84.027	1,270,006	1,270,006	1,270,006
28911	2013-2015	84.173	9,046	9,046	9,046
33513	2014-2015	84.173	10,614	4,992	4,992
			<u>1,316,487</u>	<u>1,304,864</u>	<u>1,304,864</u>
Special Education Grants IDEA Part D:					
32398	2014-2015	84.323	5,384	5,161	5,161
Improving Teacher Quality State Grants -					
Title II Part A:					
28711	2014-2015	84.367	40,925	40,925	40,925
32975	2014-2015	84.367	235,650	185,986	185,986
			<u>276,575</u>	<u>226,911</u>	<u>226,911</u>
English Language Acquisition Grants -					
Title III Part A:					
30038	2013-2014	84.365	11,301	11,301	11,301
32353	2014-2015	84.365	43,813	29,659	29,659
			<u>55,114</u>	<u>40,960</u>	<u>40,960</u>
Passed through OR Dept. of Human Resources:					
Vocational Rehabilitation Grants - YTP					
113782	2014-2015	84.126A	158,010	54,763	54,763

OREGON CITY SCHOOL DISTRICT NO. 62

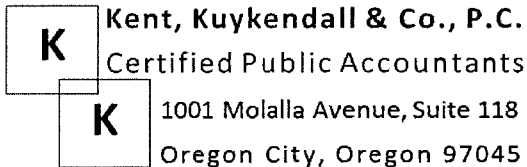
Clackamas County, Oregon

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis (continued)

For the Fiscal Year Ended June 30, 2015

Federal Grantor, Pass through Grantor, Program Title	Grant Period	CFDA Number	Grant Amount	2014 - 2015 Revenue	2014 - 2015 Expenditures
<u>U.S. Department of Education (continued)</u>					
Passed through Clackamas County ESD:					
Education for Homeless Children and Youth:					
32278	2014-2015	84.196	\$ 467,361	\$ 333,930	\$ 333,930
Migrant Education Title 1C:					
2012-2013	2012-2013	84.011A	18,806	15,201	15,201
2013-2014	2013-2014	84.011A	8,245	6,723	6,723
			<u>27,051</u>	<u>21,924</u>	<u>21,924</u>
Career and Technical Education - Carl Perkins III:					
7050	2014-2015	84.048	28,117	27,619	27,619
7050	2014-2015	84.048	6,539	1,948	1,948
			<u>34,656</u>	<u>29,567</u>	<u>29,567</u>
Passed through Portland Public Schools:					
Autism Contracts	2014-2015	84.027A	148,800	148,800	148,800
Total U.S. Department of Education			<u>4,147,087</u>	<u>3,663,964</u>	<u>3,663,964</u>
<u>U.S. Department of Agriculture:</u>					
Passed through Oregon Department of Education:					
National School Nutrition Program: (1)					
National School Lunch - Project 132103	2014-2015	10.555	1,006,975	1,006,975	1,006,975
National School Breakfast - Project 152104	2014-2015	10.553	264,704	264,704	264,704
Summer Food Service - Project 315002	2013-2014	10.559	34,866	34,866	34,866
			<u>1,306,545</u>	<u>1,306,545</u>	<u>1,306,545</u>
Noncash Assistance: Commodities	2014-2015	10.550	119,503	119,503	119,503
Passed through Clackamas County:					
Federal Forest Fees	2014-2015	10.665	9,821	9,821	9,821
Total U.S. Department of Agriculture			<u>1,435,869</u>	<u>1,435,869</u>	<u>1,435,869</u>
<u>U.S. Department of Health and Human Services:</u>					
Passed through SAMHSA:					
SAMHSA Oregon City Together Coalition: (2)					
1H795PO19745-01	2014-2015	93.276	125,000	100,719	100,719
1H795PO19745-01	2013-2015	93.276	39,552	17,576	17,576
Total U.S. Department of Health and Human Services			<u>164,552</u>	<u>118,295</u>	<u>118,295</u>
Total Federal Financial Assistance			<u>\$ 5,747,508</u>	<u>\$ 5,218,128</u>	<u>\$ 5,218,128</u>

Note: The Schedule of Expenditures of Federal Awards reflects the basis of accounting used for the governmental fund types described in the Notes to the Financial Statements.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Oregon City School District No. 62
Clackamas County, Oregon 97045

Report of Compliance for Each Major Federal Program

We have audited Oregon City School District No. 62's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Oregon City School District No. 62's major federal programs for the year ended June 30, 2015. Oregon City School District 62'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oregon City School District No. 62'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oregon City School District No. 62'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 Oregon City School District No. 62's compliance.

Opinion on Each Major Federal Program

In our opinion, Oregon City School District No. 62 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Continued on Following Page

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (CONTINUED)**

Report on Internal Control Over Compliance

Management of Oregon City School District No. 62 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 compliance audit, we considered Oregon City School District No. 62'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 OMB Circular A-133, 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 Oregon City School District No. 62'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.

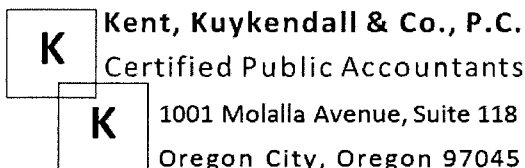
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kent, Kuykendall & Co., P.C.



December 22, 2015



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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**

To the Board of Directors
Oregon City School District No. 62
Clackamas County, Oregon 97045

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 aggregate discretely presented component units, each major fund, the budgetary comparisons for the General Fund and the Special Revenue Fund, and the aggregate remaining fund information of Oregon City School District No. 62, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise Oregon City School District No. 62's basic financial statements and have issued our report thereon dated DATE!!!. Our report includes a reference to other auditors who audited the financial statements of Springwater Environmental Sciences School, as described in our report on Oregon City School District No. 62's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oregon City School District No. 62'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 Oregon City School District No. 62's internal control. Accordingly, we do not express an opinion on the effectiveness of Oregon City School District No. 62'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 entity'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.

Continued on Following Page

**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 (CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oregon City School District No. 62'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kent, Kuykendall & Co., P.C.



December 22, 2015

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Schedule of Prior and Current Year Audit Findings
And Questioned Costs Relative to Federal Awards
For the Fiscal Year Ended June 30, 2015

Auditor's Report - Unqualified Opinion

Auditor's Report on Compliance for Major Programs - Unqualified Opinion

Current and Prior Year Audit Findings and Questioned Costs - None

Major Programs:

Type A:

National School Nutrition Program

Type B:

SAMHSA Oregon City Together Coalition

Dollar Threshold for Distinguishing Between Type A and Type B Programs - \$300,000

Low-risk Auditee - Yes