

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2016



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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016



Prepared by
Susan Dodd, Chief Financial Officer
Christina Weinard, Fiscal Services Coordinator

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Clackamas County, Oregon
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Clackamas County, Oregon
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Oregon City School District 62
1417 12th Street • Oregon City, Oregon 97045
503-785-8000 • Fax: 503-657-2492

January 2, 2017

Citizens and Board of Directors
Oregon City School District No. 62
1417 12th Street
Oregon City, Oregon 97045

Oregon Revised Statutes regarding Municipal Audit Law and State Financing of Public Schools require that the school district publish a complete set of audited financial statements within six months of the close of each fiscal year. A Securities Exchange Commission Rule requires that a district that has issued municipal bonds file annual financial statements with the Municipal Securities Exchange Repository through the Electronic Municipal Market Access System (EMMA). Pursuant to these requirements, we hereby issue the comprehensive annual financial report of the Oregon City School District No. 62 for the fiscal year ended June 30, 2016. This report is presented in conformity with accounting principles generally accepted in the United States of America and was audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Oregon.

This report consists of management's representations concerning the finances of the District. Consequently management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive frame work of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Pauly, Rogers, and Co. P.C. a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the

financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Compliance Section of this report.

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

PROFILE OF THE DISTRICT

The District is one of 10 public school districts located in Clackamas County, Oregon. It is the sixteenth largest school district in Oregon, and the third largest in the county providing a program of public education from kindergarten through grade twelve. The District is required to report the number of students per school year to the state based on Average Daily Membership (ADM). ADM is the average number of full-time students enrolled in District schools and programs every day over the course of the entire school year compared to student enrollment which would be a snapshot on a given day of the headcount of all students enrolled. The District's ADM was 8,133 students in fiscal 2015-16. The projected ADM for fiscal 2016-17 is 7,986. The average age of all school buildings is 53 years.

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

The District's Governing Board, the Oregon City School Board is organized under Section 332 of the Oregon Revised Statutes. The Oregon City District School Board is elected on a District-Wide basis and is the governing body of the District. It is comprised of seven citizens and has oversight responsibility and control over all activities related to the District which include but are not limited to the hiring of the Superintendent, the adoption of the annual budget, and negotiations of collective bargaining agreements. The Board sets Board Governance Policies and collaborates with staff to craft District Policies which establish practical, ethical and legal boundaries for district staff and decision-making. A Budget Committee consisting of seven appointed volunteer members established by statute advise the Board on budgetary issues.

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

fiduciary for their financial activity and accounts for their district related activity separately from its own records.

The Oregon City School District is required by the State of Oregon to adopt an annual budget per Oregon Revised Statutes (294.305 through 294.565 inclusive). Oregon Budget Law specifies a process and format for a district's annual budget preparation and presentation. A school district is required to publish a budget using at least a "minimum chart of accounts" which includes fund, function and object. Each year, the District follows a process to develop and adopt a budget for the following school year. The District's Budget Committee approves a budget and forwards it to the School Board for final adoption. The School Board normally approves the budget in May or early June for the final adopted budget but can make changes to it prior to July 1. Once adopted, the budget represents the financial plan for the School District. It contains estimates of revenues and expenditures needed to support the program offerings of the District for a single fiscal year. The budget is prepared for all funds which include Governmental, Proprietary and Fiduciary Funds. The annual expenditure budget serves as the foundation for the District's financial planning and control as revenue is estimated. Actual expenses may not exceed the appropriated amount of the budget by function and fund. The budget does change throughout the year as revenue amounts change and funds are transferred between various accounts to meet the needs of District instructional programs and services. Transfers are made in accordance with policy relating to Appropriation and Budget Transfers to ensure compliance with Local Budget Law.

In 1872, Oregon's legislature passed a law giving county school superintendents authorization to establish school districts. In November 1874, then County School Superintendent, W. W. Moreland established district number sixty-two now known as Oregon City School District No. 62. It is the oldest "district" in the county, but it is not recognized as such because its schools were under city control for many years until 1874. Clackamas County is located just to the south and east of the city of Portland and, together with Multnomah, Washington, Columbia, and Yamhill counties, is considered part of the Portland Metropolitan Statistical Area.

The District consists of 6 elementary schools, 2 middle schools, 1 high school, and 4 District sponsored charter schools that are located within its boundaries. Two of the charter schools are high schools – Oregon City Service Learning Academy and Clackamas Academy of Industrial Sciences. The two other charter schools are independently operated. Springwater environmental Sciences School is a kindergarten through 8th grade school and the Alliance Charter Academy is a grade K-12 charter school.

In 2015-16, District management staff included a Superintendent, a Cabinet consisting of a Director of Special Services, a Director of Special Programs, a Director of Human Resources, a Chief Financial Officer, a Director of School Improvement, a Director of Operations, and a Communications Specialist. In addition management includes directors, principals, vice principals and supervisors. In total, for Fiscal 2015-16, the District employed over 800 staff members. Instructional staff consists of teachers,

counselors and librarians. Support staff consists of instructional assistants, secretaries, bus drivers, cooks custodians, maintenance personnel and other support staff.

On December 10, 2015, Congress repealed the *No Child Left Behind Act* (NCLB). The NCLB Act required districts to be accountable for low performing schools. A rating was given to schools based on the percentage of low-income, minority, special education and limited-English students who passed state reading and math tests. Schools that were judged as inadequate and that received federal funding for improvement had to offer free tutoring, and students were given priority rights to transfer to a different school. Schools had to demonstrate improvement on ratings within a limited time period or face punitive consequences. NCLB did not take into account a school's unique circumstances or challenges. Oregon was granted waivers from the NCLB Act beginning in 2012 through the 2015-16 school year. The waivers required that Oregon create a new accountability system to replace the provisions of the NCLB Act.

Under Oregon's new system, schools were to be labeled model, strong, satisfactory, focus or priority. The tool that was to be utilized to accomplish this were District Achievement Compacts. Every year, each Oregon school district was to deliver an Achievement Compact to the Oregon Education Investment Board (OEIB). The OEIB entered into Achievement Compacts with the governing bodies of each Oregon public education entity: the Higher Education Coordinating Commission, Oregon Health and Science University, community colleges and K-12 school districts. The mission of the Achievement compacts was that by 2025:

1. At least 40 percent of adult Oregonians have earned a bachelor's degree or higher,
2. At least 40 percent of adult Oregonians have earned an associate's degree or post-secondary credential as their highest level of educational attainment, and
3. Ensure that the remaining 20 percent or less of all adult Oregonians have earned a high school diploma.

When Congress repealed the NCLB Act, they replaced it with the Every Student Succeeds Act (ESSA). The new act changes the oversight of schools from the federal level to the state level. Oregon needed to make new decisions about how to rate schools, evaluate their teachers and how to assist poorly performing schools. The NCLB Act expires June 30, 2016 to give states the time to reorganize their systems for the replacement of the act. Each state will need to submit new accountability plans to the U.S. Department of Education. Prior to the repeal of the NCLB Act, in its 2015 legislative session Oregon passed Senate Bill 215 which eliminated the OEIB, replacing it with the Chief Education Office, and it also eliminated the requirement for Achievement Compacts. The mission of the Achievement Compacts was retained by the new Chief Education Office to ensure that all public school students reach the 40-40-20 goals set by the Oregon Legislature. The focus of the Chief Education Office is to ensure that: more students are ready to succeed when they enter school; more third grade students are reading at or above grade level; more ninth graders are on track with credits and strong attendance; high school graduation rates are increasing; and, that more Oregonians earn degrees and certificates that lead to rewarding careers. Currently, the

Oregon Department of Education is reaching out to communities for input for the state implementation of ESSA and it formed official work groups. For more information see the following web page: <http://www.ode.state.or.us/search/page/?id=5493>

In 2010, the Oregon Department of Education adopted Common Core State Standards (CCSS) for English language arts and mathematics. The standards define the knowledge and skills students should have developed in their K-12 education so that they will graduate from high school able to succeed in entry-level, credit bearing academic college courses and in workforce training programs. The State utilized the Common Core Standards as guidance for success in meeting the requirements of the current NCLB act in 2015-16, and then to meet the requirements of the new state standards for ESSA. To measure whether students are meeting the state standards, the state is currently using the Smarter Balanced Assessment Tests. This system is set up to support the Common Core Standards. It is utilized throughout a school year to provide student data that will inform instruction, guide interventions, help to target professional development and ensure an accurate measure of each student's progress toward career-and-college readiness. It is administered on computers, which required investment by the District to be ready with the required technology. Additional information regarding the Smarter Balanced Assessment Tests can be found on the following website:
<http://www.smarterbalanced.org/>

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

For the 2015-17 biennium, the District continues to focus resources on raising its graduation rates using programmatic strategies. Major initiatives of the District are set by its Mission Statement: "With high expectations, we engage all students in meaningful learning activities to prepare them for successful lives."

The District focuses its efforts in instruction and operations."

Improvement of Instruction

Oregon City School District is committed to the State of Oregon's vision for preparing all students for college and careers. The District demonstrates this commitment by focusing efforts in the areas below:

Staff Development Efforts: The District uses available release time for embedded and ongoing support to staff focused on the major instructional shifts required of the Common Core State Standards for educator effectiveness. It has organized professional development into four strategic areas: 1) high quality instruction in the classroom, 2) standards based learning goals, 3) formative assessments and data analysis, and 4) monitoring the progress of student learning.

Professional Learning Communities: The District trains educators in the professional learning community concepts of collaboration, getting and utilizing effective data analysis, and guides instructional practices to meet the differentiated needs of students.

Professional Standards for Quality Instruction: The District strives to increase the proficiency of its administrators and teachers utilizing evaluation rubric for assessing high quality classroom instruction. It strives to promote a collaborative culture where student achievement is a number one priority.

Common Core Standards: The District continues to implement the Common Core Standards building collaborative leadership networks within the district that support implementation of educator effectiveness and that problem solve implementation challenges.

Positive Behavior and Intervention Supports (PBIS): The District continues the enhancement of a district wide systems approach to preventing and responding to school and classroom discipline problems. The District completed its eleventh year of Positive Behavior Intervention Support for improvement and staff development.

Equity: The District reviews all instructional practices to ensure inclusiveness in providing high quality and advance learning opportunities to all identified minority sub groups, and to ensure that resources are utilized effectively to support all students.

Improvement of Operations

Energy Conservation: The District concentrates on improving utility systems with limited resources to gain cost savings.

Communication: The District continues to improve outdated communication systems as resources allow. It continuously works on online resources focusing on the goal to improve all communication with all stakeholders in various forums.

Community Education: The District serves its student population and the community by offering participation in non-school day educational and athletic programs, pre-school programs, and offering community education programs to meet strong community needs for expanded services.

Technology: The District promotes the strategic use of technology to promote instruction and operations. The District has invested millions of dollars to upgrade classroom

instructional technology for teachers and students. Continued financial investments will be necessary to maintain the District's current network infrastructure and technology tools.

Transportation: The District improved its transportation services with the construction of a new transportation facility that opened at the end of fiscal 2016. It made strategic investments in order to accomplish this.

Long Range Capital and Facility Planning: The District is currently in the process of working with the School Board to float general obligation bonds in the near future. The District went through a long range facility and capital planning process to analyze, identify, and recommend solutions for the District's aging facilities to support quality future instruction. The District's current general obligation bonds will be fully matured in the 2018-20 biennium.

ECONOMIC CONDITION

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%. From 2000 to 2010 Clackamas County grew by slightly over 11%. The most current data from 2010 to July 1st 2015 shows population growth at 7%.

The District's most current enrollment projection from March 2015 indicated that the District would experience overall flat enrollment over the next five years within a range of (3.3%) to a 4.9% in 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%, due to the size of classes entering the schools. This included estimates for the implementation of full day kindergarten in September 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 District schools 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. However, the economy has improved and has been picking up rapidly over the past two fiscal years. Oregon's seasonally adjusted unemployment rate in June 2016 was 4.8%, slightly lower than the national average of 4.9%. The Oregon Employment Department reports non-farm payroll gain of 59,500 jobs from September 2015 to September 2016. Oregon has added jobs faster than the nation since 2013. Since Oregon is highly dependent on income tax collections to fund the state budget, additional job growth helps to 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 58 years. 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 maintenance needs at the school are increasing. For this reason, the School Board is current considering the issuance of new General Obligation Bonds to replace and renew aging schools.

Oregon City School District receives approximately 65% of its General Fund revenue from State controlled sources, and the State defines over 97% of our General Fund revenue through state school fund calculations. The state school fund general support was flat for the District from 2010-11, 2011-12, and 2012-13. With the declining state allocation from the Oregon Legislature combined with declining interest rates for investments and the inability, given the state of the local economy to collect fees, the District was unable to support the same level of programs at 2010-11 levels for biennial 2011-13. The District's largest expense is labor and its associated costs which includes the Oregon Public Employees Retirement System (PERS). For 2011-12 the District balanced the budget with a district-wide salary freeze and furlough days to close a \$5.9 million dollar deficit. For 2012-13, the District closed two elementary schools, froze supply budgets, reduced its contingency account, and received continued employee compensation concessions to balance the budget. For the 2013-15 biennium, state school funding increased. With increased state funding for the 2013-15 biennium, the District still needed employee concessions to balance the 2013-14 budget. In 2014-15 with an increase of \$100 million added to the state school fund, for the first time in six years the District did not have to take budget reductions and was able to add a small amount of resources to targeted areas and restored a full calendar for students. For 2015-17 biennium, the state school fund is eleven percent higher than the 2013-15 biennium. Because the District implemented full day kindergarten for the 2015-16 budget, most of the increased state funding resources were utilized to increase staff for this purpose. The District also made a small investment to increase instructional materials. The 2016-17 budget again made small investments in program expansion, instructional materials and student technology. Assumptions used in the preparation of the 2016-17 budget can be found in the Superintendent's Message in the District's 2016-17 Adopted Budget Book on the District's website.

OTHER DISTRICT EVENTS

Highlights of 2015-16 School Board Meetings included but were not limited to the following:

Summer Quarter

In September 2015 the School Board approved a resolution authorizing an easement and right-of-way for construction of the new Transportation and Maintenance Facility.

Fall Quarter

In October 2015, the Board ratified the Administrators, the Licensed and the Classified Bargaining Agreements. In the same month the Board approved the purchase of 8 school buses with funds from the Transportation Equipment Fund. At its November 2015 meeting, the School Board approved the 2015-16 Budget Development Calendar.

Winter Quarter

In February 2015 the School Board awarded the contract for Long Range Planning Project to DOWA – IBI after an RFP process. In March 2015, the School Board approved a resolution authorizing the purchase of two buses and the source of funding was from the Transportation Equipment Replacement Fund.

Spring

In May of 2015, the School Board authorized the award of a new Audit Services Contract. In addition, Bus Financing agreements were authorized in the amount of \$450,000 for the purpose of acquiring new buses in fiscal 2016-17. In June the Budget Committee approved the 2015-16 budget, and in a subsequent meeting, the School Board adopted it.

In addition throughout the 2015-16 fiscal year at various meetings, the School Board approved the revision of several District Board Policies. All current School Board Policies, Agendas and Minutes are posted on the District's website.

It is the District's intent to remain centered on student achievement through its commitment to its Mission, Vision and Guiding Principles. In several School Board meetings throughout fiscal 2015-16, District personnel gave presentations related to the promotion of its Guiding Principles in relationship to accomplishing specific goals to enhance student achievement. These presentations are in the form of Reports. Details of these reports can be found in the School Board Agendas for fiscal 2015-16. The District's Mission is *"With high expectations, we engage all students in meaningful learning activities to prepare them for successful lives."* The District's Mission Statement, its Vision and its Guiding Principles can be found on the District's website.

<http://ocsd62.org/>

AWARDS AND ACKNOWLEDGEMENTS

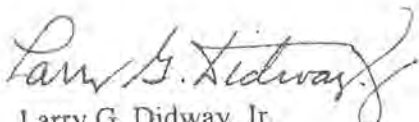
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Oregon City School District No. 62 for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 24th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for the 24th year.

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

Respectively submitted,



Larry G. Didway, Jr.
Superintendent



Susan Dodd
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, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award
is presented to

Oregon City School District #62

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

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



Brenda Burkett

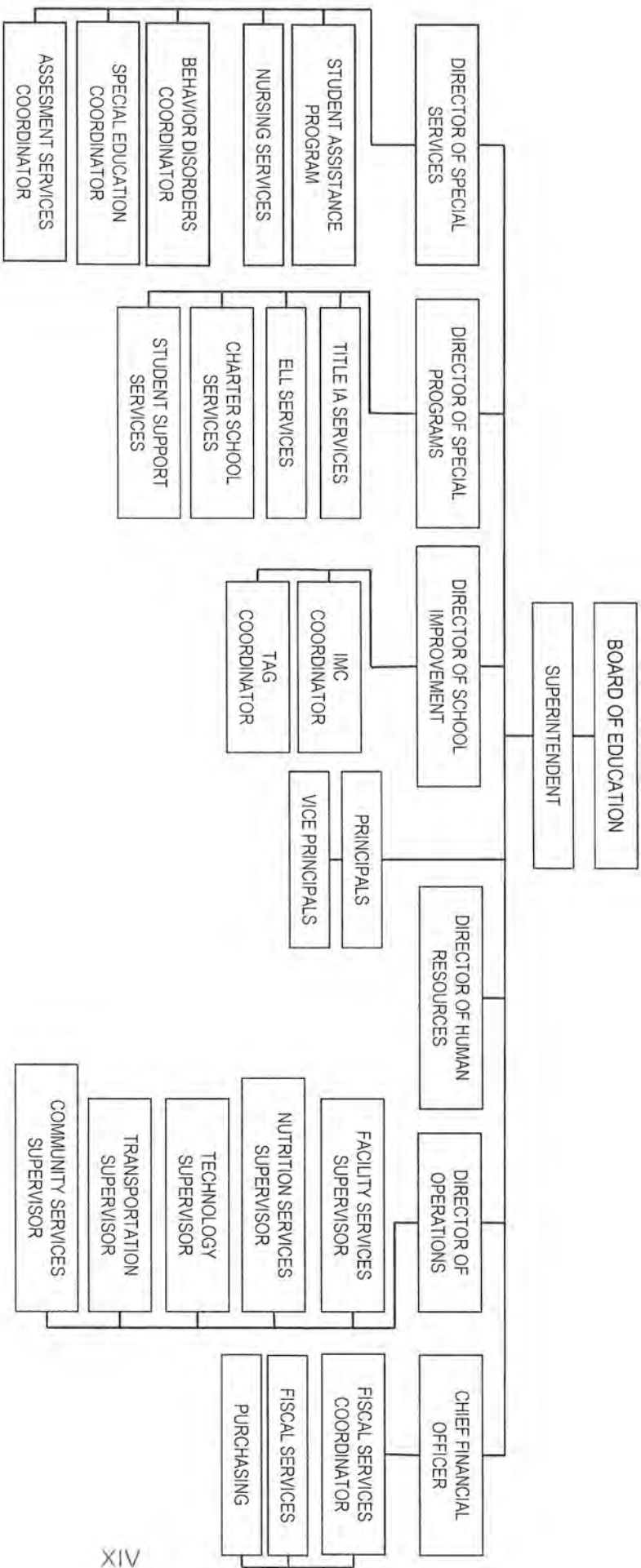
Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

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OREGON CITY SCHOOL DISTRICT NO. 62
Organization Chart
June 30, 2016



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OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Officials of the District
June 30, 2016

BOARD OF DIRECTORS

<u>Name</u>	<u>Term Expires</u>
Cameron Seward, Chair 4748 S.E. Ina Avenue Milwaukie, OR 97267	June 30, 2019
Connie Curteman, Vice Chair PO Box 966 Beavercreek, OR 97004	June 30, 2017
Troy Bolinger 520 6 th St. Oregon City, OR 97045	June 30, 2017
Siobhan Gwozdz 16551 S. Bradley Rd. Oregon City, OR 97045	June 30, 2019
Chris Storey 14938 Haida Ct. Oregon City, OR 97045	June 30, 2019
Evon Tekorius 19425 Daybreak Court Oregon City, OR 97045	June 30, 2017
Nicole White 16260 S. Hilltop Rd. Oregon City, OR 97045	June 30, 2019

DISTRICT ADMINISTRATION

Larry Didway, Superintendent
Michael Loretz, Director of Special Programs
John Ogden, Director of Human Resources
Cynthia Panko, Director of Special Services
Wes Rogers, Director of Operations
Carol Sanders, Director of Teaching and Learning
Susan Dodd, Chief Financial Officer/Deputy Clerk

DISTRICT ADDRESS

Administration Office
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January 2, 2017

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units of the Oregon City Service Learning Academy and the Clackamas Academy of Industrial Sciences, each major fund, and the aggregate remaining fund information of Oregon City School District No. 62, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The financial statements of the Oregon City School district No. 62 as of June 30, 2015 were audited by other auditors whose reported dated December 22, 2015 expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Oregon City School District No. 62, as of June 30, 2016, and the respective changes in financial position and budgetary comparisons for the General Fund and Special Revenue Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 72 – Fair Value Measurement and Application for the year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal expenditures is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal expenditures 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 supplementary information, as listed in the table of contents, and the schedule of federal expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2017 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 2, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Management Discussion and Analysis (MD&A)
JUNE 30, 2016

As management of Oregon City School District 62, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We present this information in conjunction with the information furnished in our Transmittal Letter which can be found in the introductory section of this report, and with the District's financial statements, which follow.

Financial Highlights

- During the 2015-16 fiscal year the District's financial position decreased by \$42.50 million, which includes a prior period adjustment. The decrease can be attributed to the implementation of GASB 68 which requires that employers recognize the unfunded accrued liability or asset for their pension plan in their Statement of Net Position. This required the District to restate the beginning Net Position from the prior year, reducing it by \$22.07 million. This consisted of a prior period adjustment for a misstated Prepaid PERS unfunded actuarial liability in the Statement of Net Position in the prior year during the implementation of GASB 68. The District increased beginning Net Position by \$.79 million for depreciation that was not removed in the prior year for assets that were sold or disposed of.
- The District had \$114.96 million in expenses related to governmental activities, of which \$2.81 million was offset by program-specific charges for services provided within the District. Expenses increased by \$37.30 million, chiefly due to changes in pension reporting required by the Governmental Accounting Standards Board (GASB) rules 68 and 71. These changes affected reporting of deferred inflows and 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.
- In the government-wide statements, the liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at June 30, 2016 by \$14.53 million. Of this amount, \$39.73 million represents the District's net investment in capital assets, \$.93 million is restricted for debt service, \$1.57 million is restricted for grants, \$2.85 million is restricted for facilities use, and the balance of negative \$59.60 million is considered unrestricted. A negative balance indicates that no funds were available for discretionary purposes; however the negative balance of unrestricted funds is attributable to the implementation of GASB 68 and as such reflects funding dedicated to future financing of the District's pension plan. If GASB 68 adjustments are not taken into consideration, the unrestricted net position increased by \$4.14 million. This is attributed to pay down of debt, increased investment in capital assets, increased revenue and savings associated with increased State School Funding and unanticipated reduced spending for operational costs.
- The District's governmental funds reported a combined ending fund balance of \$10.66 million at June 30, 2016, a decrease of \$11.25 million from the prior year. Restricted funding for capital assets decreased from the prior year as the Capital Projects Fund was spent down by \$12.08 million on the new Transportation Facility. Unassigned funding increased by \$.77 million with increased revenues and reduced operational spending. Other funds changes amounted to an increase of \$.06 million.
- At the end of the fiscal year the unassigned fund balance for the General Fund was \$4.66 million, or 6.26% of total General Fund revenue compared to \$4.04 million and 5.70 % for 2015.
- Student Average Daily Membership or ADM (enrolled students based on days of attendance) of 8,133 increased by 342 (4.39%) in 2015-16, compared to the prior year of 7,791, and the District received an increase of \$1.82 million in State Grant In-Aid. A portion of the payment is based on adjusted enrollment (average daily membership weighted average or ADMw) which factors in such items as the poverty rate and English language learners. For the year 2015-16, the ADMw was higher by a factor of 440.70 units. For more information about Oregon State Grant-In-Aid refer to the Oregon Department of Education website.

Overview of the Financial Statements

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

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Government-Wide Financial Statements

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

- **The Statement of Net Position:** The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date on the statement with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- **The Statement of Activities:** The *Statement of Activities* presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues and expenses that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The *Fund Financial Statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. The Oregon City School District No. 62, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District fit into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds:** The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-Wide financial statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements use the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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The District maintains five individual governmental funds all of which it considers major. 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, Special Revenue Fund, Debt Service Fund, Debt Service Pension Obligation Fund, and the Capital Projects Fund.

- **Proprietary funds:** The District maintains one type of proprietary fund: an Internal Service Fund. Internal Service Funds are accounting devices used to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for risk management insurance activity. Because the internal services recorded in the Internal Service Fund benefit governmental functions, it has been included within governmental activities in the Government-Wide Financial Statements.
- **Fiduciary funds:** Fiduciary funds account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, fiduciary funds do not have a measurement focus. The District has eleven fiduciary funds which serve as scholarship funds.

Notes to the Financial Statements

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

Other Information

This report presents certain required supplementary information concerning the District's required actuarial estimate of funding progress of the District's early retirement program and post-employment health care subsidy.

Other supplemental information follows the required supplementary information including additional budgetary information. Statistical information follows the supplemental information.

Government-Wide Financial Analysis

Statement of Net Position

Governmental entities are required by Generally Accepted Accounting Principles (GAAP) to report on their net position. The Statement of Net Position presents the value of all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Net position may serve over time as an indicator of the District's financial position. As of June 30, 2016, District's liabilities and deferred inflows exceeded assets and deferred outflows by \$14.53 million. In 2014-15, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$5.95 million.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent 76.75% of total assets. The remaining assets consist of cash, investments, receivables, and prepaid expenses.

Deferred Outflows of Resources represents a deferred loss on bond refunding and pension plan expenses. The loss on bond refunding is the unamortized portion of the difference between the original cost of 2004 general obligation bonds refunded in fiscal 2013 and fiscal 2014. The pension plan Deferred Outflow represents pension plan contributions subsequent to the measurement date of the plan for purposes of GASB 68. See note 1 - Deferred Outflows/Inflows of Resources of the Notes to the Basic Financial Statements.

The District's largest liability (71.19% versus 91.33% in 2015) is for the repayment of long-term obligations. Other liabilities represent 28.81% of the District's total liabilities versus 8.87% in the previous year and consist almost entirely of payables on accounts and other funds, salaries and benefits, accrued interest on long-term obligations and for 2016 the proportionate share of the district's net pension liability related to the unfunded pension liability disclosure required by GASB 68.

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Deferred Inflows of Resources represents the differences between projected and actual investment earnings of the District's pension plan as required by GASB 68.

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

The following table shows current and prior year Government-Wide Statements of Net Position, with prior year amounts restated to reflect the prior period adjustment disclosed in Note 19 of the Notes to the Financial Statements.

Statement of Net Position			
	Governmental Activities		
	2016	2015	
Assets			
Current and Other Assets	\$ 25,555,444	\$ 34,678,004	
Capital Assets	84,363,332	75,094,559	
Pre-Paid Pension Contribution	-	8,918,152	
Total Assets	109,918,776	118,690,715	
Deferred Outflows of Resources	7,130,405	1,638,687	
Liabilities			
Current Liabilities	20,618,440	17,826,684	
Long-term Debt	80,622,154	88,955,116	
Proportionate Share of Net Pension Liability	24,875,706	-	
Total Liabilities	126,116,300	106,781,800	
Deferred Inflows of Resources	5,460,822	7,593,053	
Net Position			
Net Investment in Capital Assets	39,725,603	23,945,932	
Restricted for Debt Service	928,356	1,147,902	
Restricted for Grants	1,569,550	902,995	
Restricted for Facilities	2,848,217	14,933,568	
Unrestricted	(59,599,667)	(34,975,848)	
Total Net Position	\$ (14,527,941)	\$ 5,954,549	

Statement of Activities

The District's Change in Net Position on the Statement of Activities went from \$14.42 million for 2014-15 to (\$20.48) million for 2015-16, a \$34.90 million decrease. The key elements of the change in the District's net position for the year ended June 30, 2016 are as follows:

Increases

- Revenue from property taxes increased by \$.89 million. This is attributed to higher assessed values and economic improvement for fiscal 2015-16.
- The District received an additional \$1.78 million of state school funds. \$1.26 million of this amount is attributable to an increase in state school funding for the 2015-16 year over 2014-15 for increased student ADM. \$.52 million came from the annual state adjustment in May paid out for the prior fiscal year.

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Decreases

- Revenue for other local and intermediate sources decreased by \$.50 million. In the prior year there was a gain on the sale of properties sold of \$2.7 million. This is counterbalanced by increases in the current year for intermediate funding, higher revenue collected in student activity funds and other sources in the amount of \$2.2 million.
- Expenses for Instructional Services increased by \$23.52 million. \$16.14 million is attributable to the GASB 68 adjustment for the current year. An increase of \$7.38 million accounts for the difference. This is attributed to an increase for budgeted expenses which include contractual agreements, supplies and services of \$1.44 million. The remaining amount is due to the GASB 68 adjustment for the prior year.
- Expenses for Support Services increased by \$11.90 million. \$8.44 million is attributable to the GASB 68 adjustment for the current year. An increase of \$3.46 million accounts for the difference. This is attributed to an increase for budgeted expenses which include contractual agreements, supplies and services of \$.70 million. The remaining amount is due to the GASB 68 adjustment for the prior year.
- Community Services expenses increased by \$1.75 million. \$1.25 million is attributable to the GASB 68 adjustment for the current year. An increase of \$.50 million accounts for the difference. This is attributed to an increase for budgeted expenses which include contractual agreements, supplies and services, and to the GASB 68 adjustment for the prior year.

Other minor elements when combined total a net increase of \$.12 million dollars.

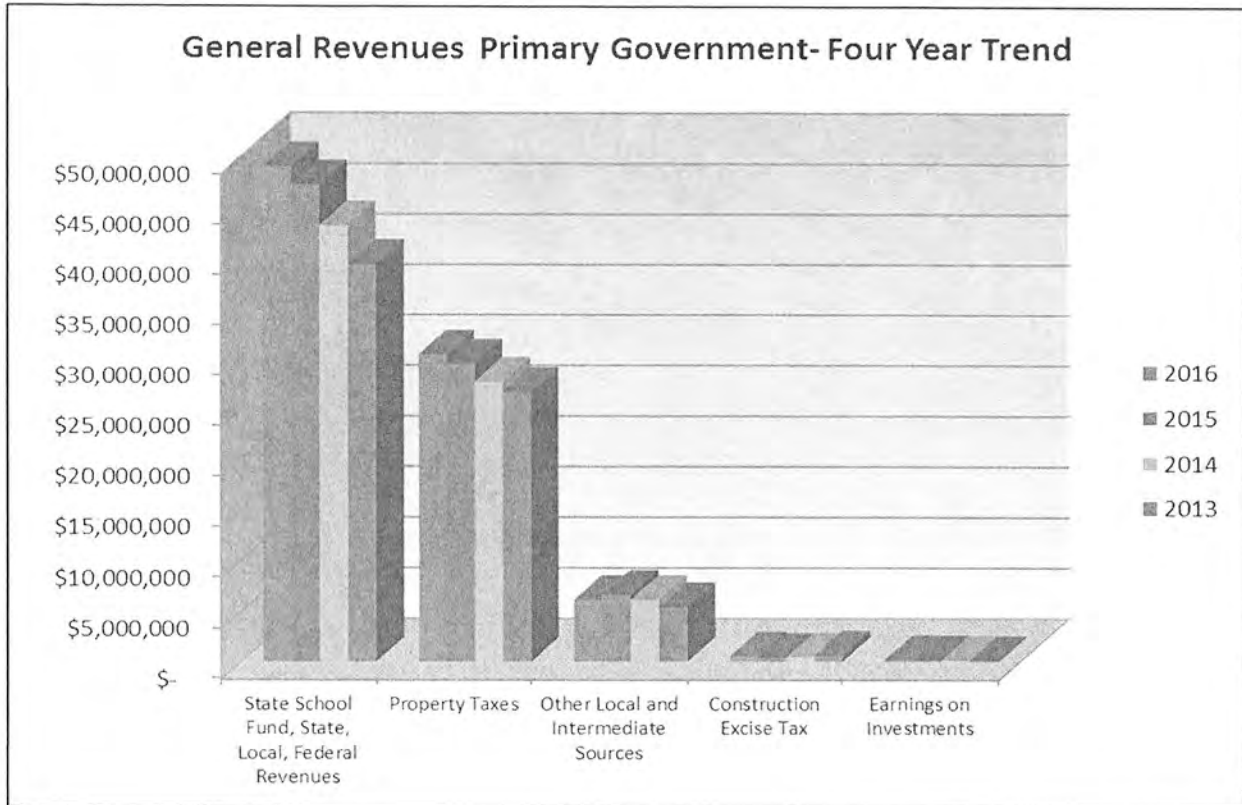
The following table shows the details of the changes.

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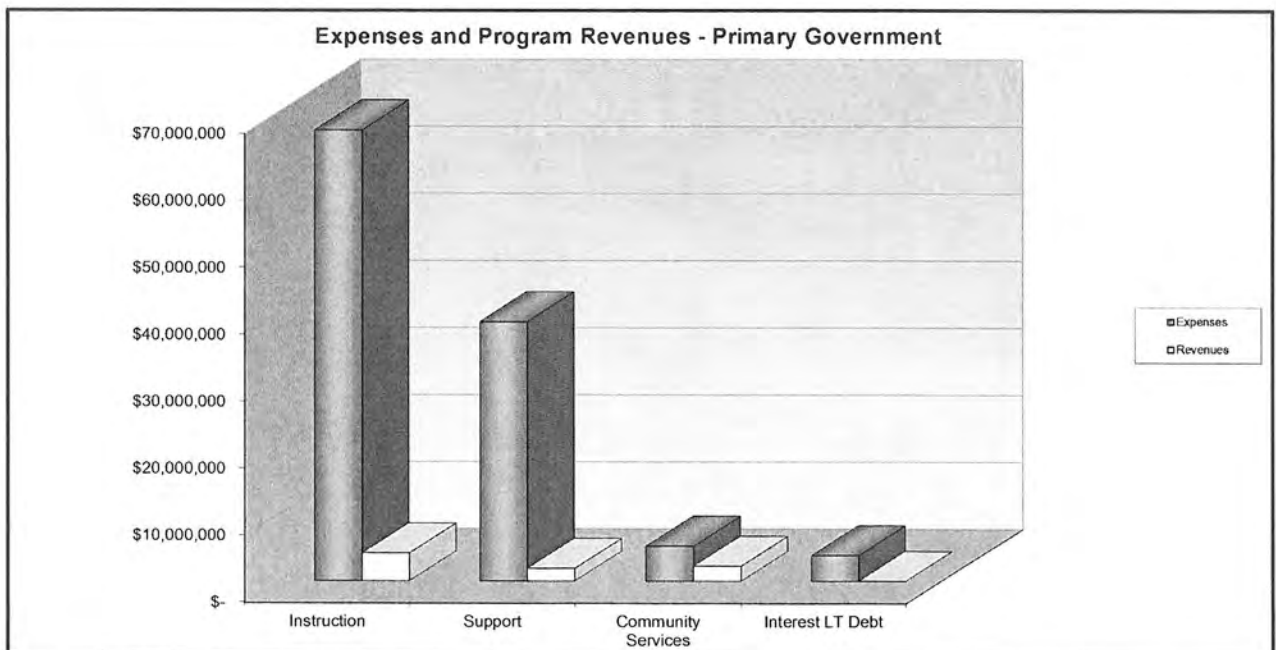
Changes in Net Position			
	Governmental Activities		
	2016	2015	
Revenues:			
Program Revenues:			
Charges for Service	\$ 2,809,266	\$ 2,849,507	
Operating Grants and Contributions	5,457,418	5,208,307	
Capital Grants and Contributions	27,154	242,035	
General Revenues:			
Property Taxes	30,329,381	29,435,503	
Construction Excise Tax	583,471	396,735	
State School Fund - General Support	48,892,808	47,155,295	
Federal Forest Fees - General Support	76,413	9,821	
Earnings on Investments	214,003	192,752	
Other Local and Intermediate Sources	6,113,046	6,610,725	
Total Revenues	94,502,960	92,100,680	
Expenses:			
Instructional Services	67,230,267	43,713,441	
Support Services	38,686,480	26,780,628	
Community Services	5,230,631	3,476,224	
Interest on Long-Term Debt	3,838,072	3,710,183	
Total Expenses	114,985,450	77,680,476	
Change in Net Position	(20,482,490)	14,420,204	
Net Position - Beginning of Year as restated		13,507,978	
Net Position Beginning of the Year	27,928,182		
Prior Period Adjustment	(21,973,633)		
Net Position - End of Year	\$ (14,527,941)	\$ 27,928,182	

The following chart shows General Revenues by Source for the Primary Government over five years. State, federal, and local revenues are increasing as the country moves out of the recession.

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



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Financial Analysis of the District's Funds

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

Governmental funds

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

At the end of June 30, 2016, the District's governmental funds reported combined ending fund balances of \$10.66 million, a decrease of \$11.25 million in comparison with the prior year that had an increase of \$13.87 million. In the prior year debt was issued to facilitate the construction of the new transportation and maintenance facility. In the current year this funding was spent down to construct it. In the current year Committed Funds decreased by \$.87 million and Assigned Funds increased by \$.15 million. For the current year there are no Committed Funds. Assigned funding resides in the Special Revenue Fund. Restricted and Committed funding has been utilized mainly for student body activities and textbooks. Current year Assigned funding totals \$.50 million. Restricted funding totals \$5.35 million for the current year. It decreased by \$11.27 million mainly due to the construction of the transportation and maintenance facility. Restricted funding is used for capital projects, debt service, grants and other projects where the funding is restricted to use only for certain purposes. Nonspendable funding is for prepaid assets. It totaled less than \$.15 million for the current year and the change from the prior year was an increase of \$.04 million. There was a \$.69 million increase in unassigned fund balance in the General Fund from greater than anticipated state revenues and reduced operational spending. All of these amounts combined net to the \$10.66 million overall decrease.

General Fund

The General Fund is the primary operating fund of the District, and the majority of its revenue comes from state funding distributed through the State School Fund (SSF) by the Oregon Department of Education (ODE). The State of Oregon is the largest source of revenue for public education. The Oregon Legislature allocates money to the State School Fund primarily from the State General Fund and lottery revenue. School Districts get 95.50% of the State School Fund dollars available less local revenue. Educational Service Districts (ESD's) receive 4.50%. Local revenues include tax offsets, local property taxes for school operations (specifically excludes taxes for voter approved general obligation bonds), common school fund, county school fund, federal forest, and state timber revenues.

The Legislative Assembly, which meets on an annual basis, is responsible for determining both the amount and allocation formula for education funding. Available state and local resources are major factors in recommending SSF funding to the Governor.

The Oregon legislature passed the state's 15-17 biennial education budget (House Bill 5017) on April 6, 2015. The Governor signed the \$7.255 billion education bill on April 9, 2015. If the May 2015 economic forecast was better than expected, House Bill 5017 required the state to route 40 percent of additional revenue to the state school fund which it did. The additional amount was included in 2016-17 which brought the total 15-17 Biennium Budget for K-12 education up to \$7.3676 billion. This level of funding represents a \$723 million dollar increase, or 10.9% over the 2013-15 biennium. The following amounts are derived from the Oregon Department of Education Website:

<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2016-17</u>	<u>2015-17 Biennium</u>
\$3,629,130,346	\$3,747,130,346	\$7,376,260,692

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

The general purpose grant is determined by a distribution formula, which incorporates a system of weights connected to the student count. The student count begins with average daily membership (ADM). This becomes resident ADM (ADM_r)

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with kindergarten students counted at one half ADM. The ADMr count is then adjusted to reflect the differences in the cost of educating students requiring more extensive educational services, such as English as a second language, special education, pregnant and parenting, impoverished, and students attending a remote small school. The total of all students is multiplied by a statewide target grant of \$4,500. In addition to a state derived funding ratio, a factor of \$25 per year per student that a district's average teacher experience exceeds the state average is added to (or subtracted from, if below the State average) this calculation to arrive at the state general purpose grant.

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

The Facility Grant (\$12.50 million in the 2015-17 biennium) is distributed on a first-come, first-served basis to districts in the first year a new school facility is put into use. The facility grant is based on 3.5% of the total construction costs of a new school building excluding land but including the addition of new structures to existing school buildings and pre-manufactured buildings, if the new structures are used for instructing students. The grant is awarded on a biennium basis, and the total grant to districts cannot exceed the biennial amount awarded, and is prorated to all districts if the total requested amount exceeds the total grant. A District may also receive funding from the Oregon School Capital Improvement Matching Grants with the passage of Senate Bill 447 in 2015. A District can qualify for a matching grant of \$8 million dollars from the state upon the passage of General Obligation Bonds. Currently for 2017-19, this provision for the Oregon School Capital Improvement Matching Grant is currently on hold in the Governor's Proposed Budget.

The High Cost Disabilities Grant is equal to the approved costs of a resident pupil with disabilities for whom the approved costs to the school district of providing special education and related services exceed \$30,000. For 2015-16, the High Cost Disabilities Grant was \$35.00 million.

Other state grants are deducted from the formula. These grants include amounts for talented and gifted students, speech pathology, virtual school funding, long term care and state schools, English language learner improvement funds, free lunch subsidy, a small high school grant, network of quality teaching and learning funding, closure of charter school funds, a local option equalization grant, funding for the Office of Facilities Services, and an amount for pediatric and nursing facilities. For 2015-16, these amounted to \$33.38 million. There is also a reserve of \$20.00 million which is distributed in May of the subsequent year. These amounts are approved by the state legislature and are subject to change every year.

In addition to SSF and local revenues, Oregon school districts receive federal funding for a variety of purposes. Such funding is generally restricted to specific purposes. The District reported receipt of \$5.19 million of federal funds in Fiscal Year 2016. Of this amount, \$.08 million was reported in the District's General Fund, and \$5.11 million in the District's Special Revenue Funds which include Grant Programs. The General Fund portion of federal funding comes from timber harvests.

As of June 30, 2016, unassigned fund balance was \$4.66 million compared to \$3.97 million as of June 30, 2015. The unassigned fund balance at 5.94% was over 6.2% of the actual budgeted operating resources (which include the Beginning Fund Balance). District policy requires that the ending balance be within 5% to 10% of total budgeted resources. In fiscal 2016, the District collected higher revenue than expected from state funding due to increased ADM and property taxes. Expenditures were under budget. The District maintains tight expenditure control of budgeted positions and expenditures of supplies and services. For budget purposes, the District overestimates the expenses slightly in order to cover any unexpected exigencies. It does utilize a small reserve or contingency as well for the same purpose. As part of the development of the 2015-16 budget, the District budgeted a \$.15 million operating contingency. Both of these budgeting strategies are used to protect the District from unexpected increased expenses and negative adjustments to funding without necessitating a reduction in program spending. Revenue adjustments would include the State School Fund (SSF) adjustment that corrects the prior year's distribution to reflect actual year-end data, updated estimates of statewide SSF formula factors (such as property tax collections and enrollment), and updated estimates in state revenue collections.

Special Revenue Fund

The Special Revenue Fund includes grants and activities that are generally Assigned, Committed or Restricted in their use by their respective source. Grants represent restricted funding received from state and federal agencies for the purpose of expanding educational offerings and opportunities. Use of resources in this fund is restricted by federal and state statutes, state administrative rules, and the provisions of each individual grant. Per the terms of the grants, the District incurs expenditures for the grant programs and is reimbursed for the expenses primarily from the Oregon Department of

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Education as the fiduciary agency receiving the funds from the federal government and the state, or from other agencies that issued the grants. The other activities in the Special Revenue Fund include mainly student activities and programmatic student fees as well as the District's food service program. The Special Revenue Fund has a balance of \$2.07 million and had a net decrease from the prior year of \$.09 million.

Debt Service Fund

The Debt Service Fund has a total fund balance of \$.78 million, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$.15 million. The District intentionally normalizes its levied taxes for debt service on general obligation bonds to sustain a reasonable fund balance.

Debt Service Fund - New

In 2015-16, the District erroneously set up a new Debt Service Fund for the retirement of debt service for equipment purchases. The District normally provides for this in its Special Revenue Fund and Capital Projects Fund. Therefore, the District did not allocate enough debt service appropriation in its Capital Projects Fund because all of it had been allocated to the New Debt Service Fund. Overall the District did not overspend the budgeted appropriation for debt service. There were no expenditures in this fund for 2015-16, and the fund was eliminated in the 2016-17 budget. See Note 2 in the Financial Statements.

Debt Service PERS Fund

The Debt Service PERS Fund has a total fund balance of \$.15 million. The fund was set up in fiscal year 2003-04 to account for the payment of principal and interest on long-term pension bonds that were sold in February 2004. The major sources of revenue for the fund are charges to other funds and earnings from temporary investments. The fund balance may be utilized to mitigate payroll contributions in future periods to PERS from the overturn by the state supreme court of Senate Bill 861.

Capital Projects Fund

The Capital Projects Fund has a total fund balance of \$2.85 million. There was a net decrease in the fund balance from June 30, 2014, of \$12.09 million. During the fiscal year \$11.16 million was spent on capital outlay primarily for the completion of the District's new transportation and maintenance facility financed from the refunding of general obligation bonds in fiscal 2015. This amount was capitalized to building and land improvements, and equipment within the limitations of the requirements of the District's general obligation bonds. For 2015-16 expenses for Support Services and for Debt Service were outside of budgeted appropriations. Support Services exceed appropriations because of an entry required by Generally Accepted Accounting Principles (GAAP) to book an expense for capital equipment acquired through a capital equipment lease. The District acquired computers for students that were fully financed by the proceeds of the equipment lease, but the transaction was not included in the budget, and the error was realized after the close of the fiscal year. Additionally, since the District appropriated funding in the wrong fund (Debt Service Fund – New), debt service was exceeded in the Capital Projects Fund. However, if the appropriation had been accounted for in the budget correctly instead of in the "new" fund there would not have been a budget exception for this. See Debt Service Fund – New above and Note 2 in the Financial Statements.

General Fund Budgetary Highlights

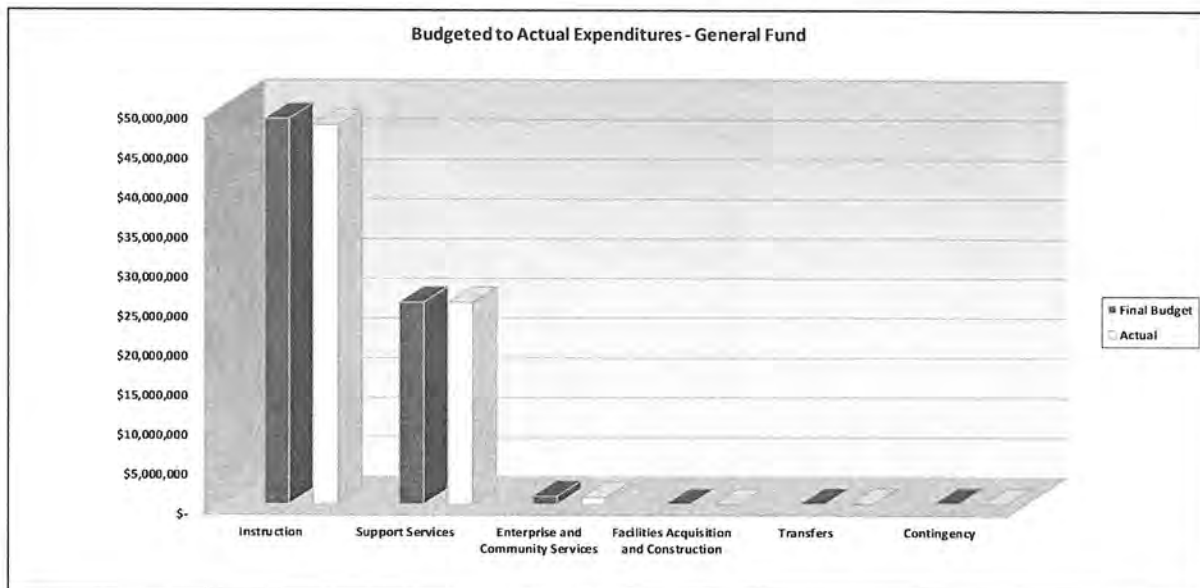
Actual revenues received were \$2.92 million dollars higher than budgeted revenues primarily due to an increase in state funding attributed to the Oregon Department of Education's adjustments (current and prior year) for revenue reflecting funding adjustments for the state reserve held back, fluctuations in local formula revenues, teacher experience, actual student enrollment, and higher collection rates for property taxes. In June 2016, the School Board approved a resolution moving \$300,000 from instruction to community services to cover increased actual expenditures within that function. All General Fund expenditures were within budgeted appropriations.

The following table and chart shows the detail of budgeted expenditures to actual expenditures for the General Fund.

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General Fund Expenditures & Transfers Out		
	Final Budget	Actual
Instruction	\$ 48,497,273	\$ 47,688,014
Support Services	25,420,356	25,393,913
Enterprise and Community Services	994,995	793,657
Facilities Acquisition and Construction	10,410	-
Transfers	55,000	55,000
Contingency	145,000	-
Total	\$ 75,123,034	\$ 73,930,584

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplemental information.



Capital Asset and Debt Administration

Capital assets

The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2016, the District had invested \$84.36 million in capital assets, net of accumulated depreciation, as shown in the following table:

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Capital Assets (Net of Accumulated Depreciation)		
	2016	2015
Land and Construction In Progress	\$ 5,439,611	\$ 6,241,931
Buildings and Improvements	75,395,304	64,174,955
Equipment and Vehicles	3,528,417	3,092,573
Total	<u>\$ 84,363,332</u>	<u>\$ 73,509,459</u>

During fiscal year 2015-16, the District's investment in net capital assets increased by \$10.85 million. The major capital asset events for the year ended June 30, 2016 include the following:

- Additions, remodels, and renovations at numerous District schools
- Additions in buildings and improvements (New Transportation Maintenance Facility), vehicles, and equipment
- Depreciation of capital assets
- Retirement and disposal of assets

Additional information on the District's capital assets can be found in Note 1 and Note 6 in the Notes to the Basic Financial Statements of this report.

Long-term Debt and Pension Liability

At the end of the current fiscal year, the District had total bonded debt principal outstanding of \$78.74 million versus \$86.84 million in 2015. This debt outstanding as of June 30, 2016, consists of general obligation bond issues of \$39.53 million and pension bond issues of \$39.21 million.

PERS is Oregon's public pension system. Under a pension plan, the actuarial liability is the present value of the plan's current and expected benefit payments (plus administrative expenses). If a fund's actuarial liability exceeds its current assets, then the fund has a shortfall that is known as an unfunded actuarial liability (UAL). There is an actuarial valuation to be completed on PERS plans every year. GASB 68 was implemented for fiscal years beginning after June 15, 2014. See Note 1 (Retirement Plans) of the Notes to the Financial Statements. GASB 68 requires the District to recognize its unfunded accrued liability for its PERS pension plan in its Statement of Net Position. This valuation is based on a PERS actuarial valuation as of December 31, 2013 which became effective July 1, 2015.

The most current PERS valuation is for December 31, 2015. It reflects the adjustment of the April 2015 Oregon Supreme Court decision which overturned earlier PERS legislative decisions. The education portion of the PERS UAL was estimated at over \$7.98 billion based on the 2015 valuation and the District's net UAL with its side account is \$71.67 million based on the 2015 valuation. See the information below regarding the District's side account. PERS requires that school districts pay (or "amortize") this UAL over a period of 20 years for the PERS Tier 1/Tier 2 UAL, 10 years for the Retiree Healthcare UAL, and 16 years for the OPSRP UAL, with interest at 7.50% per year. The next valuation report is through December 31, 2016.

Given that interest rates had been at historic lows, opportunities to benefit from interest rate arbitrage was created. The District participated in 2004 in an Oregon School Board Association (OSBA) sponsored pooled pension obligation bond program, in which the proceeds from bond issues were used to offset a portion of the UAL. The benefits of the pension bond sales are seen in reductions in a District's PERS employer rate. This reduction in rates should dampen the effects of future increases in the District's UAL. As long as PERS's investment returns exceed the cost of servicing the bonds, the benefits of participating in this program continue. As of June 30, 2016, PERS investment earnings were at 2.24% for regular accounts and 1.55% for variable accounts. The overall rate increased slightly over the prior year; however, it is below the PERS expected earnings rate of 7.50%. With lower investment rates, employer contribution rates increase.

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To mitigate the cost of PERS funding for state agencies, the Oregon Legislature passed Senate Bills 822 and 861 in 2013. These bills capped cost-of-living adjustments for retirees, eliminated a tax remedy for PERS retirees living out of state, and included a budget note that reduced and deferred the fiscal 2014-15 contribution by employers. The current 2015-17 rates for the District are 11.33% for Tier 1/Tier 2 employees and 6.64% for OPSRP. With the State Supreme Court decision overturning the effects of 2013 Senate Bills, the employer rates effective for the 2017-19 biennium for the District are climbing. As of September 2016, the 2017-19 rates were set at 17.00% for Tier 1/Tier 2 and 11.67% for OPSRP. Statutes, legislation, regulations, and rules regarding PERS can change at any time. These changes may increase or reduce the benefits of participation in the pooled obligations.

In addition to General Obligation and PERS Bond debt, the District owes debt, \$.14 million, in the form of Certificates of Participation (COPS) Bonds, and Notes Payable in the amount of \$3.02 million. The COPS Bonds were issued in 2007 and 2008 and used to finance buses and a food delivery van. In addition Notes Payable have been issued each year to finance bus purchases and technology purchases.

Other components of District long term debt include a net unamortized premium and discount in the amount of \$1.76 million, Capital Leases Payable in the amount of \$.19 million, a Net Pension Early Retirement Obligation in the amount of \$1.98 million, and a post-employment benefit (health care subsidy) in the amount of \$3.95 million.

During the current fiscal year, the District paid down \$8.71 million of long-term obligations. The primary activity was bonded debt principal payments of \$6.40 million.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.95% of its total assessed valuation. The current debt limitation for the District is \$408.82 million which is significantly in excess of the District's outstanding general obligation debt of \$39.53 million.

Additional information on the District's long-term debt can be found in Note 1 (Long-Term Debt) and Note 8 in the Notes to the Basic Financial Statements of this report.

Economic Factors in Current and Next Year's Budget

The most significant economic factor for the District is the national state of the economy and reduced funding available for the General Fund to support current operational levels. The 2015-17 biennium was funded at \$7.38 billion. State funding is the largest source of funding for school districts.

COMPARISON OF RESOURCES GOVERNMENTAL FUNDS EXCLUDING CAPITAL PROJECTS FUND, DEBT FUNDS, FUND BALANCE CARRYOVERS AND TRANSFERS									
Resources	2013-14 ACTUALS		2014-15 ACTUALS		2015-16 ACTUALS		2016-17 BUDGET		
Property Taxes	\$	20,898,810	27%	\$	22,285,929	27%	\$	22,672,000	27%
Local Sources		5,325,905	7%		5,414,696	7%		6,851,249	8%
Intermediate Sources		828,710	1%		1,181,721	1%		1,594,090	2%
State Sources		43,826,481	57%		47,726,783	58%		49,017,229	57%
Federal Sources		5,469,037	7%		5,218,128	6%		5,190,449	6%
	\$	76,348,943	100%	\$	81,827,257	100%	\$	85,325,017	100%
ADM*		7,824			7,790			8,132	
Resources per ADM	\$	9,758		\$	10,504		\$	10,493	
							\$	7,986	
							\$	10,980	

* Prior to 2015-16 Kindergarten ADM was counted as 1/2 per student.

Total revenue for both 2015-16 Actuals and the 2016-17 Budget shows a substantial increase over the prior two years. For the 15-17 biennium, the Oregon legislature increased the funding allocation for K-12 education from \$6,650,401,000 for 2013-15 to \$7,376,261,000 dollars. With the approved legislation of Senate Bill 822 which incorporated a PERS reduction of expenses, the combined increased funding was approximately \$.73 billion more than the prior biennium of 2013-15. The State School Fund for the 2015-17 biennium is eleven percent higher than the 13-15 biennium. The state is funding school districts at 50%/50% instead of 49%/51% for the 15-17 biennium. This represented approximately \$5.3 million of additional revenue issued for 2015-16 (1% difference from 49% to 50% funding) that the District would normally receive in the second year of the biennium. In 2015-16, the district implemented full day kindergarten.

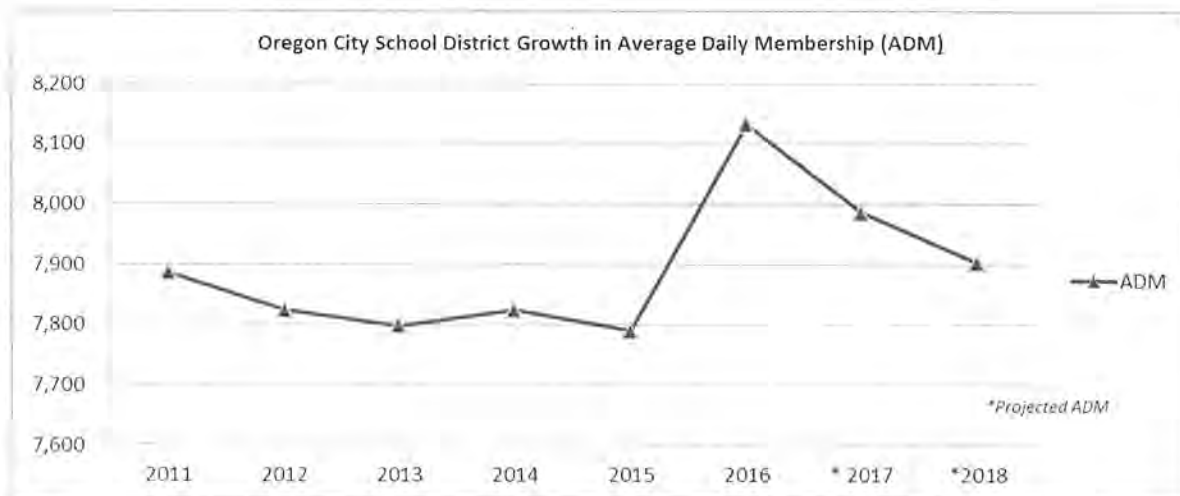
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For 2015-16, the District implemented full day kindergarten. The priority for the District was to maintain a full school year calendar and to preserve direct services to students with the implementation of full day kindergarten. The District made a small investment to increase staff to support full day kindergarten and added some instructional materials. The District continues to face difficult decisions without a significant boost in revenues to support instruction, services and maintenance and replacement of facility systems that have declined over the past decade with the lack of funding in comparison to some other school districts in the Portland-Metropolitan area. The District maintained positive Governmental Fund Balances required by policy at actual year-end due to slightly higher than forecasted revenue and through a policy of tight expenditure control through budgeting practices and monitoring instruction, supplies and services expenses for fiscal 2016.

The Oregon Economic Forecast for the third quarter of 2016 released in September 2016 by the Department of Revenue indicated continuing growth in the economy, but outlines some concerns. The report forecasted a 12.1% increase in revenue for the 2015-17 biennium, 8.4% for 2019-21, and 9.7% for 2021-23 and 10.9% through 2023-25. The forecast is still indicating healthy job gains for the state, and the projection is for strong revenue collections from personal income tax returns with decreasing returns from corporate taxes. Despite these revenue projections, the Department of Revenue predicts downward pressure on revenue collection ten years out as the baby boomers retire and tax collections decline as a result of this. Despite the forecast of revenue growth, the District is not optimistic that education will see increased funding given the pressure on the state to fund existing and newly mandated programs for state agencies based on the same source of funding. Concerns remain regarding funding for the District given increasing PERS rates, contractual employee agreements and the state of the declining infrastructure of the District with little general funding available for improvements and replacements.

The District's enrollment fluctuates slightly from year to year. There is a spike in 2016 when full day kindergarten was implemented because prior to that kindergarten students were only given a .5 weighting. Average Daily Membership (ADM) is the state calculation of enrolled students based on days of attendance and is utilized in the state funding formula (ADMw) for school districts modified by factors such as poverty levels, special education students and other items. In fiscal 2015-16 the District implemented full day kindergarten which provided another .5 weight to the District's ADMw. A history of the District's ADM is shown below. 2017 and 2018 is estimated.

The graph and table below illustrates historical and projected growth in ADM. It includes the ADM for the District's charter schools because district funding includes the ADM for them.



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Oregon City School District Average Daily Membership by Year Last 6 Years and Projected 2 Years	
Year Ended	ADM
2011	7,886
2012	7,824
2013	7,798
2014	7,824
2015	7,791
2016	8,133
* 2017	7,986
*2018	7,903
* Projected ADM	

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

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate our accountability. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed the Chief Financial Officer, Oregon City School District No. 62, PO Box 2110, Oregon City OR, 97045.

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BASIC FINANCIAL STATEMENTS

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OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2016

	<u>Primary Government Governmental</u>	<u>Oregon City Service Learning Academy Component</u>	<u>Clackamas Academy of Industrial Sciences</u>
	Activities		
Assets			
Cash and investments	\$ 19,680,084	\$ -	\$ 4,393
Receivables			
Accounts	49,288	-	-
Intergovernmental	2,288,637	5,313	289,216
Undistributed tax collections	96,398	-	-
Property taxes	1,781,230	-	-
Note receivable	1,500,000	-	-
Prepaid expense	159,807	-	-
Capital assets not being depreciated	5,439,611	-	-
Capital assets, net of accumulated depreciation	78,923,721	-	-
Total assets	<u>109,918,776</u>	<u>5,313</u>	<u>293,609</u>
Deferred Outflows of Resources			
Deferred charge on refunding	1,310,949	-	-
Pension related deferrals	5,819,456	-	-
Total deferred outflows of resources	<u>7,130,405</u>	<u>-</u>	<u>-</u>
Liabilities			
Accounts payable	1,901,716	5,311	62,510
Payroll liabilities	8,840,309	-	-
Accrued interest payable	92,513	-	-
Unearned revenue	1,490	-	-
Due to Fiduciary Fund	245,403	-	-
Payable to external parties	281,190	-	-
Accrued compensated absences	97,328	-	-
Long-term liabilities:			
Due within one year	9,158,491	-	-
Proportionate share of net pension liability	24,875,706	-	-
Due in more than one year	80,622,154	-	-
Total liabilities	<u>126,116,300</u>	<u>5,311</u>	<u>62,510</u>
Deferred Inflows of Resources			
Pension related deferrals	5,460,822	-	-
Net Position			
Net investment in capital assets	39,725,603	-	-
Restricted for debt service	928,356	-	-
Restricted grants	1,569,550	-	-
Restricted for facilities	2,848,217	-	-
Unrestricted	(59,599,667)	2	231,099
Total net position	<u>\$ (14,527,941)</u>	<u>\$ 2</u>	<u>\$ 231,099</u>

See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
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STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net Expenses, Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Oregon City Service Learning Academy	Clackamas Academy of Industrial Sciences
PRIMARY GOVERNMENT							
Governmental Activities:							
Instruction	\$ 67,230,267	\$ 348,001	\$ 3,816,082	\$ -	\$ (63,066,184)		
Support services	38,686,480	1,806,615	44,025	27,154	(36,808,686)		
Community services	5,230,631	654,650	1,597,311	-	(2,978,670)		
Interest on long term debt:	3,838,072	-	-	-	(3,838,072)		
Total Primary Governmental Activities	\$ 114,985,450	\$ 2,809,266	\$ 5,457,418	\$ 27,154	(106,691,612)		
COMPONENT UNITS							
Oregon City Service Learning Academy	\$ 1,403,770	\$ -	\$ -	\$ -		\$ (1,403,770)	
Clackamas Academy of Industrial Sciences	1,563,417	-	-	-			\$ (1,563,417)
General Revenues:							
Property taxes, levied for general purposes					23,524,296	-	-
Property taxes, levied for debt services					6,931,521	-	-
Construction excise tax					583,471	-	-
State school support					48,692,808	1,389,549	1,760,744
Earnings on investments					214,003	-	-
Unrestricted federal					76,413	-	-
Other local & intermediate					5,986,610	6,168	22,117
Total general revenues					86,209,122	1,395,717	1,782,861
Change in net position					(20,482,490)	(8,053)	219,444
Net position beginning of year					27,928,182	8,055	11,655
Prior period adjustment					(21,973,633)	-	-
Net position end of year					\$ (14,527,941)	\$ 2	\$ 231,099

See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND 300	PENSION OBLIGATION FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS						
Cash and investments	\$ 16,194,339	\$ 2,326,309	\$ 1,159,436	\$ -	\$ -	\$ 19,680,084
Receivables:						
Accounts	41,376	7,571	-	-	-	48,947
Intergovernmental	1,049,073	1,239,564	-	-	-	2,288,637
Undistributed tax collections	74,184	-	22,214	-	-	96,398
Property taxes	1,372,292	-	408,938	-	-	1,781,230
Prepaid items	154,337	-	-	-	-	154,337
Due from other funds	17,522	1,094,364	-	150,000	3,721,434	4,983,320
Total Assets	\$ 18,903,123	\$ 4,667,808	\$ 1,590,588	\$ 150,000	\$ 3,721,434	\$ 29,032,953
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 864,614	\$ 155,219	\$ -	\$ -	\$ 873,217	\$ 1,893,050
Due to other funds	2,533,244	2,446,009	425,508	-	-	5,404,761
Payroll liabilities	8,840,309	-	-	-	-	8,840,309
Due to fiduciary fund	245,403	-	-	-	-	245,403
Due to other agencies	281,190	-	-	-	-	281,190
Unearned revenue	1,355	135	-	-	-	1,490
Total Liabilities	12,766,115	2,601,363	425,508	-	873,217	16,666,203
Deferred Inflows of Resources:						
Unavailable Revenue - property taxes	1,320,170	-	386,724	-	-	1,706,894
Total Deferred Inflows of Resources	1,320,170	-	386,724	-	-	1,706,894
Fund Balances:						
Nonspendable	154,337	-	-	-	-	154,337
Restricted for debt service	-	-	778,356	150,000	-	928,356
Restricted for grant and projects	-	1,569,550	-	-	-	1,569,550
Restricted for capital projects	-	-	-	-	2,848,217	2,848,217
Assigned	-	496,895	-	-	-	496,895
Unassigned	4,662,501	-	-	-	-	4,662,501
Total Fund Balance	4,816,838	2,066,445	778,356	150,000	2,848,217	10,659,856
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,903,123	\$ 4,667,808	\$ 1,590,588	\$ 150,000	\$ 3,721,434	\$ 29,032,953

See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

Reconciliation of Balance Sheet of Governmental Funds to
Statement of Net Position

June 30, 2016

Total Fund Balances	\$	10,659,856
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital assets, net		84,363,332
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Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.

1,706,894

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

These liabilities consist of:

General and pension obligation bonds - net of premium, discount	\$ (41,288,247)	
Certificate of participation payable	(140,002)	
Note payable	(3,016,600)	
OPEB obligation	(3,954,590)	
Retirement stipend obligation	(1,983,326)	
Capital lease payable	(192,880)	
Pension bond payable	(39,205,000)	
Deferred charge on refunding	1,310,949	
Accrued compensated absence	(97,328)	
Accrued interest	(92,513)	(88,659,537)

The District is carrying a contract on property sold in the prior year. No principal was received this year, thus, no revenue was recognized on the governmental funds. However, in the government-wide financial statements, this transaction represents an asset to the District.

1,500,000

The net pension asset (liability), and related deferred inflows and outflows related to the net pension asset (liability) is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries.

Proportionate share of pension liability		(24,875,706)
Pension related deferrals		5,819,456
Pension related deferrals		(5,460,822)

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.

418,586

Total Net Position	\$	<u>(14,527,941)</u>
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See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND 300	PENSION OBLIGATION FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES:						
Local sources	\$ 25,089,764	\$ 4,433,485	\$ 6,989,310	\$ 3,666,922	\$ 829,645	\$ 41,009,126
Intermediate sources	797,721	796,369	-	-	540,266	2,134,356
State sources	48,539,916	477,313	-	-	-	49,017,229
Federal sources	76,412	5,114,037	-	-	-	5,190,449
Total Revenues	74,503,813	10,821,204	6,989,310	3,666,922	1,369,911	97,351,160
EXPENDITURES:						
Current						
Instruction	47,688,014	5,066,775	-	-	421,103	53,175,892
Support services	25,161,174	1,924,087	-	-	719,484	27,804,745
Enterprise & community service	782,028	3,355,148	-	-	-	4,137,176
Facilities acquisition & construction	-	-	-	-	223,820	223,820
Capital outlay	45,372	680,381	-	-	11,157,763	11,883,516
Debt service	-	474,739	6,838,966	3,666,922	1,120,271	12,100,898
Total Expenditures	73,676,588	11,501,130	6,838,966	3,666,922	13,642,441	109,326,047
Excess of Revenues Over, (Under) Expenditures	827,225	(679,926)	150,344	-	(12,272,530)	(11,974,887)
Other Financing Sources, (Uses):						
Loan proceeds	-	525,000	-	-	-	525,000
Capital lease proceeds	-	-	-	-	187,179	187,179
Sale of capital assets	-	11,200	-	-	-	11,200
Transfers in	-	55,000	-	-	-	55,000
Transfers out	(55,000)	-	-	-	-	(55,000)
Total Other Financing Sources, (Uses)	(55,000)	591,200	-	-	187,179	723,379
Net Change in Fund Balance	772,225	(88,726)	150,344	-	(12,085,351)	(11,251,508)
Beginning Fund Balance	4,044,613	2,155,171	628,012	150,000	14,933,568	21,911,364
Ending Fund Balance	\$ 4,816,838	\$ 2,066,445	\$ 778,356	\$ 150,000	\$ 2,848,217	\$ 10,659,856

See accompanying notes to basic financial statements.

**OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON**

**Reconciliation of Statement of Revenues, Expenditures
and Changes in Fund Balance – Governmental Funds –
To Statement of Activities**

For the Year Ended June 30, 2016

Net Change in Fund Balance	\$ (11,251,508)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which fixed assets exceed depreciation:

Capital asset additions	\$	11,883,516	
Capital contribution		21,323	
Gain (loss) on sale of capital asset		(5,369)	
Depreciation expense		<u>(2,630,697)</u>	9,268,773

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 or deferred revenues	115,158
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Repayment of bond principal and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal and post retirement obligations is an other financing source in the governmental funds but reduces the liability in the Statement of Net Position. Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are considered unavailable and amortized in the Statement of Activities.

General and pension obligation bonds	\$	8,105,000	
Certificate of participation		80,000	
Capital lease payable		112,770	
Bond premium, discount		(18,037)	
Debt issuance		(712,179)	
Deferred charge on refunding amortization		(327,738)	
Accrued compensated absences		(97,328)	
Note payable		<u>403,344</u>	7,545,832

Under the accrual basis of accounting, interest on long-term debt is accrued when payments are not due until after year end.

(92,513)

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 when accrued.

OPEB increase	(224,039)
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The net pension asset (liability), and related deferred inflows and outflows related to the net pension asset (liability) is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries.

Change in net pension asset (liability) and related deferred inflows and outflows	(25,842,171)
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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.

(2,022)

Change in Net Position	<u><u>\$ (20,482,490)</u></u>
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See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
NON GAAP BUDGETARY BASIS
For the Year Ended June 30, 2016

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Taxes	\$ 22,672,000	\$ 22,672,000	\$ 23,409,138	\$ 737,138
Other local sources	1,558,950	1,558,950	1,680,626	121,676
Intermediate sources	973,000	973,000	797,721	(175,279)
State sources	46,373,291	46,373,291	48,539,916	2,166,625
Federal sources	10,000	10,000	76,412	66,412
Total revenues	71,587,241	71,587,241	74,503,813	2,916,572
EXPENDITURES:				
Instruction	48,797,273	48,497,273	47,688,014	809,259
Support services	25,420,356	25,420,356	25,393,913	26,443
Enterprise and community services	664,995	964,995	793,657	171,338
Facilities acquisition and construction	10,410	10,410	-	10,410
Contingency	145,000	145,000	-	145,000
Total expenditures	75,038,034	75,038,034	73,875,584	1,162,450
Excess of revenues over (under) expenditures	(3,450,793)	(3,450,793)	628,229	4,079,022
OTHER FINANCING SOURCES (USES)				
Transfers out	(55,000)	(55,000)	(55,000)	-
Total other financing sources (uses)	(55,000)	(55,000)	(55,000)	-
To adjust for encumbrances (note11)	-	-	198,996	198,996
Net change in fund balance	(3,505,793)	(3,505,793)	573,229	4,079,022
Beginning fund balance	3,505,793	3,505,793	4,044,613	538,820
Ending fund balance	\$ -	\$ -	\$ 4,816,838	\$ 4,816,838

See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

SPECIAL REVENUE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local sources	\$ 4,867,390	\$ 4,867,390	\$ 4,433,485	\$ (433,905)
Intermediate sources	805,000	805,000	796,369	(8,631)
State sources	1,259,587	1,259,587	477,313	(782,274)
Federal sources	6,483,000	6,483,000	5,114,037	(1,368,963)
Total revenues	13,414,977	13,414,977	10,821,204	(2,593,773)
EXPENDITURES:				
Instruction	6,865,237	6,865,237	5,066,775	1,798,462
Support services	3,441,115	3,441,115	2,604,468	836,647
Enterprise & community services	3,746,241	3,746,241	3,355,148	391,093
Facilities acquisition and construction	10,000	10,000	-	10,000
Debt service	525,663	525,663	474,739	50,924
Total expenditures	14,588,256	14,588,256	11,501,130	3,087,126
Excess of revenues over (under) expenditures	(1,173,279)	(1,173,279)	(679,926)	493,353
OTHER FINANCING SOURCES (USES)				
Loan proceeds	580,722	580,722	525,000	(55,722)
Sale of capital assets	6,000	6,000	11,200	5,200
Transfers in	115,000	115,000	55,000	(60,000)
Transfers out	(50,000)	(50,000)	-	50,000
Total other financing sources (uses)	651,722	651,722	591,200	(60,522)
Net change in fund balance	(521,557)	(521,557)	(88,726)	432,831
Beginning fund balance	2,491,362	2,491,362	2,155,171	(336,191)
Ending fund balance	\$ 1,969,805	\$ 1,969,805	\$ 2,066,445	\$ 96,640

See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
June 30, 2016

	<u>Risk Management Internal Service Fund</u>
ASSETS:	
Current assets	
Accounts receivable	\$ 341
Prepaid expenses	5,470
Due from other funds	421,441
Total current assets	<u>427,252</u>
LIABILITIES AND NET POSITION:	
Current liabilities	
Accounts payable	<u>8,666</u>
Total liabilities	<u>8,666</u>
Net position	
Unrestricted	<u>418,586</u>
Total net position	<u>\$ 418,586</u>

See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016

INTERNAL SERVICE FUND

OPERATING REVENUES:

Recovery of prior year expenses	\$ 110,819
Services to other funds	556,103
Miscellaneous	<u>9,487</u>
Total revenues	<u>676,409</u>

OPERATING EXPENSES

Salaries	89,742
Associated payroll costs	38,339
Purchased services	40,062
Supplies and materials	25,198
Insurance and judgments	<u>485,090</u>
Total expenses	<u>678,431</u>

OPERATING INCOME

Change in net position	<u>(2,022)</u>
Beginning net position	<u>420,608</u>
Ending net position	<u>\$ 418,586</u>

See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	Risk Management Fund
Cash flows from operating activities:	
Internal activity - payments from other funds	\$ 558,886
Other receipts	120,306
Payments to employees	(89,742)
Payments for employee benefits and taxes	(38,339)
Payments for services	(40,823)
Payments for supplies and materials	(25,198)
Payments for insurance	(485,090)
	<u>-</u>
Net cash provided (used) by operating activities	<u>-</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning	<u>-</u>
Cash and cash equivalents, ending	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (2,022)
Adjustments to reconcile operating income to net cash provided by operating activities	
Changes in operating assets and liabilities	
(Increase) decrease in accounts receivable	2,783
(Increase) decrease in prepaid expenses	(5,470)
(Increase) decrease in due from other funds	(3,265)
Increase (decrease) in accounts payable	7,974
Total adjustments	<u>2,022</u>
Net cash provided by operating activities	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2016

Agency
Funds

ASSETS:

Receivables:

Interfund

\$ 245,403

LIABILITIES:

Due to agency groups

\$ 245,403

See accompanying notes to basic financial statements.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

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. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's financial statements because of the significance of their operational or financial relationships with the District and the existence of a financial benefit/burden. The District has determined that the following organizations are component units due to the nature and significance of their relationship with the primary government is such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These component units are presented in total in a separate column in the government-wide financial statements to emphasize that they are legally separate organizations from the District.

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. Complete financial statements can be obtained at their administrative offices: 995 South End Road Oregon City, OR 97045

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 can be obtained at their administrative offices: 1306 12th Street Oregon City, OR 97045.

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.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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 300* 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.

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.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

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, 2016, but not made available to the District until after June 30, 2016.

(E) Property taxes represent taxes that have been levied by the District but have not been collected.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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*.

"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
June 30, 2016

Note 1: Summary of Significant Accounting Policies (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 two items that qualify 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 and the pension related deferrals. 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. The pension related deferred outflow represents the difference between expected and actual experience and changes in the proportionate share net of contributions made subsequent to the measurement date.

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, pension related deferral, is reported only in the government-wide Statement of Net Position, and represents the net difference between the projected and actual earnings on investments as well as the difference between employer contributions and employer's proportionate share of system contributions.

Accrued Compensated Absences

It is the policy to permit certain employees to accrue unused vacation. Government funds recognize the expenditure when benefits are paid. Government wide financials recognize the expenditure when the benefit is earned.

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
June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

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.

Net Position

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
June 30, 2016

Note 1: Summary of Significant Accounting Policies (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 \$154,337 in nonspendable fund balances as of June 30, 2016, 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 Chief Financial Officer.
- 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 \$3,754,652, which represents five percent of adopted resources (which includes the budgeted beginning fund balance of \$3,58,7952), and the maximum unrestricted balance is \$7,509,303, which represents ten percent of adopted resources. The unassigned ending fund balance in the General Fund at June 30, 2016, is \$4,662,501 or 6.2%.

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
June 30, 2016

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 one appropriation transfer during the year.

Budget amounts shown in the combined financial statements reflect approved appropriation transfers. Appropriation transfers re-categorized expenditures within the General Fund.

Expenditures were within appropriations except for the following: Capital projects fund – Support services by \$57,953 and Debt service by \$880,271.

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
June 30, 2016

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	\$ 17,162,651
Demand accounts	2,510,733
Petty cash	<u>6,700</u>
Total cash and investments	<u>\$ 19,680,084</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 Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 4: Cash and Investments (continued)

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.

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 \$2,510,733 and the bank balance was \$2,965,832. Of these deposits, \$588,090 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.

Note 5: Receivables

Receivables as of year-end are summarized as follows:

	<u>Other</u>
Receivables:	
General Fund	\$ 41,376
Special Revenue Fund	<u>7,571</u>
Total	<u><u>\$ 48,947</u></u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015 Restated	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,429,262	\$ -	\$ -	\$ 5,429,262
Construction in progress	812,669	10,349	(812,669)	10,349
Total capital assets not being depreciated	<u>6,241,931</u>	<u>10,349</u>	<u>(812,669)</u>	<u>5,439,611</u>
Capital assets being depreciated:				
Site improvements	3,949,871	51,054	-	4,000,925
Buildings and improvements	97,340,679	11,648,551	-	108,989,230
Equipment	10,767,164	1,007,554	(265,693)	11,509,025
Total capital assets being depreciated	<u>112,057,714</u>	<u>12,707,159</u>	<u>(265,693)</u>	<u>124,499,180</u>
Less accumulated depreciation for:				
Site improvements	2,462,225	159,009	-	2,621,234
Buildings and improvements	33,068,270	1,905,347	-	34,973,617
Equipment	7,674,591	566,341	(260,324)	7,980,608
Total accumulated depreciation	<u>43,205,086</u>	<u>2,630,697</u>	<u>(260,324)</u>	<u>45,575,459</u>
Total capital assets being depreciated, net	<u>68,852,628</u>	<u>10,076,462</u>	<u>(5,369)</u>	<u>78,923,721</u>
Governmental activities capital assets, net	<u>\$ 75,094,559</u>	<u>\$ 10,086,811</u>	<u>\$ (818,038)</u>	<u>\$ 84,363,332</u>

Depreciation expense was charged to programs as follows:

Governmental activities:

Support services:

Instructional staff support	\$ 13,247
Executive administration	6,123
Business support services:	
Facilities acquisition	2,064,356
Plant services	25,078
Transportation	453,832
Food services	9,625
Internal services	1,250
Central support services	57,186
Total support services	<u>2,630,697</u>
Total depreciation expense - governmental activities	<u>\$ 2,630,697</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 7: Accrued compensated absences

Accrued compensated absences activity for the year ended June 30, 2016, are as follows:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>
Accrued compensated absences	<u>\$ 110,228</u>	<u>\$ 143,013</u>	<u>\$ 155,913</u>	<u>\$ 97,328</u>

Note 8: 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:

	<u>Balance July 1, 2015</u>	<u>Additional Obligations</u>	<u>Payments & Adjustments</u>	<u>Balance June 30, 2016</u>	<u>Due within One Year</u>
General obligation refunding bonds - 2013	\$ 30,920,000	\$ -	\$ (6,395,000)	\$ 24,525,000	\$ 6,650,000
General obligation refunding bonds - 2014	15,250,000	-	(250,000)	15,000,000	255,000
Pension obligation bonds	40,665,000	-	(1,460,000)	39,205,000	1,685,000
2007 Certificates of participation	75,000	-	(35,000)	40,000	40,000
2008 Certificates of participation	145,002	-	(45,000)	100,002	50,000
Note payable	245,585	-	(45,600)	199,985	47,281
Note payable	208,660	-	(35,164)	173,496	36,344
Note payable	310,804	-	(40,734)	270,070	41,899
Note payable	364,976	-	(49,849)	315,127	49,889
Note payable	430,163	-	(28,573)	401,590	29,553
Note payable	451,734	-	(52,005)	399,729	53,221
Note payable	370,889	-	(42,580)	328,309	43,609
Note payable	512,133	-	(52,422)	459,711	52,644
Note payable	-	525,000	(56,417)	468,583	48,618
	<u>89,949,946</u>	<u>525,000</u>	<u>(8,588,344)</u>	<u>81,886,602</u>	<u>9,083,058</u>
Unamortized:					
Bond premium	1,862,844	-	(5,490)	1,857,354	-
Bond discount	(117,634)	-	23,527	(94,107)	-
Total bonds, COPs, and notes payable	<u>91,695,156</u>	<u>525,000</u>	<u>(8,570,307)</u>	<u>83,649,849</u>	<u>9,083,058</u>
Capital leases payable	118,471	187,179	(112,770)	192,880	75,433
Net pension obligation - early retirement	2,071,834	-	(88,508)	1,983,326	-
OPEB obligation - health care subsidy	<u>3,642,043</u>	<u>312,547</u>	<u>-</u>	<u>3,954,590</u>	<u>-</u>
Total	<u>\$ 97,527,504</u>	<u>\$ 1,024,726</u>	<u>\$ (8,771,585)</u>	<u>\$ 89,780,645</u>	<u>\$ 9,158,491</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 8: 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>
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>\$ 24,525,000</u>	<u>\$ 1,071,703</u>	<u>\$ 25,596,703</u>

General Obligation Refunding Bonds, Series 2014 issue

In 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
June 30, 2016

Note 8: 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, 2016, and semiannually thereafter on June 11 and December 11 of each year.

Maturity schedule: Bonds shall mature on June 1, 2016-2039 and bear interest of 2% to 5%.

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
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	520,000	640,938	1,160,938
2022 - 2026	2,875,000	2,924,862	5,799,862
2027 - 2031	3,615,000	2,178,750	5,793,750
2032 - 2036	4,060,000	1,193,000	5,253,000
2037 - 2040	2,415,000	245,500	2,660,500
Total	<u>\$ 15,000,000</u>	<u>\$ 9,869,699</u>	<u>\$ 24,869,699</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
June 30, 2016

Note 8: 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>
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	2,820,000	1,702,345	4,522,345
2022 - 2026	19,875,000	5,788,839	25,663,839
2027 - 2028	8,185,000	609,186	8,794,186
Total	<u>\$ 39,205,000</u>	<u>\$ 16,087,618</u>	<u>\$ 55,292,618</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>
2017	\$ 40,000	\$ 1,700	\$ 41,700
Total	<u>\$ 40,000</u>	<u>\$ 1,700</u>	<u>\$ 41,700</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 8: 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%.

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2017	\$ 50,000	\$ 4,225	\$ 54,225
2018	50,002	2,150	52,152
Total	<u>\$ 100,002</u>	<u>\$ 6,375</u>	<u>\$ 106,377</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 August 8 of each year.

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

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2017	\$ 47,281	\$ 6,966	\$ 54,247
2018	49,047	5,201	54,248
2019	50,879	3,369	54,248
2020	52,778	1,469	54,247
Total	<u>\$ 199,985</u>	<u>\$ 17,005</u>	<u>\$ 216,990</u>

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements
 June 30, 2016

Note 8: 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
2017	\$ 36,344	\$ 5,510	\$ 41,854
2018	37,572	4,282	41,854
2019	38,842	3,013	41,855
2020	40,154	1,701	41,855
2021	20,584	355	20,939
Total	<u>\$ 173,496</u>	<u>\$ 14,861</u>	<u>\$ 188,357</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
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	46,902	2,721	49,623
2022	48,244	1,380	49,624
Total	<u>\$ 270,070</u>	<u>\$ 27,669</u>	<u>\$ 297,739</u>

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements
 June 30, 2016

Note 8: Long-Term Debt (Continued)

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
2017	\$ 49,889	\$ 6,471	\$ 56,360
2018	50,913	5,447	56,360
2019	51,959	4,401	56,360
2020	53,026	3,334	56,360
2021	54,115	2,245	56,360
2022	55,225	1,134	56,359
Total	<u>\$ 315,127</u>	<u>\$ 23,032</u>	<u>\$ 338,159</u>

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.

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

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2017	\$ 29,553	\$ 12,615	\$ 42,168
2018	30,528	11,640	42,168
2019	31,535	10,633	42,168
2020	32,549	9,619	42,168
2021	33,649	8,519	42,168
2022 - 2026	185,632	25,208	210,840
2027 - 2028	58,144	1,425	59,569
Total	<u>\$ 401,590</u>	<u>\$ 79,659</u>	<u>\$ 481,249</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 8: Long-Term Debt (Continued)

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
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	58,377	4,192	62,569
2022 - 2023	120,882	4,257	125,139
Total	<u>\$ 399,729</u>	<u>\$ 38,255</u>	<u>\$ 437,984</u>

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
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	47,980	3,563	51,543
2022 - 2023	99,467	3,620	103,087
Total	<u>\$ 328,309</u>	<u>\$ 32,493</u>	<u>\$ 360,802</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 8: Long-Term Debt (Continued)

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
2017	\$ 52,644	\$ 11,437	\$ 64,081
2018	53,954	10,128	64,082
2019	55,297	8,785	64,082
2020	56,672	7,409	64,081
2021	58,082	5,999	64,081
2021 - 2024	183,062	9,183	192,245
Total	<u>\$ 459,711</u>	<u>\$ 52,941</u>	<u>\$ 512,652</u>

Note Payable

The District acquired new transportation equipment in October 2015. In order to finance the equipment, the District borrowed \$525,000 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: \$ 525,000

Interest payment dates: Interest on the obligation first payable on August 30, 2016, and annually thereafter for nine years.

Maturity schedule: The note will mature on August 30, 2024, and bears interest of 1.982%.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2017	\$ 48,618	\$ 8,667	\$ 57,285
2018	48,962	8,322	57,284
2019	49,932	7,352	57,284
2020	50,922	6,362	57,284
2021	51,931	5,353	57,284
2021 - 2024	218,218	10,917	229,135
Total	<u>\$ 468,583</u>	<u>\$ 46,973</u>	<u>\$ 515,556</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Notes to the Financial Statements

June 30, 2016

Note 9: Capital Leases

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. 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 lease was paid off 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. 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, 2016, were as follows:

Year ending June 30	Governmental Activities
2017	\$ 30,328
2018	30,328
Total minimum lease payments	60,656
Less: amount representing interest	(2,967)
Present value of minimum lease payments	\$ 57,689

The District entered into a lease for the acquisition of technology equipment valued at \$154,598. The equipment has a three-year estimated useful life. 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, 2016, were as follows:

Year ending June 30	Governmental Activities
2017	\$ 38,649
2018	38,650
2019	38,649
Total minimum lease payments	115,948
Less: amount representing interest	(7,438)
Present value of minimum lease payments	\$ 108,510

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements
 June 30, 2016

Note 9: Capital Leases (Continued)

The District entered into a lease for the acquisition of technology equipment valued at \$41,893. The equipment has a three-year estimated useful life. 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, 2016, were as follows:

Year ending June 30	Governmental Activities
2017	\$ 13,340
2018	13,339
2019	1,875
Total minimum lease payments	28,554
Less: amount representing interest	(1,873)
Present value of minimum lease payments	\$ 26,681

Note 10: 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.

Benefits payable

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

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.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 10: Early Retirement (continued)

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:

	2016	2015	2014
Annual required contribution	\$ 694,258	\$ 741,661	\$ 892,054
Interest on prior year net pension obligation	72,514	76,788	74,832
Adjustment to annual required contribution	(564,065)	(597,313)	(582,095)
Annual pension cost	202,707	221,136	384,791
Expected stipend payments	(291,215)	(343,259)	(328,895)
Decrease in net pension obligation	(88,508)	(122,123)	55,896
Net pension obligation - beginning of year	2,071,834	2,193,957	2,138,061
Net pension obligation - end of year	\$ 1,983,326	\$ 2,071,834	\$ 2,193,957

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements
 June 30, 2016

Note 10: 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>
6/30/2016	\$ 202,707	144%	\$ 1,983,326
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, 2015 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 2.50 percent.

Funding status and funding progress

As of October 1, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The October 1, 2015 actuarial accrued liability for benefits was \$2,265,447, and the actuarial value of assets was zero, resulting in an unfunded actuarial liability of \$2,265,447. The current year's covered payroll (annual payroll of active employees covered by the plan) was \$23,566,343 and the ratio of the unfunded actuarial liability to the current year's covered payroll was 9.61 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, 2015:

Active program members	454
Retirees currently receiving benefits	<u>41</u>
Total	<u><u>495</u></u>

OREGON CITY SCHOOL DISTRICT NO. 62

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June 30, 2016

Note 11: 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
June 30, 2016

Note 11: 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.

	2016	2015	2014
Annual required contribution	\$ 1,062,766	\$ 1,029,169	\$ 1,085,096
Interest on net OPEB obligation	127,472	115,589	100,483
Adjustment to ARC	(437,924)	(397,101)	(191,397)
Annual OPEB cost	752,314	747,657	994,182
Implicit benefit payments	(439,767)	(408,151)	(562,596)
Increase in net OPEB obligation	312,547	339,506	431,586
Net OPEB obligation - beginning of year	3,642,043	3,302,537	2,870,951
Net OPEB obligation - end of year	\$ 3,954,590	\$ 3,642,043	\$ 3,302,537

The following table shows the annual OPEB cost and net OPEB obligation for the year ended June 30, 2016 and the three preceding years:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
3/30/2016	\$ 752,314	58%	\$ 3,954,590
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
6/30/2011	1,360,253	59%	1,926,737
6/30/2010	1,473,961	54%	1,363,783

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 11: 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, 2015 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 5.25 percent to 8.25 percent per year, and increases in dental and vision costs of 4.50 percent per year, and an inflation rate of 2.50 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, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The October 1, 2015 actuarial accrued liability for benefits was \$5,223,819, and the actuarial value of assets was zero, resulting in an unfunded actuarial liability of \$5,223,819. The current year's covered payroll (annual payroll of active employees covered by the plan) was \$34,836,849, and the ratio of the unfunded actuarial liability to the current year's covered payroll was 15.00 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
June 30, 2016

Note 12: 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	\$ 73,875,584
Plus amounts expended in 2015-2016 that were related to encumbrances outstanding in prior periods and were recorded under the budgetary basis as expenditures in prior fiscal years.	130,003
Less encumbrances placed during 2015-2016 and still outstanding at June 30, 2016, which were recorded as 2015-2016 expenditures under the budgetary basis, but which are not considered to be expended under GAAP.	(328,999)
Net adjustments	(198,996)
Total expenditures, fund financial statements	\$ 73,676,588

Note 13: Defined Benefit Pension Plan

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
- ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
- *member was employed by PERS employer at the time of death,
 - *member died within 120 days after termination of PERS covered employment,
 - *member died as a result of injury sustained while employed in a PERS-covered job, or
 - *member was on an official leave of absence from a PERS-covered job at the time of death.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 13: Defined Benefit Pension Plan (continued)

- iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
 - iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
 - iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 13: Defined Benefit Pension Plan (continued)

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$3,749,293, excluding amounts to fund employer specific liabilities. In addition approximately \$2,410,030 in employee contributions were paid or picked up by the District in fiscal 2016. At June 30, 2016, the District reported a net pension liability of \$24,875,706 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2032, the District's proportion was .433 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,341,424	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,214,512
Net changes in proportionate share and differences between District contributions and proportionate share of contributions	728,739	246,310
Subtotal - Amortized Deferrals (below)	2,070,163	5,460,822
School contributions subsequent to measuring date	3,749,293	-
Deferred outflow (inflow) of resources	<u>\$ 5,819,456</u>	<u>\$ 5,460,822</u>

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

Year ending June 30,	Amount
2016	\$ (2,071,237)
2017	(2,071,237)
2018	(2,071,237)
2019	2,661,341
2020	161,711
Thereafter	-
Total	<u>\$ (3,390,659)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

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

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 13: Defined Benefit Pension Plan (continued)

Actuarial Valuations – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 18, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

OREGON CITY SCHOOL DISTRICT NO. 62
 Clackamas County, Oregon
 Notes to the Financial Statements
 June 30, 2016

Note 13: Defined Benefit Pension Plan (continued)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	(6.75%)	(7.75%)	(8.75%)
District's proportionate share of the net pension liability	\$ 60,036,590	\$ 24,875,706	\$ (4,755,683)

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

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

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Notes to the Financial Statements

June 30, 2016

Note 13: Defined Benefit Pension Plan (continued)

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The District makes this contribution on behalf of its employees.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

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.

Note 15: Interfund Transfers

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

	Transfers In	Transfers Out
General Fund	\$ -	\$ 55,000
Special Revenue Fund	55,000	-
	<hr/>	<hr/>
Total	<u>\$ 55,000</u>	<u>\$ 55,000</u>

The District makes transfers from the General Fund to various funds for specific projects and designated needs. As of June 30, 2016, the Special Revenue Textbook Fund was advanced \$55,000 by the General Fund to reimburse expenditures for textbook purchases. This was approved by the School Board in the Adopted 2015-16 budget.

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 16: Due To and Due From Other Funds

Interfund balances represent cash owed by one fund to another. The District utilizes a common cash depository. The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Major components of the balances include reimbursement from the State School Fund Transportation Grant for amounts spent on a new facility, debt payments made on bonds for tax receivables due, and payments for reimbursable grants and risk claims. These amounts are not included in the Government Wide Statement of Net Position. For purposes of the fund financial statements, individual fund due to and from other funds at June 30, 2016 were as follows:

Fund	Due From	Due To
General Fund	\$ 17,522	\$ 2,533,244
Special Revenue Fund	1,094,364	2,446,009
Debt Service Fund	-	425,508
Pension Obligation Fund	150,000	-
Capital Projects Fund	3,721,434	-
Internal Service Fund	421,441	-
	5,404,761	5,404,761
General Due to Fiduciary	245,403	-
Fiduciary Fund	-	245,403
Total	<u>\$ 5,650,164</u>	<u>\$ 5,650,164</u>

Note 17: 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
2014-2015	<u>\$ -</u>	<u>\$ 9,370</u>	<u>\$ (9,370)</u>	<u>\$ -</u>
2015-2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Notes to the Financial Statements
June 30, 2016

Note 18: Subsequent Events

In August 2016, the School Board authorized the District to enter into a lease agreement with Apple Computer for the purchase of 130 Mac Air Books at a total cost of \$151,840.

Note 19: Prior Period Adjustment

In the current year, there is a prior period adjustment to the statement of activities in the amount of (\$21,973,633). A prepaid pension asset was removed due to requirements of GASB 68 that had not been removed in the prior year in the amount of (\$22,766,183). In addition \$792,550 was adjusted due to depreciation that was not removed in the prior year for assets that were sold or disposed of.

REQUIRED
SUPPLEMENTARY
INFORMATION

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**OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2016

Early Retirement Program
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UALL) Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b- a)/c)
10/1/2008	\$ -	\$ 3,411,193	\$ 3,411,193	0%	\$ 23,681,700	14.40%
10/1/2009	-	3,286,066	3,286,066	0%	22,833,048	14.39%
10/1/2010 ¹	-	3,068,090	3,068,090	0%	24,821,769	12.36%
10/1/2011	-	2,853,113	2,853,113	0%	21,772,925	13.10%
10/1/2012 ²	-	2,719,711	2,719,711	0%	20,871,030	13.03%
10/1/2013	-	2,308,889	2,308,889	0%	22,947,641	10.06%
10/1/2015	-	2,265,447	2,265,447	0%	23,566,343	9.61%

¹

The most recent actuarial valuation date was October 1, 2015 for the Early Retirement Program. In accordance with applicable guidelines, the next actuarial valuation will be performed as of October 1, 2016 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 (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UALL) Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b- a)/c)
10/1/2008	\$ -	\$ 10,644,786	\$ 10,644,786	0%	\$ 31,850,851	33.42%
10/1/2009	-	10,614,387	10,614,387	0%	33,587,587	31.60%
10/1/2011	-	7,955,365	7,955,365	0%	31,034,552	25.63%
10/1/2012	-	8,088,575	8,088,575	0%	30,006,151	26.96%
10/1/2013	-	5,538,837	5,538,837	0%	33,922,255	16.33%
10/1/2015	-	5,223,819	5,223,819	0%	34,836,849	15.00%

The most recent actuarial valuation date was October 1, 2015 for the Post-Employment Health Care Subsidy. In accordance with applicable guidelines, the next actuarial valuation will be performed as of October 1, 2017 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

For the Year Ended June 30, 2016

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)
2016	0.3934396%	\$ 24,875,706	\$ 38,663,017	64.340%	91.90%
2015	0.3934396%	(10,973,772)	35,806,805	-30.647%	103.60%
2014	0.3934396%	8,918,152	34,464,098	25.877%	92.00%

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 percentage of covered payroll
2016	\$ 7,562,596	\$ 7,562,596	\$ -	\$ 40,051,217	18.88%
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 be presented to show a 10-year trend.

SUPPLEMENTARY INFORMATION

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BUDGETARY COMPARISON SCHEDULES

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OREGON CITY SCHOOL DISTRICT NO. 62**Clackamas County, Oregon****General Fund - Revenues, Expenditures, and Changes in Fund Balance - (Non GAAP Budgetary Basis)****For the Fiscal Year Ended June 30, 2016**

Revenue	Total	Final Budgeted Amount	Variance with Final Budget
Local Sources:			
1111 Current Year Taxes	\$ 22,912,874	\$ 21,747,000	\$ 1,165,874
1112 Prior Year Taxes	383,637	825,000	(441,363)
1114 Payments in Lieu of Property Taxes	11,595	15,000	(3,405)
1190 Penalties and Interest Taxes	101,032	85,000	16,032
1312 Tuition from Other Districts		15,000	(15,000)
1400 Transportation Fees	75,300	52,500	22,800
1500 Earnings on Investments	177,013	129,000	48,013
1700 Extracurricular Activities	216,952	191,450	25,502
1800 Community Services Activities	522,319	343,000	179,319
1910 Rentals	298,826	325,000	(26,174)
1940 Services Provided	33,467	33,000	467
1960 Recovery of Prior Years' Expenditure	200,294	205,000	(4,706)
1980 Fees Charged to Grants	37,660	65,000	(27,340)
1990 Miscellaneous	118,795	200,000	(81,205)
Total Local Sources	25,089,764	24,230,950	858,814
Intermediate Sources:			
2101 County School Funds		10,000	(10,000)
2102 ESD Funds	797,721	963,000	(165,279)
Total Intermediate Sources	797,721	973,000	(175,279)
State Sources:			
3101 State School Fund	43,388,642	41,472,779	1,915,863
3103 Common School Fund	893,542	743,482	150,060
3105 Equipment	3,762,935	3,607,030	155,905
3199 Other Unrestricted Grants-in-Aid	450,772	500,000	(49,228)
3204 Driver Education	44,025	50,000	(5,975)
Total State Sources	48,539,916	46,373,291	2,166,625
Federal Sources:			
4801 Federal Forest Fees	76,412	10,000	66,412
Total Federal Sources	76,412	10,000	66,412
Total Revenues	\$ 74,503,813	\$ 71,587,241	\$ 2,916,572

Continued on page 70

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

General Fund - Revenues, Expenditures, and Changes in Fund Balance - (Non GAAP Budgetary Basis)

For the Fiscal Year Ended June 30, 2016

Expenditures	Object 100	Object 200	Object 300	Object 400	Object 500
Instruction					
1111 Elementary, K-5	\$ 8,582,097	\$ 4,562,012	\$ 29,416	\$ 432,046	\$ -
1121 Middle/Junior High Programs	4,305,712	2,273,224	19,031	148,321	-
1122 Middle/Junior High School Extracurricular	85,244	20,668	175	-	-
1131 High School Programs	5,752,755	2,889,766	23,065	417,097	-
1132 High School Extracurricular	313,031	67,362	45,856	18,114	-
1210 Programs for the Talented and Gifted	24,833	6,592	1,795	27,000	-
1220 Restrictive Programs for Students with Disabilities	2,609,962	1,626,716	1,892,166	35,489	-
1250 Less Restrictive Programs for Students with Disabilities	1,531,678	906,138	3,731	11,999	-
1280 Alternative Education	276,647	141,197	6,955,586	40,253	-
1290 English Second Language and Teen Parent Programs	962,872	574,652	22,337	42,614	-
Total Instruction	24,444,831	13,068,327	8,993,158	1,172,933	-
Support Services					
2110 Attendance and Social Work Services	92,987	68,512	16,207	2,949	-
2120 Guidance Services	1,146,187	587,926	1,080	14,730	-
2130 Health Services	109,083	71,361	279,192	8,762	-
2140 Psychological Services	273,496	113,468	8,463	14,839	-
2150 Speech Pathology and Audiology Services	749,550	372,636	92,528	6,035	-
2160 Other Student Treatment Services	139,885	82,755	6,829	3,769	-
2190 Service Direction, Student Support Services	993,216	529,604	270,406	15,542	-
2210 Improvement of Instruction Services	176,286	80,400	5,790	53,132	-
2220 Educational Media Services	495,480	333,566	2,429	83,647	-
2230 Assessment and Testing	25,951	22,947	-	-	-
2240 Instructional Staff Development	32,221	263,755	46,392	10,129	-
2310 Board of Education Services	21,762	13,226	66,704	10,958	-
2320 Executive Administration Services	193,699	92,286	38,162	9,874	-
2410 Office of the Principal Services	2,395,840	1,320,445	91,247	48,915	-
2510 Business Services - Direction	149,244	66,827	5,355	1,103	-
2520 Fiscal Services	510,236	235,121	108,986	8,264	-
2540 Operation and Maintenance of Plant Services	1,894,957	1,187,132	2,133,261	319,361	5,743
2550 Student Transportation Services	2,132,812	1,483,300	444,211	382,989	28,000
2570 Internal Services	96,104	60,180	135,241	406	-
2620 Planning Services	-	-	8,600	-	-
2630 Information Services	77,595	36,205	3,689	48	-
2640 Staff Services	231,409	100,242	25,366	24,535	-
2660 Technology Services	238,029	135,838	369,233	151,967	-
2700 Supplemental Retirement Program	244,246	10,151	-	-	-
Total Support Services	12,420,275	7,267,883	4,159,371	1,171,954	33,743
Enterprise and Community Services					
3300 Community Services and Community Education	481,237	182,605	57,803	58,771	11,629
Total Enterprise and Community Services	481,237	182,605	57,803	58,771	11,629
Facilities Acquisition and Construction					
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-
Other Uses					
5200 Transfers of Funds	-	-	-	-	-
Total Other Uses	-	-	-	-	-
Contingency					
6000 Operating Contingency	-	-	-	-	-
Total Contingency	-	-	-	-	-
Total Expenditures	\$ 37,346,343	\$ 20,518,815	\$ 13,210,332	\$ 2,403,658	\$ 45,372
Changes in Fund Balance					
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Adjust for prior year and current year encumbrances	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-
Beginning Fund Balance	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-

Continued on page 71

Object 600	Object 700	Object 800	Total	Final Budgeted Amount	Variance with Final Budget
\$ -	\$ -	\$ -	\$ 13,605,571	\$ 14,631,591	\$ 1,026,020
-	-	-	6,746,288	7,059,323	313,035
-	-	-	106,087	109,438	3,351
-	-	-	9,082,683	9,013,776	(68,907)
8,766	-	-	453,129	445,869	(7,260)
-	-	-	60,220	59,288	(932)
-	-	-	6,164,333	6,116,829	(47,504)
-	-	-	2,453,546	2,496,621	43,075
-	-	-	7,413,683	6,926,022	(487,661)
-	-	-	1,602,475	1,638,516	36,041
8,766	-	-	47,688,015	48,497,273	809,258
-	-	-	180,655	190,973	10,318
5,550	-	-	1,755,473	1,825,472	69,999
180	-	-	468,578	427,399	(41,179)
-	-	-	410,266	556,537	146,271
10	-	-	1,220,759	1,133,837	(86,922)
-	-	-	233,238	233,290	52
1,957	-	-	1,810,725	1,430,867	(379,858)
1,400	-	-	317,008	310,368	(6,640)
-	-	-	915,122	916,087	965
-	-	-	48,898	49,453	555
-	-	-	352,497	367,530	15,033
9,292	-	-	121,942	169,552	47,610
11,042	-	-	345,063	362,924	17,861
20,880	-	-	3,877,327	3,678,474	(198,853)
964	-	-	223,493	373,861	150,368
4,152	-	-	866,759	751,567	(115,192)
7,479	-	-	5,547,933	5,693,213	145,280
85,842	-	-	4,557,154	4,855,155	298,001
171,568	-	-	463,499	433,439	(30,060)
-	-	-	8,600	9,890	1,290
968	-	-	118,505	124,580	6,075
1,110	-	-	382,662	388,916	6,254
18,292	-	-	913,359	791,417	(121,942)
-	-	-	254,397	345,555	91,158
340,686	-	-	25,393,912	25,420,356	26,444
1,612	-	-	793,657	964,995	171,338
1,612	-	-	793,657	964,995	171,338
-	-	-	-	10,410	10,410
-	-	-	-	10,410	10,410
-	55,000	-	55,000	55,000	-
-	55,000	-	55,000	55,000	-
-	-	-	-	145,000	145,000
-	-	-	-	145,000	145,000
\$ 351,064	\$ 55,000	\$ -	\$ 73,930,584	\$ 75,093,034	\$ 1,162,450
			\$ 573,229	\$ (3,505,793)	\$ 4,079,022
			198,996	0	198,996
			772,225	(3,505,793)	4,278,018
			4,044,613	3,505,793	538,820
			4,816,838	-	4,816,838

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

DEBT SERVICE FUND 300

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local sources				
Current year's taxes	\$ 6,712,125	\$ 6,712,125	\$ 6,815,732	\$ 103,607
Prior year's taxes	131,250	131,250	115,789	(15,461)
Interest	42,525	42,525	57,789	15,264
Total revenues	<u>6,885,900</u>	<u>6,885,900</u>	<u>6,989,310</u>	<u>103,410</u>
EXPENDITURES:				
Debt service	<u>6,839,020</u>	<u>6,839,020</u>	<u>6,838,966</u>	<u>54</u>
Total expenditures	<u>6,839,020</u>	<u>6,839,020</u>	<u>6,838,966</u>	<u>54</u>
Net change in fund balance	46,880	46,880	150,344	103,464
Beginning fund balance	<u>326,000</u>	<u>326,000</u>	<u>628,012</u>	<u>302,012</u>
Ending fund balance	<u>\$ 372,880</u>	<u>\$ 372,880</u>	<u>\$ 778,356</u>	<u>\$ 405,476</u>

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

DEBT SERVICE FUND 314

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Debt service	940,500	940,500	-	940,500
Total expenditures	940,500	940,500	-	940,500
Excess of Revenues Over (Under) Expenditures	(940,500)	(940,500)	-	940,500
Other Financing Sources, (Uses)				
Transfers In	940,500	940,500	-	(940,500)
Total Other Financing Sources, (Uses)	940,500	940,500	-	(940,500)
Net change in fund balance	-	-	-	-
Beginning fund balance	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

PENSION OBLIGATION BONDS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Local sources:				
Assessments to other funds	<u>\$ 3,697,110</u>	<u>\$ 3,697,110</u>	<u>\$ 3,666,922</u>	<u>\$ (30,188)</u>
Total revenues	<u>3,697,110</u>	<u>3,697,110</u>	<u>3,666,922</u>	<u>(30,188)</u>
EXPENDITURES				
Debt service	<u>3,674,766</u>	<u>3,674,766</u>	<u>3,666,922</u>	<u>7,844</u>
Total expenditures	<u>3,674,766</u>	<u>3,674,766</u>	<u>3,666,922</u>	<u>7,844</u>
Net change in fund balance	22,344	22,344	-	(22,344)
Beginning fund balance	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Ending fund balance	<u><u>\$ 172,344</u></u>	<u><u>\$ 172,344</u></u>	<u><u>\$ 150,000</u></u>	<u><u>\$ (22,344)</u></u>

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local sources	\$ 565,017	\$ 565,017	\$ 829,645	\$ 264,628
State sources	-	-	540,266	540,266
Total revenues	565,017	565,017	1,369,911	804,894
EXPENDITURES:				
Instruction	671,000	671,000	421,103	249,897
Support services	868,635	868,635	926,588	(57,953)
Facilities acquisition & construction	12,497,340	12,497,340	11,174,479	1,322,861
Debt service	240,000	240,000	1,120,271	(880,271)
Contingency	121,000	121,000	-	121,000
Total expenditures	14,397,975	14,397,975	13,642,441	755,534
Excess of revenues over (under) expenditures	(13,832,958)	(13,832,958)	(12,272,530)	1,560,428
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	187,179	187,179
Transfers in	115,000	115,000	-	(115,000)
Transfers out	(940,500)	(940,500)	-	940,500
Total other financing sources (uses)	(825,500)	(825,500)	187,179	1,012,679
Net change in fund balance	(14,658,458)	(14,658,458)	(12,085,351)	2,573,107
Beginning fund balance	14,932,823	14,932,823	14,933,568	745
Ending fund balance	\$ 274,365	\$ 274,365	\$ 2,848,217	\$ 2,573,852

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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.

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OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2016

RISK MANAGEMENT INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Local sources	\$ 578,500	\$ 578,500	\$ 676,409	\$ 97,909
Total revenues	578,500	578,500	676,409	97,909
EXPENDITURES:				
Support services	678,500	678,500	678,431	69
Facilities acquisition & construction	125,000	125,000	-	125,000
Total expenditures	803,500	803,500	678,431	125,069
Net change in fund balance	(225,000)	(225,000)	(2,022)	222,978
Beginning fund balance	225,000	225,000	420,608	195,608
Ending fund balance	\$ -	\$ -	\$ 418,586	\$ 418,586

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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.

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OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
June 30, 2016

	M. Parkinson Memorial	D. Peters Memorial	Class of '52 Scholarshi p	Karmin Tomlinson Scholarshi p	J. Adrian Memorial	A. Gallagher Memorial	OCHS Scholarshi ps	CJ Church Education al Fund	Lange/Bu sh-Lange Scholarshi ps	Deleen Baker Memorial	Baughma n Scholarshi ps	Total
<u>ASSETS</u>												
Receivables Interfund	\$ 20,437	\$ 6,189	\$ 40,183	\$ 6,164	\$ 28,930	\$ 24,481	\$ 5,414	\$ 4,010	\$ 13,484	\$ 1,663	\$ 94,448	\$ 245,403
Total assets	<u>\$ 20,437</u>	<u>\$ 6,189</u>	<u>\$ 40,183</u>	<u>\$ 6,164</u>	<u>\$ 28,930</u>	<u>\$ 24,481</u>	<u>\$ 5,414</u>	<u>\$ 4,010</u>	<u>\$ 13,484</u>	<u>\$ 1,663</u>	<u>\$ 94,448</u>	<u>\$ 245,403</u>
<u>LIABILITIES</u>												
Due to agency groups	\$ 20,437	\$ 6,189	\$ 40,183	\$ 6,164	\$ 28,930	\$ 24,481	\$ 5,414	\$ 4,010	\$ 13,484	\$ 1,663	\$ 94,448	\$ 245,403
Total liabilities	<u>\$ 20,437</u>	<u>\$ 6,189</u>	<u>\$ 40,183</u>	<u>\$ 6,164</u>	<u>\$ 28,930</u>	<u>\$ 24,481</u>	<u>\$ 5,414</u>	<u>\$ 4,010</u>	<u>\$ 13,484</u>	<u>\$ 1,663</u>	<u>\$ 94,448</u>	<u>\$ 245,403</u>

OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
M. Parkinson Memorial Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 21,277	\$ 160	\$ (1,000)	\$ 20,437
Liabilities				
Due to agency groups	\$ 21,277	\$ 160	\$ (1,000)	\$ 20,437
D. Peters Memorial Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 7,156	\$ 33	\$ (1,000)	\$ 6,189
Liabilities				
Due to agency groups	\$ 7,156	\$ 33	\$ (1,000)	\$ 6,189
Class of '52 Scholarship Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 44,818	\$ 365	\$ (5,000)	\$ 40,183
Liabilities				
Due to agency groups	\$ 44,818	\$ 365	\$ (5,000)	\$ 40,183
Karmin Tomlinson Scholarship Fund				
Assets:				
Receivables:				
Interfund	\$ 8,071	\$ 93	\$ (2,000)	\$ 6,164
Liabilities				
Due to agency groups	\$ 8,071	\$ 93	\$ (2,000)	\$ 6,164
J. Adrian Memorial Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 34,715	\$ 215	\$ (6,000)	\$ 28,930
Liabilities				
Due to agency groups	\$ 34,715	\$ 215	\$ (6,000)	\$ 28,930
A. Gallagher Memorial Agency Fund				
Assets:				
Receivables:				
Interfund	\$ 24,716	\$ 265	\$ (500)	\$ 24,481
Liabilities				
Due to agency groups	\$ 24,716	\$ 265	\$ (500)	\$ 24,481

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OREGON CITY SCHOOL DISTRICT NO. 62
CLACKAMAS COUNTY, OREGON

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
OCHS Scholarships Fund				
Assets:				
Receivables:				
Interfund	\$ 5,385	\$ 29	\$ -	\$ 5,414
Liabilities				
Due to agency groups	\$ 5,385	\$ 29	\$ -	\$ 5,414
CJ Church Educational Fund				
Assets:				
Receivables:				
Interfund	\$ 3,839	\$ 171	\$ -	\$ 4,010
Liabilities				
Due to agency groups	\$ 3,839	\$ 171	\$ -	\$ 4,010
Lange/Bush-Lange Scholarships Fund				
Assets:				
Receivables:				
Interfund	\$ 16,412	\$ 72	\$ (3,000)	\$ 13,484
Liabilities				
Due to agency groups	\$ 16,412	\$ 72	\$ (3,000)	\$ 13,484
Deleen Baker Memorial Fund				
Assets:				
Receivables:				
Interfund	\$ 1,105	\$ 558	\$ -	\$ 1,663
Liabilities				
Due to agency groups	\$ 1,105	\$ 558	\$ -	\$ 1,663
Baughman Scholarships Fund				
Assets:				
Receivables:				
Interfund	\$ 98,941	\$ 507	\$ (5,000)	\$ 94,448
Liabilities				
Due to agency groups	\$ 98,941	\$ 507	\$ (5,000)	\$ 94,448
Totals - All Funds				
Assets:				
Receivables:				
Interfund	\$ 266,435	\$ 2,468	\$ (23,500)	\$ 245,403
Liabilities				
Due to agency groups	\$ 266,435	\$ 2,468	\$ (23,500)	\$ 245,403

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, 2016

<u>Tax Roll Year</u>	<u>Original Levy or Balance Uncollected</u>	<u>Deduct Discounts</u>	<u>Adjustment to Tax Roll</u>	<u>Add Interest</u>	<u>Cash Collections By County</u>	<u>Taxes Uncollected June 30, 2016</u>
Current:						
2015-2016	\$ 24,059,659	\$ 618,107	\$ (45,147)	\$ 10,732	\$ 22,880,406	\$ 526,731
Prior Years:						
2015-2016	532,715	(135)	(28,352)	20,984	241,298	284,184
2013-2014	269,314	(29)	(19,752)	18,152	83,385	184,358
2012-2013	188,059	(24)	(25,160)	24,055	70,049	116,929
2011-2012	124,065	(4)	(14,453)	14,000	33,473	90,143
2010-2011 & Prior	181,319	(3)	(6,594)	6,131	10,912	169,947
Total Prior	1,295,472	(195)	(94,311)	83,322	439,117	845,561
Total	<u>\$ 25,355,131</u>	<u>\$ 617,912</u>	<u>\$ (139,458)</u>	<u>\$ 94,054</u>	<u>\$ 23,319,523</u>	<u>\$ 1,372,292</u>

Reconciliation to Revenue Statements

	<u>General Fund</u>
Current tax collected through June 30, 2016	\$ 23,319,523
Accrual of Receivables	
June 30, 2015	(74,982)
June 30, 2016	52,122
Taxes, (Adjustments) in Lieu, penalties and interest	112,475
Total Revenue	<u>\$ 23,409,138</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, 2016

<u>Tax Roll Year</u>	<u>Original Levy or Balance Uncollected</u>	<u>Deduct Discounts</u>	<u>Adjustment to Tax Roll</u>	<u>Add Interest</u>	<u>Cash Collections By County</u>	<u>Taxes Uncollected June 30, 2016</u>
Current:						
2015-2016	\$ 7,154,424	\$ 183,801	\$ (13,425)	\$ 3,191	\$ 6,803,759	\$ 156,630
Prior Years:						
2015-2016	161,107	(40)	(11,128)	6,240	71,753	84,506
2013-2014	82,517	(9)	(6,052)	5,562	25,549	56,487
2012-2013	58,814	(7)	(10,069)	7,198	20,961	34,989
2011-2012	36,630	(1)	(4,268)	4,134	9,883	26,614
2010-2011 & Prior	53,477	(1)	(2,367)	1,793	3,192	49,712
Total Prior	392,545	(58)	(33,884)	24,927	131,338	252,308
Total	<u>\$ 7,546,969</u>	<u>\$ 183,743</u>	<u>\$ (47,309)</u>	<u>\$ 28,118</u>	<u>\$ 6,935,097</u>	<u>\$ 408,938</u>

Reconciliation to Revenue Statements

	<u>Debt Fund</u>
Current tax collected through June 30, 2016	\$ 6,935,097
Accrual of Receivables	
June 30, 2015	(22,654)
June 30, 2016	22,214
Taxes, (Adjustments) in Lieu	(3,136)
Total Revenue	<u>\$ 6,931,521</u>

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Schedule of Appropriation Transfers

For the Fiscal Year Ended June 30, 2016

	Adopted Budgeted Appropriations	Increase	Decrease	Final Adopted Appropriations
<u>General Fund</u>				
Instruction	\$ 48,797,273	\$ -	\$ 300,000	\$ 48,497,273
Support services	25,420,356	-	-	25,420,356
Enterprise/community services	664,995	300,000	-	964,995
Facilities acquisition/construction	10,410	-	-	10,410
Transfer of Funds	55,000	-	-	55,000
Contingency	145,000	-	-	145,000
	<u>\$ 75,093,034</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 75,093,034</u>
<u>Special Revenue Funds</u>				
Instruction	\$ 6,865,237	\$ -	\$ -	\$ 6,865,237
Support services	3,441,115	-	-	3,441,115
Enterprise/community services	3,746,241	-	-	3,746,241
Facilities acquisition/construction	10,000	-	-	10,000
Debt Service	525,663	-	-	525,663
Transfer of Funds	50,000	-	-	50,000
Contingency	600,000	-	-	600,000
Unappropriated fund balance	1,369,805	-	-	1,369,805
	<u>\$ 16,608,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,608,061</u>
<u>Debt Service Fund</u>				
Debt service	\$ 6,839,020	\$ -	\$ -	\$ 6,839,020
Unappropriated fund balance	372,880	-	-	372,880
	<u>\$ 7,211,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,211,900</u>
<u>PERS UAL Debt Service Fund</u>				
Debt service	\$ 3,674,766	\$ -	\$ -	\$ 3,674,766
Unappropriated fund balance	172,344	-	-	172,344
	<u>\$ 3,847,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,847,110</u>
<u>Debt Service Fund (314)</u>				
Debt service	\$ 940,500	\$ -	\$ -	\$ 940,500
	<u>\$ 940,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 940,500</u>
<u>Capital Projects Funds</u>				
Instruction	\$ 671,000	\$ -	\$ -	\$ 671,000
Support services	868,635	-	-	868,635
Facilities acquisition/construction	12,497,340	-	-	12,497,340
Debt Service	240,000	-	-	240,000
Transfer of Funds	940,500	-	-	940,500
Contingency	121,000	-	-	121,000
Unappropriated fund balance	274,365	-	-	274,365
	<u>\$ 15,612,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,612,840</u>
<u>Internal Service Fund</u>				
Support services	678,500	-	-	678,500
Facilities acquisition/construction	125,000	-	-	125,000
	<u>\$ 803,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,500</u>
<u>Trust and Agency Funds</u>				
Instruction	\$ 2,333,990	\$ -	\$ -	\$ 2,333,990
Support services	731,165	-	-	731,165
Enterprise/community services	30,500	-	-	30,500
Unappropriated fund balance	266,010	-	-	266,010
	<u>\$ 3,361,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,361,665</u>
<u>Total all funds</u>	<u>\$ 123,478,610</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 123,478,610</u>

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.

CONTENTS

Financial Trends

PAGE

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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
<u>GOVERNMENTAL ACTIVITIES:</u>				
Net investment in capital assets	\$ 39,725,603	\$ 39,423,023	\$ 34,225,425	\$ 27,896,841
Restricted	5,346,123	16,984,465	2,877,749	4,098,938
Unrestricted	(59,599,667)	(28,479,306)	(15,712,372)	(12,596,452)
Total governmental activities net position	<u>\$ (14,527,941)</u>	<u>\$ 27,928,182</u>	<u>\$ 21,390,802</u>	<u>\$ 19,399,327</u>

Source: Statement of Net Positions

<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
\$ 27,984,659	\$ 26,283,206	\$ 24,811,323	\$ 21,370,613	\$ 20,450,003	\$ 23,443,450
3,595,900	799,765	897,483	807,496	724,385	476,469
(13,703,324)	(9,969,659)	(7,173,762)	(3,993,052)	97,668	(98,127)
<u>\$ 17,877,235</u>	<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>

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)

	2015-16	2014-15	2013-14	2012-13
GOVERNMENTAL ACTIVITIES:				
Expenses by function/program:				
Instruction	\$ 67,230,267	\$ 43,713,441	\$ 46,757,925	\$ 44,384,650
Support services	38,686,480	26,780,628	27,943,762	26,918,301
Enterprise/community services	5,230,631	3,476,224	3,538,931	3,446,191
Interest on long-term debt	3,838,072	3,710,183	3,254,871	2,582,842
Total expenses	<u>114,985,450</u>	<u>77,680,476</u>	<u>81,495,489</u>	<u>77,331,984</u>
Program revenues:				
Charges for services:				
Instruction	348,001	303,620	284,124	305,089
Support services	1,806,615	537,412	632,299	677,178
Enterprise/community services	654,650	2,008,475	1,794,340	1,837,185
Total charges for services	<u>2,809,266</u>	<u>2,849,507</u>	<u>2,710,763</u>	<u>2,819,452</u>
Operating grants and contributions:				
Instruction	3,816,082	6,162,921	5,760,457	5,240,963
Support services	44,025	5,206,376	5,017,245	5,050,752
Enterprise/community services	1,597,311	1,560,499	1,521,520	1,638,140
Total operating grants and contributions	<u>5,457,418</u>	<u>12,929,796</u>	<u>12,299,222</u>	<u>11,929,855</u>
Capital grants and contributions:				
Instruction	-	242,035	-	-
Support services	27,154	-	316,591	177,351
Total capital grants and contributions	<u>27,154</u>	<u>242,035</u>	<u>316,591</u>	<u>177,351</u>
Total program revenues	<u>8,293,838</u>	<u>16,021,338</u>	<u>15,326,576</u>	<u>14,926,658</u>
Total net (expense) revenue	<u>(106,691,612)</u>	<u>(61,659,138)</u>	<u>(66,168,913)</u>	<u>(62,405,326)</u>
General revenues and other changes in net position:				
Taxes:				
Property taxes, general	23,397,860	22,324,026	20,829,803	19,832,045
Property taxes, debt services	6,931,521	6,714,742	6,342,154	6,190,437
Construction excise tax	583,471	396,735	451,324	633,158
State aid - formula grants	48,892,808	43,748,030	39,995,170	36,539,574
Other general revenues	-	343,331	280,065	324,089
Gain on sale of capital assets	-	2,709,696	104,151	274,984
Unrestricted investment earnings	-	192,752	164,186	133,131
Earnings on Investments	214,003	-	-	-
Unrestricted federal	76,413	-	-	-
Other local & Intermediate	6,113,046	-	-	-
Total general revenues	<u>86,209,122</u>	<u>76,429,312</u>	<u>68,166,853</u>	<u>63,927,418</u>
Change in net position	<u>\$ (20,482,490)</u>	<u>\$ 14,770,174</u>	<u>\$ 1,997,940</u>	<u>\$ 1,522,092</u>
Expense per pupil	<u>\$ 15,260</u>	<u>\$ 10,424</u>	<u>\$ 10,885</u>	<u>\$ 10,469</u>
Student Enrollment *	<u>7,535</u>	<u>7,452</u>	<u>7,487</u>	<u>7,387</u>

* Does not include Charter School Enrollment

Source: Statement of Activities

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
\$ 42,557,434	\$ 43,103,298	\$ 41,806,594	\$ 43,880,494	\$ 44,389,428	\$ 38,935,792
26,795,494	27,781,017	27,266,029	29,473,379	28,577,301	26,163,153
3,450,242	3,362,655	3,187,940	3,217,607	3,040,096	2,652,797
4,470,247	4,608,681	4,761,480	4,906,101	5,028,145	4,938,357
<u>77,273,417</u>	<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>
307,823	631,902	249,036	197,467	342,895	293,136
570,537	557,764	604,886	477,097	424,997	341,472
1,782,912	1,529,445	1,792,960	1,785,618	1,914,041	1,856,214
<u>2,661,272</u>	<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>
5,458,139	8,602,811	7,703,414	7,637,631	5,339,571	5,353,982
6,690,516	5,490,616	5,073,258	6,291,910	5,841,310	3,781,925
1,455,824	1,548,040	1,431,787	1,218,997	1,087,175	1,181,509
<u>13,604,479</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>
-	-	-	-	-	129,910
<u>166,175</u>	<u>137,279</u>	<u>128,068</u>	<u>182,018</u>	<u>130,304</u>	<u>-</u>
166,175	137,279	128,068	182,018	130,304	129,910
<u>16,431,926</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>(60,841,491)</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>
20,107,620	19,439,103	19,104,013	18,350,667	17,438,732	16,456,737
5,933,815	5,682,080	5,664,178	5,610,930	5,565,973	4,830,626
412,736	267,885	276,690	248,976	128,629	-
34,712,623	32,850,497	34,759,839	35,518,740	38,389,390	34,965,514
310,064	353,447	335,114	274,530	631,816	438,281
5,859	11,873	-	7,430	-	-
122,697	258,368	248,787	588,571	1,250,401	1,483,447
-	-	-	-	-	-
-	-	-	-	-	-
<u>61,605,414</u>	<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>\$ 763,923</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>\$ 10,304</u>	<u>\$ 10,432</u>	<u>\$ 10,144</u>	<u>\$ 10,538</u>	<u>\$ 10,370</u>	<u>\$ 9,265</u>
<u>7,499</u>	<u>7,559</u>	<u>7,593</u>	<u>7,732</u>	<u>7,814</u>	<u>7,846</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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
<u>GENERAL FUND:</u>				
Nonspendable - prepaid items	\$ 154,337	\$ 72,819	\$ 36,269	\$ 56,486
Assigned, encumbrances	-	-	115,347	50,396
Unassigned	4,662,501	3,971,794	3,301,186	2,950,821
Total general fund	<u>\$ 4,816,838</u>	<u>\$ 4,044,613</u>	<u>\$ 3,452,802</u>	<u>\$ 3,057,703</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Nonspendable - prepaid items	\$ -	\$ 39,601	\$ 49,623	\$ 49,623
Restricted, reported in:				
Debt Service Fund	928,356	778,012	641,630	655,429
Special Revenues Fund	1,569,550	902,995	860,504	1,491,442
Capital Projects Fund	2,848,217	14,933,568	1,375,615	1,952,067
Committed, special revenues	-	866,581	789,365	860,357
Assigned, reported in:				
Special Revenues Fund	496,895	345,994	513,226	125,974
Capital Projects Fund	-	-	4,022	297,471
Total all other governmental funds	<u>\$ 5,843,018</u>	<u>\$ 17,866,751</u>	<u>\$ 4,233,985</u>	<u>\$ 5,432,363</u>

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

Source: Balance Sheet - Governmental Funds

2011-12 (1)	2010-11	2009-10	2008-09	2007-08	2006-07
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
225,949	203,542	139,595	294,954	285,783	420,312
4,528,204	4,755,345	5,489,780	4,252,698	5,072,020	5,981,907
<u>\$ 4,754,153</u>	<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>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
645,629	799,765	897,483	807,496	724,385	476,469
1,572,859	-	-	-	-	-
1,377,412	-	-	-	-	-
863,945	-	-	-	-	-
111,485	2,239,110	2,142,265	2,357,617	3,460,416	4,295,578
188,191	1,091,108	1,334,526	1,109,901	1,175,301	1,538,038
<u>\$ 4,759,521</u>	<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>

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)

	2015-16	2014-15	2013-14	2012-13
REVENUES:				
Local Sources	\$ 41,009,126	\$ 38,677,209	\$ 36,653,166	\$ 35,786,302
Intermediate sources	2,134,356	1,181,721	828,710	846,596
State sources	49,017,229	47,821,761	43,984,779	40,558,979
Federal sources	5,190,449	5,218,128	5,469,034	4,782,018
Total revenues	<u>97,351,160</u>	<u>92,898,819</u>	<u>86,935,689</u>	<u>81,973,895</u>
EXPENDITURES:				
Instruction	53,175,892	51,931,499	48,682,017	46,266,745
Support services	27,804,745	27,103,088	25,085,779	24,265,950
Enterprise/community services	4,137,176	3,942,353	3,687,663	3,611,575
Facilities Acquisition and Construction	223,820	979,299	1,262,618	4,462,017
Capital Outlay	11,883,516	-	-	-
Debt service	12,100,898	11,802,845	10,521,521	10,005,901
Total expenditures	<u>109,326,047</u>	<u>95,759,084</u>	<u>89,239,598</u>	<u>88,612,188</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,974,887)</u>	<u>(2,860,265)</u>	<u>(2,303,909)</u>	<u>(6,638,293)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	55,000	380,000	305,931	85,000
Transfers out	(55,000)	(130,000)	(55,931)	(85,000)
Lease purchase proceeds	-	-	-	-
Lease purchase discount	-	-	-	-
Capital lease issuance	187,179	-	100,081	-
Debt issued	525,000	16,140,000	1,023,500	5,150,000
Refunding bonds issued	-	-	-	39,130,000
Bond premium	-	1,865,440	-	-
Payment to refunded bond escrow agent	-	(3,849,091)	-	(38,851,900)
Discount of bonds issued	-	-	-	(188,215)
Sale or compensation for loss of capital assets	11,200	2,328,523	127,049	374,800
Total other financing sources (uses)	<u>723,379</u>	<u>16,734,872</u>	<u>1,500,630</u>	<u>5,614,685</u>
Net change in fund balances	<u>\$ (11,251,508)</u>	<u>\$ 13,874,607</u>	<u>\$ (803,279)</u>	<u>\$ (1,023,608)</u>
Debt service as a percentage of noncapital expenditures	12.42%	12.30%	11.55%	10.66%

(1) Revenues are recognized when measurable and available.

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

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
\$ 35,008,931	\$ 34,304,640	\$ 33,560,661	\$ 32,331,426	\$ 32,441,991	\$ 30,163,233
847,393	662,339	843,915	877,325	931,769	976,199
40,103,029	36,252,703	38,265,708	41,319,801	42,889,873	37,429,235
5,048,555	9,404,216	7,697,437	6,273,808	4,636,189	4,870,426
<u>81,007,908</u>	<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>
44,221,832	44,677,612	43,261,082	45,619,040	46,029,505	40,458,586
23,776,295	24,541,277	24,543,754	25,657,642	25,500,238	23,113,812
3,535,801	3,432,733	3,233,483	3,351,019	3,117,523	3,004,712
25,255	-	7,269	-	83,875	81,374
-	-	-	-	-	-
9,466,780	9,386,367	8,946,996	8,507,226	8,163,080	7,592,895
<u>81,025,963</u>	<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>(18,055)</u>	<u>(1,414,091)</u>	<u>375,137</u>	<u>(2,332,567)</u>	<u>(1,994,399)</u>	<u>(812,286)</u>
254,228	-	267,600	1,498,557	682,314	490,000
(254,228)	-	(267,600)	(1,498,557)	(682,314)	(490,000)
-	134,264	450,000	438,000	-	319,969
-	-	-	(8,102)	-	-
-	-	-	-	-	-
437,000	353,175	355,846	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,859	11,873	-	7,430	-	-
<u>442,859</u>	<u>499,312</u>	<u>805,846</u>	<u>437,328</u>	<u>-</u>	<u>319,969</u>
<u>\$ 424,804</u>	<u>\$ (914,779)</u>	<u>\$ 1,180,983</u>	<u>\$ (1,895,239)</u>	<u>\$ (1,994,399)</u>	<u>\$ (492,317)</u>
11.75%	11.51%	11.32%	10.29%	9.90%	10.15%

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
2015-16	\$ 5,029,011,342	\$ 7,146,082,606	\$ 63,809,209	\$ 63,809,209	\$ 161,786,400	\$ 165,386,669
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

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		
\$ (141,800,109)	\$ 5,112,806,842	4.96	\$ 7,375,278,484	69.32 %
(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

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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
District Direct Rates:					
Operating	n/a %	4.96	\$ 4.96	\$ 4.96	\$ 4.96
Debt Service	n/a	1.43	1.45	1.44	1.45
Total District Direct Rates	n/a	6.39	6.41	6.40	6.41
City of Oregon City	100.00	4.52	4.52	4.52	4.28
City of Oregon City - Urban Renewal	100.00		0.84	0.84	0.85
Clackamas FD 1	27.66	2.50	2.46	2.46	2.47
Oak Lodge Water District 4	21.76	0.00	0.00	0.00	0.00
Clackamas Community College	15.34	0.75	0.71	0.71	0.72
Tri-Met Transportation District	12.99	0.00	0.00	0.00	0.00
Clackamas ESD	11.91	0.37	0.37	0.37	0.37
Clackamas County Rural	10.83	3.22	3.22	3.22	2.98
Clackamas County Library	11.39	0.40	0.40	0.40	0.40
Clackamas County Extension & 4-H	11.39	0.05	0.05	0.05	0.05
Clackamas Co. Urban Renewal Sp.	11.39	0.00	0.00	0.00	0.11
Clackamas Co. Urban Renewal Reg.	11.39	0.03	0.03	0.02	0.11
Clackamas County Vector Control	11.39	0.03	0.03	0.03	0.01
Clack. Co. Vector Control Local Opt.	11.39	0.03	0.03	0.03	0.03
Clackamas County Public Safety LO	11.39	0.25	0.25	0.25	0.25
Clackamas Co. Soil Conservation	11.39	0.00	0.05	0.05	0.05
Port of Portland	11.42	0.07	0.07	0.07	0.07
Clackamas County City	11.86	2.65	2.65	2.65	2.40
Metro Service District	10.53	0.39	0.46	0.47	0.40
Clackamas County Law Enhance.	6.17	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	1.05	2.40	2.40	2.40	2.40
Estacada Cemetery District	0.05	0.06	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	1.44	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>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
\$ 4.96	\$ 4.96	\$ 4.96	\$ 4.96	\$ 4.96	\$ 4.96
1.42	1.41	1.46	1.49	1.56	1.44
6.38	6.37	6.42	6.45	6.52	6.40
4.28	4.28	4.30	4.31	5.23	5.25
0.79	0.83	0.80	0.79	0.52	0.53
2.46	2.47	2.48	2.47	2.48	2.49
0.14	0.15	0.15	0.15	0.16	0.17
0.70	0.72	0.74	0.76	0.76	0.74
0.06	0.09	0.09	0.08	0.09	0.10
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	0.40	0.39	0.00	0.00	0.00
0.05	0.05	0.05	0.00	0.00	0.00
0.11	0.12	0.12	0.07	0.07	0.10
0.11	0.15	0.15	0.13	0.03	0.03
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	0.25	0.00
0.05	0.04	0.05	0.05	0.05	0.00
0.07	0.07	0.07	0.07	0.07	0.07
2.40	2.40	2.40	2.65	2.65	2.40
0.32	0.41	0.44	0.40	0.43	0.28
0.72	0.72	0.72	0.72	0.72	0.68
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, 2016

Taxpayer	June 30, 2016			June 30, 2007		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Portland General Electric Co.	\$ 62,529,000	1	1.32 %	\$ 43,339,000	1	1.26 %
The Landing - 302 LLC	47,410,435	2	1.00			
Northwest Natural Gas Company	25,053,000	3	0.53	21,343,700	3	0.62
Comcast Corporation	24,874,400	4	0.53			
Quantum Management	22,677,857	5	0.48	17,599,135	4	0.51
Metropolitan Life Ins. Co.	21,371,672	6	0.45	15,502,801	7	0.45
Trails End Oregon Investors LLC	19,894,324	7	0.42	15,349,427	8	0.45
Country Village Estates	19,532,718	8	0.41	14,775,359	10	0.43
Danielson, Craig T	18,542,041	9	0.39			
Investment Concepts Inc	15,599,828	10	0.33			
Beavercreek Coop. Telephone Co				15,150,600	9	0.44
CenturyLink, Inc.				17,459,200	5	0.51
Blue Heron Paper Co				25,995,544	2	0.76
Sprint Nextel Corp				15,519,400	6	0.45
ALL OTHER TAXPAYERS	<u>4,453,456,855</u>		<u>94.14</u>	<u>3,235,937,548</u>		<u>94.12</u>
TOTAL	<u>\$ 4,730,942,130</u>		<u>100.00 %</u>	<u>\$ 3,437,971,714</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		
2015-16	\$ 24,059,659	\$ 7,154,424	\$ 31,214,083	\$ 29,684,165	95.1 %
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

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

<u>Prior Years Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Tax Collections as a Percentage of Current Levy</u>	<u>Uncollected Taxes</u>	<u>Uncollected Taxes as a Percentage of Current Levy</u>
\$ 570,455	\$ 30,254,620	96.9 %	\$ 1,781,230	5.7 %
651,889	30,316,032	101.9	1,372,292	4.6
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

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)
2015-16	\$ 39,525,000	\$ 39,205,000	\$ 140,002	\$ 3,016,600	\$ 81,886,602	\$ 1,763,247	1.60 %	n/a %	\$ 1,444
2014-15	46,170,000	40,665,000	220,002	2,894,944	89,949,946	1,745,210	1.83	0.45	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	-	101,820,000	2,524,922	2.65	0.62	1,836
2007-08	58,115,000	45,815,000	825,000	-	104,755,000	2,754,460	2.88	0.60	1,903
2006-07	60,665,000	45,990,000	1,006,000	-	107,661,000	2,983,998	3.13	0.65	1,970
2005-06	62,940,000	45,990,000	830,000	-	109,760,000	3,213,536	3.38	0.69	2,031

(1) See the Schedule Assessed and Real Market Value of Taxable Property for assessed value data.

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

(3) See the Schedule of Demographic and Economic Statistics 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>
2015-16	56,719 (1)	8,064.1	\$ 5,112,806,842
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

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>
\$ 78,730,000	\$ 906,141	\$ 77,823,859	1.52 %	\$ 1,372	\$ 9,651
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

OREGON CITY SCHOOL DISTRICT NO. 62*

Clackamas County, Oregon

Direct and Overlapping Governmental Activities Debt
June 30, 2016

<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>\$ 82,079,482</u>	<u>\$ 82,079,482</u>
<u>OVERLAPPING GOVERNMENT:</u>			
City of Oregon City	100.00	385,000	385,000
Clackamas RFPD #1	27.10	16,700,000	4,525,333
Clackamas Community College	15.36	62,061,012	9,532,199
Clackamas County ESD	11.83	22,960,637	2,715,371
Clackamas County	11.23	101,775,136	11,431,994
City of Gladstone	2.99	1,614,000	48,226
Metro	1.93	199,855,000	3,858,600
Molalla RFPD #73	0.02	3,345,000	595
Subtotal Overlapping Debt			<u>32,497,318</u>
Total Direct and Overlapping Debt			<u><u>\$ 114,576,800</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
2015-16	\$ 7,375,278,484	\$ 586,334,639	\$ 77,823,859	\$ 508,510,780	13.27 %
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

(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)
2015-16 (a)	56,719 (1)	\$ n/a	\$ n/a	7,535	4.3 %	88	\$ 19,797
2014-15	56,662 (1)	19,901,153	49,565	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

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.

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OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Principal Employers
June 30, 2016

Employer	June 30, 2016		June 30, 2007	
	Employees	Percent of Total Estimated Employment	Employees (1)	Percent of Total Estimated Employment
Clackamas County Government *	1,884	3.32 %	2,255	4.17 %
Clackamas Community College	914	1.61	971	1.80
Oregon City School District No. 62	915	1.61	959	1.77
Providence Willamette Falls Hospital	645	1.14	820	1.52
Fred Meyer	385	0.68	290	0.54
City of Oregon City	259	0.46	200	0.37
Home Depot	210	0.37	n/a	n/a
Safeway	170	0.30	n/a	n/a
Albertson's	65	0.11	100	0.19
Portland General Electric	82	0.14	116	0.21
TOTAL	<u>5,529</u>	<u>9.74 %</u>	<u>5,711</u>	<u>10.57 %</u>

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

* Used prior year numbers as the number was not available at the time of publication

(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

<u>FUNCTION</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
General Fund:					
Instruction	438.6	409.5	412.8	406.2	403.7
Support Services	250.1	257.5	247.5	234.8	235.6
Enterprise/Community Services	4.3	5.3	4.8	2.7	2.5
Total General Fund	<u>692.9</u>	<u>672.3</u>	<u>665.1</u>	<u>643.7</u>	<u>641.8</u>
Special Revenue Funds:					
Instruction	34.2	48.5	57.8	46.0	43.8
Support Services	17.6	13.7	12.6	14.7	14.2
Enterprise/Community Services	29.8	31.9	30.5	31.1	32.5
Total Special Revenue Funds	<u>81.6</u>	<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	0.0
Total Capital Projects Funds	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Internal Service Fund:					
Support Services	1.0	1.0	0.5	0.5	0.5
Total Internal Service Fund	<u>1.0</u>	<u>1.0</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Trust and Agency Funds:					
Instruction	28.1	28.6	20.6	15.7	12.2
Support Services	7.9	5.7	6.8	4.1	2.9
Total Trust and Agency Funds	<u>35.9</u>	<u>34.3</u>	<u>27.4</u>	<u>19.8</u>	<u>15.1</u>
Grand Total All Funds	<u>811.5</u>	<u>801.7</u>	<u>793.9</u>	<u>755.8</u>	<u>747.9</u>

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

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

<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
403.7	397.4	398.1	447.8	452.4	422.1
235.6	240.0	240.4	261.7	262.4	257.1
2.5	2.6	2.6	2.6	4.0	3.5
<u>641.8</u>	<u>640.0</u>	<u>641.1</u>	<u>712.1</u>	<u>718.8</u>	<u>682.7</u>
43.8	51.1	56.3	52.7	58.0	66.9
14.2	22.4	21.3	17.3	15.8	15.2
32.5	30.7	31.8	33.3	33.6	36.0
<u>90.5</u>	<u>104.2</u>	<u>109.4</u>	<u>103.3</u>	<u>107.4</u>	<u>118.1</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>
12.2	8.6	6.8	6.7	9.0	6.3
2.9	2.1	1.5	1.8	1.0	1.2
<u>15.1</u>	<u>10.7</u>	<u>8.3</u>	<u>8.5</u>	<u>10.0</u>	<u>7.5</u>
<u>747.9</u>	<u>755.4</u>	<u>759.3</u>	<u>824.4</u>	<u>836.7</u>	<u>808.8</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
2015-16	7,535	\$ 84,901,975	\$ 11,268	2.42 %	\$ 109,326,047	\$ 14,509	12.91 %	18.50 :1	38.7 %
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	-0.44	20.00 :1	40.7
2010-11	7,559	72,108,814	9,539	3.93	82,037,989	10,853	4.14	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

(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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
REVENUES AND OTHER FINANCING SOURCES:				
Local Sources:				
Property Taxes (2)	\$ 23,409,138 29.80%	\$ 22,164,575 29.62%	\$ 20,767,357 30.01%	\$ 19,712,770 29.88%
Miscellaneous Local Sources	1,680,626 2.14%	1,627,124 2.17%	1,644,911 2.38%	1,879,953 2.85%
Total Local Sources	25,089,764 31.94%	23,791,699 31.79%	22,412,268 32.39%	21,592,723 32.73%
Intermediate Sources:				
County School Funds	797,721 1.02%	383,586 0.51%	64 0.00%	42,344 0.06%
State Sources:				
School Support Fund	47,151,577 60.03%	45,607,400 60.95%	42,706,944 61.72%	38,521,576 58.40%
Miscellaneous and Restricted Grants	1,388,338 1.77%	1,463,184 1.96%	781,877 1.13%	1,012,485 1.53%
Total State Sources	48,539,916 61.80%	47,070,584 62.91%	43,488,821 62.85%	39,534,061 59.93%
Federal Sources	76,412 0.10%	9,821 0.01%	41,377 0.06%	42,851 0.06%
Other Financing Sources	0 0.00%	120,000 0.16%	194,069 0.28%	0 0.00%
Beginning Fund Balance Available for Appropriation	4,044,613 5.15%	3,452,802 4.61%	3,057,703 4.42%	4,754,153 7.21%
Total Revenues and Other Financing Sources	<u>\$ 78,548,426</u>	<u>\$ 74,828,492</u>	<u>\$ 69,194,302</u>	<u>\$ 65,966,132</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>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
\$ 19,797,126 29.82%	\$ 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%
1,764,372 2.66%	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%
21,561,498 32.48%	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%
15,712 0.02%	10,323 0.02%	1,049 0.00%	6,782 0.01%	1,077 0.00%	17,115 0.03%
36,953,655 55.66%	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%
2,828,431 4.26%	1,175,673 1.79%	1,263,804 1.92%	3,550,924 5.13%	2,620,123 3.78%	877,579 1.38%
39,782,086 59.92%	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%
70,271 0.11%	2,711,234 4.12%	2,291,627 3.48%	1,746,456 2.52%	203,936 0.29%	206,369 0.32%
0 0.00%	26,242 0.04%	267,600 0.41%	1,238,387 1.79%	246,193 0.35%	0 0.00%
4,958,887 7.47%	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%
<u>\$ 66,388,454</u>	<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>

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

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

EXPENDITURES:	2015-16	2014-15	2013-14	2012-13
Instruction:				
Regular Instruction	\$ 29,993,757 40.57%	\$ 29,028,079 40.93%	\$ 27,037,742 40.97%	\$ 26,329,807 42.03%
Special Programs	17,694,257 23.93%	16,838,891 23.74%	15,985,584 24.22%	14,547,008 23.22%
Support Services:				
Students	6,079,694 8.22%	5,054,515 7.13%	4,033,429 6.11%	3,626,581 5.79%
Instructional Staff	1,633,523 2.21%	1,548,893 2.18%	1,400,104 2.12%	1,267,504 2.02%
General Administration	467,005 0.63%	503,499 0.71%	484,161 0.73%	448,547 0.72%
School Administration	3,877,328 5.24%	3,827,829 5.40%	3,773,458 5.72%	3,604,650 5.75%
Business:				
Direction and Fiscal Services	1,090,253 1.47%	985,052 1.39%	941,162 1.43%	863,874 1.38%
Operation and Maintenance of Plant	5,547,934 7.50%	5,688,947 8.02%	5,260,815 7.97%	5,203,979 8.31%
Student Transportation	4,557,155 6.16%	4,585,288 6.47%	4,228,875 6.41%	4,290,091 6.85%
Internal Services	463,497 0.63%	555,570 0.78%	460,237 0.70%	347,947 0.56%
Central Support	1,677,524 2.27%	1,510,276 2.13%	1,613,750 2.45%	1,594,691 2.55%
Other Support	0 0.00%	0 0.00%	0 0.00%	0 0.00%
Enterprise/Community Services	793,657 1.07%	671,696 0.95%	587,134 0.89%	523,197 0.84%
Debt Service	0 0.00%	0 0.00%	0 0.00%	0 0.00%
Other Uses - Transfers Out	55,000 0.07%	120,000 0.17%	194,069 0.29%	0 0.00%
Total Expenditures	<u>\$ 73,930,584</u>	<u>\$ 70,918,535</u>	<u>\$ 66,000,520</u>	<u>\$ 62,647,876</u>
Student Enrollment *	7,535	7,452	7,487	7,387
Expenditures/Other Uses Per Student	\$ 9,812	\$ 9,517	\$ 8,815	\$ 8,481

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.

* Does not include Charter School Enrollment

Source: Oregon City School District No. 62 financial records

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
\$ 25,647,238 41.60%	\$ 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%
13,618,865 22.09%	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%
3,522,995 5.71%	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%
1,416,130 2.30%	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%
449,077 0.73%	442,786 0.73%	437,680 0.73%	463,867 0.72%	440,125 0.69%	448,101 0.78%
3,962,719 6.43%	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%
806,692 1.31%	780,294 1.28%	796,460 1.33%	928,630 1.44%	896,462 1.40%	783,565 1.37%
5,235,031 8.49%	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%
4,028,191 6.53%	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%
446,213 0.72%	221,355 0.36%	433,262 0.72%	485,016 0.75%	305,182 0.48%	319,924 0.56%
1,728,489 2.80%	1,720,129 2.82%	1,774,441 2.95%	1,746,119 2.70%	1,556,689 2.44%	953,057 1.67%
0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%
513,441 0.83%	502,915 0.83%	434,784 0.72%	431,543 0.67%	401,719 0.63%	399,696 0.70%
27,399 0.04%	201,558 0.33%	194,985 0.32%	194,143 0.30%	192,745 0.30%	195,395 0.34%
254,228 0.41%	0 0.00%	0 0.00%	267,600 0.41%	423,000 0.66%	490,000 0.86%
<u>\$ 61,656,708</u>	<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>
7,499	7,559	7,593	7,732	7,814	7,846
\$ 8,222	\$ 8,056	\$ 7,914	\$ 8,369	\$ 8,173	\$ 7,278

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon

Capital Asset Information
Last Ten Fiscal Years

Elementary Schools:	Year Built	2015-16	2014-15	2013-14	2012-13
Beavercreek	1948				
Square Feet		56,150	56,150	56,150	56,150
Preferred Student Capacity		560	560	560	560
Enrollment		539	539	548	480
Candy Lane	1969				
Square Feet		34,930	34,930	34,930	34,930
Preferred Student Capacity		200	200	200	200
Enrollment		309	309	252	235
Gaffney Lane	1965				
Square Feet		56,828	56,828	56,828	56,828
Preferred Student Capacity		600	600	600	600
Enrollment		566	566	533	536
Holcomb	1966				
Square Feet		51,090	51,090	51,090	51,090
Preferred Student Capacity		661	661	661	661
Enrollment		488	488	536	547
Jennings Lodge	1938				
Square Feet		31,980	31,980	31,980	31,980
Preferred Student Capacity		275	275	275	275
Enrollment		237	237	312	292
John McLoughlin	1975				
Square Feet		57,780	57,780	57,780	57,780
Preferred Student Capacity		583	583	583	583
Enrollment		556	556	561	545
Redland	1948				
Square Feet		55,000	55,000	55,000	55,000
Preferred Student Capacity		607	607	607	607
Enrollment		529	529	539	547
Middle Schools:					
Mt. Pleasant (Gardiner grade 6)	1929				
Square Feet		0	0	50,150	50,150
Preferred Student Capacity		0	0	560	560
Enrollment (1)		0	0	0	258
Gardiner (grades 6-8)	1954/ 2013	106,890	106,890	106,890	98,600
Square Feet		853	853	853	613
Preferred Student Capacity		762	762	775	587
Enrollment					
Ogden	1965/ 2012	107,538	107,538	107,538	107,538
Square Feet		896	896	896	896
Preferred Student Capacity		876	876	888	898
Enrollment					
High Schools:					
Oregon City High School (2)	2003				
Square Feet		323,000	323,000	323,000	304,440
Preferred Student Capacity		2,450	2,450	2,450	2,450
Enrollment		2,187	2,187	2,199	2,187
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	188	344	275

(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.

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

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

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
56,150	56,150	56,150	56,150	56,150	56,150
560	560	560	560	560	560
432	441	465	458	453	494
34,930	34,930	34,930	34,930	34,930	34,930
200	200	200	200	200	200
182	202	224	263	243	221
56,828	56,828	56,828	56,828	56,828	56,828
600	600	600	600	600	600
570	573	551	561	575	590
51,090	51,090	51,090	51,090	51,090	51,090
661	661	661	661	661	661
542	566	563	494	456	427
31,980	31,980	31,980	31,980	31,980	31,980
275	275	275	275	275	275
293	296	328	295	319	312
57,780	57,780	57,780	57,780	57,780	57,780
583	583	583	583	583	583
557	554	569	588	582	579
55,000	55,000	55,000	55,000	55,000	55,000
607	607	607	607	607	607
544	572	570	473	522	546
50,150	50,150	50,150	50,150	50,150	50,150
560	560	560	560	560	560
403	395	378	391	391	400
98,600	98,600	98,600	98,600	98,600	98,600
613	613	613	613	613	613
625	633	552	547	577	611
100,370	100,370	100,370	100,370	100,370	100,370
656	656	656	656	656	656
608	623	631	627	663	664
323,000	323,000	323,000	323,000	323,000	323,000
2,450	2,450	2,450	2,450	2,450	2,450
2,200	2,194	2,231	2,125	2,213	2,259
44,220	44,220	44,220	44,220	44,220	44,220
400	400	400	400	400	400
375	369	412	416	419	402

OREGON CITY SCHOOL DISTRICT NO. 62

Clackamas County, Oregon

Teacher Full-Time Equivalents (FTE) by Education Range and Step
June 30, 2016

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	0.00	0.00	0.00	0.00
3	6.80	0.00	0.00	6.80	1.00	3.00	17.60
4	3.00	0.00	0.00	20.60	3.80	3.00	30.40
5	0.00	1.00	0.00	10.80	3.00	6.00	20.80
6	2.75	0.70	0.00	11.35	3.00	6.30	24.10
7	1.00	0.00	0.00	8.95	5.50	3.50	18.95
8	3.00	0.00	0.00	15.75	3.00	1.00	22.75
9	0.00	0.00	0.00	7.50	2.00	5.00	14.50
10	0.00	0.00	1.00	13.30	9.10	10.50	33.90
11	0.00	1.00	0.00	10.25	6.50	14.25	32.00
12	3.00	1.00	0.00	5.00	2.80	6.00	17.80
13	0.00	8.10	1.00	8.00	6.00	5.00	28.10
14	0.00	0.00	3.63	11.75	3.00	5.20	23.58
15	0.00	0.00	0.00	5.00	5.00	9.00	19.00
16	0.00	0.00	0.00	22.60	14.50	16.30	53.40
17	0.00	0.00	0.00	0.00	0.00	50.85	50.85
Total FTE	<u>19.55</u>	<u>11.80</u>	<u>5.63</u>	<u>157.65</u>	<u>68.20</u>	<u>144.90</u>	<u>407.73</u>

Estimated Average Teacher Salary: \$61,495.97

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
2015-16	548	18.5	503,744	221,650	1,080,033	4,347
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

(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

	2015-16	2014-15	2013-14	2012-13 (3)	2011-12
REVENUES AND OTHER FINANCING SOURCES:					
Local sources:					
Current/prior years' taxes (1)	\$ 30,952,392	\$ 29,276,856	\$ 27,580,481	\$ 26,513,339	\$ 26,068,553
Earnings on investments	282,327	158,809	127,964	135,352	124,930
Food services	654,650	627,501	652,412	694,671	686,866
Extracurricular activities	2,767,164	2,197,457	2,351,397	2,366,570	2,429,741
Community service activities	1,609,032	1,392,297	1,143,158	1,186,587	1,078,586
Miscellaneous	5,450,722	5,652,170	5,333,824	5,431,920	5,134,714
Total local sources	<u>41,716,287</u>	<u>39,305,090</u>	<u>37,189,236</u>	<u>36,328,439</u>	<u>35,523,390</u>
Intermediate sources:					
ESD funds	1,570,214	1,136,944	767,026	788,540	831,681
Miscellaneous	23,875	21,067	38,538	58,056	15,712
Total intermediate sources	<u>1,594,090</u>	<u>1,158,011</u>	<u>805,564</u>	<u>846,596</u>	<u>847,393</u>
State sources:					
School support fund	46,538,935	45,299,224	41,819,628	37,528,883	35,159,868
SSF - transportation	3,762,935	2,950,397	3,061,744	3,081,126	3,202,382
Common school fund	893,542	741,068	349,970	731,466	664,479
Restricted grants	1,029,042	906,575	540,976	9,250	1,788,584
Miscellaneous	483,333	590,440	410,035	906,075	408,128
Total state sources	<u>52,707,787</u>	<u>50,487,704</u>	<u>46,182,353</u>	<u>42,256,800</u>	<u>41,223,441</u>
Federal sources:					
School nutrition	1,446,811	1,306,545	644,000	1,318,774	1,346,261
Restricted grants	3,667,226	3,901,761	4,783,660	3,420,393	3,655,357
Miscellaneous	76,412	9,821	41,377	42,851	46,937
Total federal sources	<u>5,190,449</u>	<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	55,000	380,000	305,931	103,782	254,228
Lease purchase proceeds	187,179	-	100,081	-	-
Loan Proceeds	525,000	16,140,000	1,023,500	5,150,000	437,000
Bond proceeds	-	1,865,440	-	38,941,785	-
Sale or compensation for loss of capital assets	11,200	2,328,523	127,049	374,800	5,859
Total other financing sources	<u>778,379</u>	<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>22,488,116</u>	<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>\$ 124,475,107</u>	<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
\$ 25,502,789	\$ 24,975,105	\$ 23,871,454	\$ 22,762,087	\$ 21,203,145
116,206	152,595	503,229	1,171,775	1,376,106
734,963	815,560	885,721	1,015,553	988,196
2,300,130	2,135,845	2,173,808	2,368,037	2,128,194
1,073,674	1,010,723	955,005	909,067	864,970
5,387,244	5,419,613	4,573,009	4,563,965	4,360,651
35,115,006	34,509,441	32,962,226	32,790,484	30,921,262
626,308	829,557	838,293	925,721	931,016
36,031	14,357	39,032	6,048	92,691
662,339	843,914	877,325	931,769	1,023,707
33,006,857	34,646,910	35,705,252	38,191,727	34,752,227
2,869,333	2,918,005	2,598,097	2,467,907	2,043,320
666,651	699,404	552,452	771,877	682,281
41,884	35,070	1,743,115	1,912,944	183,311
467,139	529,330	1,296,093	138,210	189,583
37,051,864	38,828,719	41,895,009	43,482,665	37,850,722
1,318,297	1,295,363	981,347	918,640	875,584
7,972,623	6,254,982	5,104,670	3,513,615	3,788,471
151,454	169,230	187,791	203,936	206,369
9,442,374	7,719,575	6,273,808	4,636,191	4,870,424
-	267,600	1,498,558	682,314	490,000
134,263	355,846	429,897	-	319,969
353,175	450,000	-	-	-
-	-	-	-	-
11,873	-	7,429	-	-
499,311	1,073,446	1,935,884	682,314	809,969
10,703,003	9,106,170	10,940,290	13,312,720	13,944,191
\$ 93,473,897	\$ 92,081,265	\$ 94,884,542	\$ 95,836,143	\$ 89,420,275

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

<u>EXPENDITURES:</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13 (1)</u>
Instruction:				
Regular instruction:				
Elementary	\$ 14,251,229	\$ 13,719,411	\$ 12,260,192	\$ 11,756,731
Middle school	7,307,658	7,194,299	6,947,250	6,845,765
High school	13,714,094	13,205,323	11,956,671	11,344,259
Special programs:				
Restrictive programs	6,683,427	7,139,815	7,771,745	5,641,289
Less restrictive programs	3,144,562	3,268,731	2,664,210	2,589,100
Charter School Payments	6,692,059	5,978,326	5,364,726	4,474,877
Other programs	3,634,393	3,373,772	3,426,048	4,719,677
Total instruction	<u>55,427,421</u>	<u>53,879,677</u>	<u>50,390,842</u>	<u>47,371,698</u>
Support services:				
Students:				
Guidance/health services	2,023,653	2,446,946	226,392	1,981,756
Psychological/speech services	2,082,733	1,974,578	1,647,988	1,495,002
Student support direction	2,169,853	1,208,656	648,173	640,761
Other	1,283,155	689,972	520,161	377,411
Instructional staff support:				
Educational media services	915,901	908,837	824,817	839,025
Other	1,248,430	1,278,354	1,372,967	1,181,789
General administration	494,339	504,257	484,734	448,930
School administration	4,303,339	4,245,195	4,085,597	3,965,966
Business:				
Direction and fiscal services	1,115,516	1,028,412	980,928	905,903
Operation and maintenance	5,892,487	6,033,602	5,761,176	5,541,183
Student transportation	5,549,379	5,198,941	4,867,074	4,815,672
Internal services	1,087,301	906,040	923,252	844,715
Central support	2,183,896	1,909,639	1,909,168	2,193,608
Total support services	<u>30,349,982</u>	<u>28,333,429</u>	<u>24,252,427</u>	<u>25,231,721</u>
Enterprise/community services:				
Food services	2,365,490	2,196,862	2,181,957	2,127,201
Community education	740,367	620,967	562,777	464,667
Child care services	934,813	1,005,769	826,062	869,937
Other	131,636	122,546	118,896	188,247
Total enterprise/community services	<u>4,172,305</u>	<u>3,946,144</u>	<u>3,689,692</u>	<u>3,650,052</u>
Facilities acquisition/construction	<u>11,143,553</u>	<u>979,299</u>	<u>1,262,617</u>	<u>4,462,018</u>
Debt service	<u>12,100,899</u>	<u>15,651,937</u>	<u>10,521,521</u>	<u>48,857,802</u>
Other financing uses: transfers out	<u>55,000</u>	<u>380,000</u>	<u>305,931</u>	<u>103,782</u>
Total expenditures and other financing uses	<u>\$ 113,249,161</u>	<u>\$ 103,170,486</u>	<u>\$ 90,423,030</u>	<u>\$ 129,677,073</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>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
\$ 13,645,117	\$ 14,052,476	\$ 14,294,358	\$ 15,914,562	\$ 16,391,698	\$ 14,893,795
4,729,225	4,806,718	4,493,396	5,027,982	5,103,699	4,708,835
10,521,316	10,337,936	9,377,355	9,955,994	10,272,138	9,592,847
6,797,976	7,260,110	7,379,153	7,622,240	7,626,444	6,865,583
2,350,910	2,150,269	1,728,072	1,295,701	1,246,896	1,127,282
4,049,138	3,448,867	3,248,048	3,018,308	2,427,481	806,450
3,018,686	3,170,164	3,068,667	3,145,682	3,083,914	2,915,064
<u>45,112,368</u>	<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>
1,844,879	1,844,971	1,775,702	2,136,038	2,121,840	2,115,926
1,507,156	1,562,486	1,527,203	1,518,587	1,539,936	1,384,486
584,591	790,625	694,619	661,788	794,735	701,798
371,812	353,907	343,519	411,912	465,877	389,861
731,435	876,564	872,024	1,212,366	1,073,879	1,190,092
1,268,741	1,630,880	1,230,815	910,871	1,066,042	943,058
449,077	445,286	441,680	464,482	439,998	453,662
4,269,794	4,243,399	4,205,069	4,398,272	4,248,711	4,056,787
815,108	793,863	814,134	948,959	908,775	819,554
5,335,483	5,666,180	5,388,339	6,342,202	6,161,713	5,778,692
4,473,922	4,441,106	4,404,866	4,300,861	4,230,666	3,641,977
888,363	916,711	1,102,660	982,714	951,434	977,723
2,007,322	2,127,197	2,518,515	2,143,925	2,281,486	1,520,276
<u>24,547,683</u>	<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>
2,105,418	2,055,817	2,010,733	2,096,774	1,982,490	1,990,640
455,671	452,202	354,357	317,366	286,656	254,842
813,656	699,402	717,688	718,712	661,342	509,622
174,669	237,175	165,426	226,292	178,029	281,816
<u>3,549,414</u>	<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>
25,256	-	7,269	-	83,874	85,064
9,466,779	9,386,367	8,946,996	8,507,225	8,163,080	7,592,895
254,228	-	267,600	1,498,558	682,314	490,000
<u>\$ 82,955,728</u>	<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>

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INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS

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January 2, 2017

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Oregon City School District No. 62 as of and for the year ended June 30, 2016, and have issued our report thereon dated January 2, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

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

1. Budget over expenditure as noted on page 39 of the CAFR.
2. The resolution adopting the budget does not sum correctly for the Special Revenue Fund, total appropriations and total adopted budget.
3. In our testing of teacher experience, we noted one teacher where the District was not able to provide evidence to fully substantiate the teacher's years of service in the District.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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


Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

GRANT COMPLIANCE REVIEW

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OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor, Pass through Grantor, Program Title	Pass-Through Organization	Pass-Through Entity Number	CFDA Number	2015 - 2016 Expenditures	Passed Through To Subrecipients
<u>U. S. Department of Education:</u>					
Special Education Grants to States - Title I Part A Grants to LEAs:	ODE	32651	84.010	\$ 160,565	\$ -
Special Education Grants to States - Title I Part A Grants to LEAs:	ODE	36042	84.010	909,103	-
				1,069,667 (1)	-
<u>Special Education Cluster:</u>					
Special Education Grants IDEA Part B:					
Special Education Grants IDEA Part B:	ODE	38397	84.027	12,731	-
Special Education Grants IDEA Part B:	ODE	37961	84.027	5,667	-
Special Education Grants IDEA Part B:	ODE	35789	84.027	4,500	-
Special Education Grants IDEA Part B:	ODE	36940	84.027	1,212,768	-
				1,235,666	-
Special Education Grants IDEA Part B:	ODE	37232	84.173	3,943	-
Special Education Grants IDEA Part B:	ODE	33513	84.173	5,622	-
				9,566	-
<u>Special Education Cluster</u>				1,245,232	-
Special Education Grants IDEA Part D:	ODE	32398	84.323	2,645	-
				2,645	-
Improving Teacher Quality State Grants - Title II Part A:	ODE	36239	84.367	174,355	-
Improving Teacher Quality State Grants - Title II Part A:	ODE	32975	84.367	49,664	-
				224,019	-
English Language Acquisition Grants - Title III Part A:	ODE	36352	84.365	21,701	-
English Language Acquisition Grants - Title III Part A:	ODE	32353	84.365	14,154	-
				35,855	-
Vocational Rehabilitation Grants - YTP	OR Dept. of Human Resources	143288	84.126A	75,232	-

OREGON CITY SCHOOL DISTRICT NO. 62
Clackamas County, Oregon
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2016

Federal Grantor, Pass through Grantor, Program Title	Pass-Through Organization	Pass-Through Entity Number	CFDA Number	2015 - 2016 Expenditures	Passed Through To Subrecipients
<u>U.S. Department of Education (continued)</u>					
Education for Homeless Children and Youth	Clackamas County ESD	32278	84.196	\$ 190,941	\$ -
Education for Homeless Children and Youth	Clackamas County ESD	36390	84.196	364,292	-
				<u>555,233</u>	<u>-</u>
Migrant Education Title 1C	Clackamas County ESD	N/A	84.011A	3,605	-
Migrant Education Title 1C	Clackamas County ESD	N/A	84.011A	12,637	-
				<u>16,243</u>	<u>-</u>
Career and Technical Education - Carl Perkins III	Clackamas County ESD	7050	84.048	498	-
Career and Technical Education - Carl Perkins III	Clackamas County ESD	36400	84.048	29,325	-
				<u>29,823</u>	<u>-</u>
Autism Contracts	Portland Public Schools	N/A	84.027A	151,501	-
				<u>3,405,449</u>	<u>-</u>
Total U.S. Department of Education					
				<u>3,405,449</u>	<u>-</u>
<u>U.S. Department of Agriculture:</u>					
Passed through Oregon Department of Education:					
<u>Child Nutrition Cluster:</u>					
National School Lunch	ODE	N/A	10.555	1,121,241	-
National School Breakfast	ODE	N/A	10.553	275,386	-
Noncash Assistance: Commodities	ODE	N/A	10.555	149,176	-
Noncash Assistance: Commodities	ODE	N/A	10.559	182	-
Summer Food Service	ODE	N/A	10.559	35,421	-
<u>Total Child Nutrition Cluster</u>				<u>1,581,405</u>	<u>-</u>
Child and Adult Care Food Program	ODE	N/A	10.558	14,764	-
Cash Commodities	ODE	N/A	10.558	1,142	-
				<u>15,906</u>	<u>-</u>
Federal Forest Fees	Clackamas County	2015-2016	10.665	76,412	-
Total U.S. Department of Agriculture				<u>1,673,722</u>	<u>-</u>
<u>U.S. Department of Health and Human Services:</u>					
Drug-Free Communities Support Programs Grants	SAMHSA	1H795PO19745-01	93.276	111,056	-
Total U.S. Department of Health and Human Services				<u>111,056</u>	<u>-</u>
Total Grants Expended or Passed Through to Subrecipients				<u>\$ 5,190,228</u>	<u>\$ -</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.

(1) - Major Program



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January 2, 2017

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Oregon City School District No. 62 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 2, 2017.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.



January 2, 2017

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on 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 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2016. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 the federal program. However, our audit does not provide a legal determination of compliance.

Opinion on 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 its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

OREGON CITY SCHOOL DISTRICT NO. 62
WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to the financial statements noted?

☐ yes ☒ no

Any GAGAS findings disclosed that are required to be reported in
accordance with section 515(d)(2) of the Uniform Guidance?

☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance
with section 200.516(a) the Uniform Guidance?

☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

84.010

Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

OREGON CITY SCHOOL DISTRICT NO. 62
WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal expenditures includes federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance.