

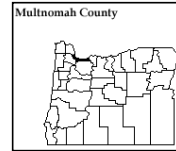
**Appendix ■**  
**Parkrose School District No. 3**

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### Parkrose School District No. 3

Parkrose School District No. 3 (as used in this Appendix **■** the “District”) is a Series 2018 Issuer.

The District is located in Multnomah County and includes a portion of the City of Portland, the City of Maywood Park, and unincorporated areas of Multnomah County. The District was formed in 1885 and covers an area of approximately 15 square miles.



The District operates four elementary schools, one middle school, and one high school. Historical and projected enrollments are shown in the following table:

#### Historical and Projected Enrollment

Fiscal Year	Average Daily Membership(w) <sup>(1)</sup>	Enrollment <sup>(2)</sup>	Teaching Staff <sup>(3)</sup>	Student to Teacher Ratio
2019 <sup>(4)</sup>	4,059.6	3,234	166.9	19.4
2018 <sup>(5)</sup>	3,975.8	3,197	172.3	18.6
2017	4,059.9	3,344	168.8	19.8
2016	4,202.8	3,218	165.3	19.5
2015	4,112.5	3,301	162.5	20.3
2014	4,015.4	3,337	157.9	21.1
2013	4,032.6	3,337	165.3	20.2

- (1) Weighted Average Daily Membership is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts.
- (2) Enrollment is the number of students attending classes.
- (3) Full-time equivalent licensed employees. Includes classroom, music, physical education, special education teachers, librarians and counselors.
- (4) Projected.
- (5) Preliminary, subject to change.

Source: Oregon Department of Education and Parkrose School District No. 3.

As of October 2018, the District had 275 full-time employees and 120 part-time employees.

#### Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Oregon School Employees Association	126.79 (classified)	June 30, 2020
Oregon Education Association	185.5 (licensed)	June 30, 2019

Source: Parkrose School District No. 3.

### The Board of Directors

The policies of the District are established by an elected five-member Board. The current members of the Board are:

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#### Board of Directors

<u>Name</u>	<u>Position</u>	<u>Occupation</u>	<u>Service Began</u>	<u>Term Expires</u>
<u>Sara Kirby</u>	<u>Chair</u>	<u>Metro, solid waste planner</u>	<u>Feb. 23, 2016</u>	<u>June 30, 2019</u>
<u>Sonja McKenzie</u>	<u>Vice Chair</u>	<u>Program Director, STEM+Arts program</u>	<u>July 1, 2017</u>	<u>June 30, 2021</u>
<u>Mary Lu Baetkey</u>	<u>Director</u>	<u>Retired</u>	<u>July 1, 2013</u>	<u>June 30, 2021</u>
<u>Dave Carter</u>	<u>Director</u>	<u>Produce Manager</u>	<u>July 1, 2015</u>	<u>June 30, 2019</u>
<u>Erick Flores</u>	<u>Director</u>	<u>Educator</u>	<u>July 1, 2013</u>	<u>June 30, 2021</u>

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Source: Parkrose School District No. 3.

### Key Administrative Officials

The day-to-day affairs of the District are managed by a professional administrative staff which includes the following principal officials:

Michael Lopes-Serrao, Superintendent. Mr. Lopes-Serrao has worked at the District since 2002. He was appointed as Superintendent in 2018. He has held positions of Assistant Superintendent, Director of School Improvement, and Principal of Prescott Elementary School. He holds a Bachelor's of Science degree in Elementary Education and a Master's degree and Continuing Administration license through Portland State University.

Sharie Lewis, Director of Business Services & Operations. Ms. Lewis has served as Director of Business Services & Operations since July 2015. Prior to joining the District, she worked for Portland Public Schools as the Director of Accounting from 2004-2015. She holds 5-year advanced degree/Master's degree from Memphis State (University of Memphis) with accounting as the focus. Ms. Lewis is also a Certified Public Accountant.

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The Series 2018 Pension Bonds. The District's Series 2018 Pension Bonds ~~isare~~ authorized and issued pursuant to ORS 238.692 to 238.698, inclusive (the "Pension Bonding Act"), which authorizes school districts to issue limited tax bonds under ORS 288.150 to 288.165, inclusive, to finance their pension liabilities, and pursuant to a Resolution approved by the District's Board of Directors on June 25, 2018.

**Projected Pension Bonds Debt Service Requirements**

Fiscal Year	Series 2018 Pension Bond <sup>(1)</sup>		Total Debt Service <sup>(1)</sup>
	Principal	Interest	
2019	\$ 105,000	\$ 521,426	\$ 626,426
2020	310,000	973,958	1,283,958
2021	370,000	962,519	1,332,519
2022	430,000	948,163	1,378,163
2023	495,000	930,760	1,425,760
2024	565,000	910,233	1,475,233
2025	640,000	885,734	1,525,734
2026	725,000	857,344	1,582,344
2027	810,000	824,422	1,634,422
2028	905,000	787,235	1,692,235
2029	1,010,000	744,781	1,754,781
2030	1,115,000	696,897	1,811,897
2031	1,235,000	643,477	1,878,477
2032	1,360,000	583,691	1,943,691
2033	1,495,000	517,173	2,012,173
2034	1,640,000	443,305	2,083,305
2035	1,795,000	359,354	2,154,354
2036	1,960,000	267,468	2,227,468
2037	2,140,000	167,135	2,307,135
2038	1,125,000	57,589	1,182,589
	<u>\$ 20,230,000</u>	<u>\$ 13,082,663</u>	<u>\$ 33,312,663</u>

(1) Preliminary, subject to change.

**Outstanding Long-Term Debt**

<b>Governmental Activities</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Amount Issued</b>	<b>Amount Outstanding<sup>(1)</sup></b>
<i>General Obligation Bonds:</i>				
Series 2011A	08/11/11	06/30/36	\$ 48,000,000	\$ 39,400,000
Series 2011B (QZAB)	08/11/11	06/30/28	15,000,000	15,000,000
Total General Obligation Bonds				<u>54,400,000</u>
<i>Full Faith and Credit Obligations:</i>				
Series 2009 QZAB	05/27/09	05/27/23	2,000,000	714,286
Series 2015 QZAB	12/19/15	12/09/28	2,160,000	1,827,692
Total Full Faith and Credit Obligations				<u>2,541,978</u>
<i>Pension Obligations<sup>(2)</sup>:</i>				
Series 2018 <sup>(3)</sup>	12/20/18	06/30/19	25,260,000	25,260,000
<b>Total Governmental Activities Debt</b>				<b><u>\$ 82,201,978</u></b>
<b>Governmental Activities</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Amount Issued</b>	<b>Amount Outstanding<sup>(1)</sup></b>
<i>General Obligation Bonds:</i>				
Series 2011A	08/11/11	06/30/36	\$ 48,000,000	\$ 39,400,000
Series 2011B (QZAB)	08/11/11	06/30/28	15,000,000	15,000,000
Total General Obligation Bonds				<u>54,400,000</u>
<i>Full Faith and Credit Obligations:</i>				
Series 2009 QZAB	05/27/09	05/27/23	2,000,000	714,286
Series 2015 QZAB	12/19/15	12/09/28	2,160,000	1,827,692
Total Full Faith and Credit Obligations				<u>2,541,978</u>
<i>Pension Obligations<sup>(2)</sup>:</i>				
Series 2018 <sup>(3)</sup>	12/20/18	06/30/19	20,230,000	20,230,000
<b>Total Governmental Activities Debt</b>				<b><u>\$ 77,171,978</u></b>

(1) As of Date of Delivery.

(2) Also secured by the full faith and credit of the District.

(3) This issue. Preliminary, subject to change.

Source: District Audited Financial Reports for the Fiscal Year Ended June 30, 2017, and the District.

**Summary of Overlapping Debt  
(As of October 10, 2018)**

<b>Overlapping Issuer Name</b>	<b>Percent Overlapping</b>	<b>Gross Direct Debt<sup>(1)</sup></b>	<b>Net Direct Debt<sup>(2)</sup></b>
Mt Hood Community College	16.8500%	\$ 9,288,996	\$ 3,700,831
Multnomah Cty RFPD 10	10.9100%	329,511	329,511
City of Portland	5.2100%	\$ 33,834,562	\$ 9,218,280
Multnomah County	4.5900%	16,773,097	16,773,097
Multnomah ESD	4.5300%	1,214,502	0
Rockwood Water PUD	2.6900%	125,019	0
Metro	2.4300%	5,415,353	4,973,368
Port of Portland	2.2500%	1,356,007	0
		<u>\$ 68,337,047</u>	<u>\$ 34,995,087</u>

(1) Gross Direct Debt includes all unlimited (general obligation) and limited (full faith and credit) tax supported debt. Limited tax pension obligations are included.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Source: Debt Management Division, The Office of the State Treasurer.

**Debt Ratios**

The following table presents information regarding the District’s direct debt, including the Series 2018 Obligations, and the estimated portion of the debt of overlapping taxing districts allocated to the District’s property owners.

**Debt Ratios**

Total Real Market Value <sup>(1)</sup> (Fiscal Year 2018)	\$ 9,259,497,296	
Estimated Population	28,763	
Per Capita Real Market Value	\$ 321,924	
	<b>Gross Direct Debt<sup>(2)</sup></b>	<b>Net Direct Debt<sup>(3)</sup></b>
<b>Debt Information</b>		
District Direct Debt <sup>(4)</sup>	\$ 82,201,978	\$ 82,201,978
Overlapping Direct Debt	68,337,047	34,995,087
Total Direct Debt <sup>(4)</sup>	<u>\$ 150,539,025</u>	<u>\$ 117,197,065</u>
<b>Bonded Debt Ratios<sup>(4)</sup></b>		
District Direct Debt to Real Market Value	0.89%	0.89%
Total Direct Debt to Real Market Value	1.63%	1.27%
Per Capita District Direct Debt	\$ 2,858	\$ 2,858
Per Capita Total Direct Debt	\$ 5,234	\$ 4,075
Total Real Market Value <sup>(1)</sup> (Fiscal Year 2018)	\$ 9,259,497,296	
Estimated Population	28,763	
Per Capita Real Market Value	\$ 321,924	
	<b>Gross Direct Debt<sup>(2)</sup></b>	<b>Net Direct Debt<sup>(3)</sup></b>
<b>Debt Information</b>		
District Direct Debt <sup>(4)</sup>	\$ 77,171,978	\$ 77,171,978
Overlapping Direct Debt	68,337,047	34,995,087
Total Direct Debt <sup>(4)</sup>	<u>\$ 145,509,025</u>	<u>\$ 112,167,065</u>
<b>Bonded Debt Ratios<sup>(4)</sup></b>		
District Direct Debt to Real Market Value	0.83%	0.83%
Total Direct Debt to Real Market Value	1.57%	1.21%
Per Capita District Direct Debt	\$ 2,683	\$ 2,683
Per Capita Total Direct Debt	\$ 5,059	\$ 3,900

- (1) Value represents the total Real Market Value of taxable properties, without the reduction available to specially assessed properties such as farm and forestland under Measure 50 (Value which includes the reduction is known as "Measure 5 RMV"). However, value does not include properties that are not subject to taxation, including federal, state or local government properties.
- (2) Gross Direct Debt includes all debt with an unlimited (general obligation) and limited (full faith and credit) tax pledge. Limited tax pension obligations are included.
- (3) Net Debt is Gross Direct Debt less any self-supporting obligations which are paid from other revenues sources.
- (4) Includes the Series 2018 Obligations. Preliminary, subject to change.

Sources: U.S. Census Bureau, Small Area Income and Poverty Program (SAIPE); Debt Management Division, The Office of the State Treasurer as of October 10, 2018 and Parkrose School District No. 3 Audited Financial Reports for the Fiscal Year Ended June 30, 2017.

**Revenue Sources**

The following section summarizes certain of the major revenue sources of the District.

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**Oregon School District Funding**

Oregon school districts receive revenue from two primary sources: State aid and *ad valorem* property taxes.

**State School Funding**

ODE provides SSF Grant estimates to each school district. Estimates are generally revised in July, October, February, March and May. The most recent ODE estimates for the District’s SSF Grant for Fiscal Years 2018 and 2019 are shown in the following table.

**Parkrose School District No. 3  
Historical and Projected Weighted Average Daily Membership and State School Fund Grant  
State School Fund Grant Apportionment**

	2018	2019
<b>Extended ADMw:</b>		
Current Fiscal Year Estimated ADMw	3,975.8	4,059.6
Prior Fiscal Year Estimated ADMw	4,059.9	3,975.8
<b>Extended ADMw (greater of Current or Prior Year)</b>	<u>4,059.9</u>	<u>4,059.6</u>
<b>Experience Adjustment:</b>		
District Average Teacher Experience	10.69	10.69
State Average Teacher Experience	12.07	12.07
<b>Experience Adjustment (District and State Teacher Experience Difference)</b>	<u>-1.38</u>	<u>-1.38</u>
<b>Local Revenue:</b>		
Property Taxes	\$ 18,200,000	\$ 18,800,000
Federal Forest Fees	0	0
Common School Fund	347,186	340,680
County School Fund	3,000	3,000
State Managed Timber	0	0
In-lieu of Property Taxes	0	0
Revenue Adjustments	0	0
<b>Local Revenue</b>	<u>\$ 18,550,186</u>	<u>\$ 19,143,680</u>
<b>Transportation Grant:</b>		
Net Eligible Transportation Costs	\$ 2,200,000	\$ 2,200,000
<b>Grant (70% of Net Eligible Transportation Costs)</b>	\$ 1,540,000	\$ 1,540,000
<b>General Purpose Grant:</b>		
(Extended ADMw x [\$4,500 + (\$25 x Experience Adjust.)]) x Funding Ratio =	\$ 31,150,945	\$ 31,549,062
<b>Total Formula Revenue:</b>		
General Purpose Grant + Transportation Grant =	\$ 32,690,945	\$ 33,089,062
<b>State School Fund Grant:</b>		
Total Formula Revenue - Local Revenue =	\$ 14,140,759	\$ 13,945,382

Source: Oregon Department of Education, School Finance Office, Fiscal Year 2018 data as of April 30, 2018; and Fiscal Year 2019 data as of October 24, 2018, [www.ode.state.or.us/search/results?id=344](http://www.ode.state.or.us/search/results?id=344).

**Property Taxes**

The following tables represent historical tax information for the District.

**Taxable Property Values**

Fiscal Year	Total Real Market Value	M5 Real Market Value <sup>(1)</sup>	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates <sup>(2)</sup>
2019					\$ 4,460,773,352
2018	9,259,497,296	6,787,761,246	4,251,651,529	126,510,716	4,125,140,813
2017	8,186,402,718	5,892,012,328	4,005,096,344	123,337,964	3,881,758,380
2016	6,868,809,415	4,927,875,395	3,629,320,632	90,608,743	3,538,711,889
2015	6,211,038,174	4,499,337,514	3,484,737,540	86,945,017	3,397,792,523
2014	5,587,560,330	4,009,742,545	3,217,818,650	80,418,683	3,137,399,967
2013	5,582,413,118	3,944,376,839	3,097,425,962	80,683,630	3,016,742,332

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
- (2) Assessed value of property in the District on which the Permanent Rate is applied to derive *ad valorem* property taxes, excluding urban renewal, exempt property within enterprise zones and any other offsets.

Source: Multnomah County Department of Assessment and Taxation.

*Tax Rates and Collections.* The following table presents the Fiscal Year 2019 tax rates for the District and other taxing jurisdictions within Multnomah County that overlap the District. The District’s Operating Tax Rate Limit is \$4.8906 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

**Fiscal Year 2019 Representative Levy Rate  
(Rates per \$1,000 of Assessed Value)**

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NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see “Property Taxes - Tax Rate Limitation - Measure 5” herein).

- (1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of overlapping jurisdictions’ Permanent Rates (see “Property Taxes - Tax Rate Limitation - Measure 5” herein).

Source: Multnomah County Department of Assessment and Taxation. Note that there are \_\_\_ tax codes in \_\_\_\_\_ County that overlap the District and Tax Code \_\_\_\_ (represented in the table above) has the highest property value of these tax codes. Total tax levies in the District range from \$\_\_\_\_ to \$\_\_\_\_ per \$1,000 of assessed property value.

**Multnomah County  
Tax Collection Record<sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Percent Collected as of Levy Year<sup>(2)</sup></b>	<b>6/30/2018<sup>(3)</sup></b>
2018	98.48%	98.48%
2017	98.07%	99.27%
2016	97.82%	99.42%
2015	97.65%	99.34%
2014	97.40%	99.42%
2013	97.26%	99.46%

- (1) Percentage of total tax levy collection in Multnomah County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the “year of the levy” represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2018.

Source: Multnomah County Department of Assessment and Taxation.

**Major Taxpayers  
(As of Fiscal Year 2019)  
Parkrose School District No. 3**

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**Multnomah County**

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- (1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.
- (2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Multnomah County Department of Assessment and Taxation.

**Financial Factors**

**Financial Reporting**

The District’s basic financial statements were prepared in conformity with generally accepted accounting principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”).

**Auditing**

The District audits for the Fiscal Years 2013 through 2017 (“District Audited Financial Statements”) were performed by Pauly Rogers and Co., P.C., CPAs, Tigard, Oregon (the “Auditor”). The audit report for Fiscal Year 2017 indicates the financial statements, in all material respects, fairly present the District’s financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The District has contracted with the Auditor to audit its financial statements for Fiscal Year 2018. The audit review for Fiscal Year 2018 was completed as of September 19, 2018. The final audited financials are scheduled to be submitted to the Board on November 26, 2018. Based on the exit interview with the Auditors on September 19, 2018 there were no findings on the financials or single audit. The Auditor was not requested to review this Official Statement.

Future financial statements may be obtained from the Electronic Municipal Market Access (“EMMA”) system, a centralized repository operated by the Municipal Securities Rulemaking Board (“MSRB”), currently located at: [www.emma.msrb.org](http://www.emma.msrb.org).

Summaries of the District’s Net Position and Statement of Activities follow:

**Statement of Net Position  
(Fiscal Years)**

Assets	2013	2014	2015	2016	2017	Unaudited 2018
Cash and investments	\$ 52,994,595	\$ 18,321,173	\$ 10,580,473	\$ 12,801,252	\$ 12,071,756	\$ 10,960,427
Receivables:						
Accounts and Grants	1,245,766	1,235,221	2,017,186	1,507,595	1,281,264	1,512,411
Property taxes	1,158,542	732,666	1,190,320	1,270,587	1,354,347	1,192,006
Prepaid expenses	-	-	-	-	-	744
Net Pension Asset <sup>(1)</sup>	-	-	8,175,753	-	-	-
Non-Depreciable Capital Assets	9,049,684	31,621,695	6,155,795	5,929,774	5,880,941	5,880,941
Capital assets, net	<u>47,333,090</u>	<u>57,039,135</u>	<u>87,729,351</u>	<u>86,933,498</u>	<u>86,099,376</u>	<u>84,928,736</u>
Total Assets	<u>111,781,677</u>	<u>108,949,890</u>	<u>115,848,878</u>	<u>108,442,706</u>	<u>106,687,684</u>	<u>104,475,265</u>
<b>Deferred Outflows of Resources<sup>(1)</sup></b>						
Pension Related Deferral	-	-	-	4,302,873	22,533,598	13,268,519
<b>Liabilities</b>						
Accounts payable	1,907,370	3,168,012	565,336	1,148,244	1,005,971	1,777,200
Accrued Salaries and Benefits	1,768,731	1,940,918	2,097,184	2,074,022	2,226,759	2,508,610
Bond Interest Payable	84,127	82,666	81,064	79,332	76,841	74,807
Accrued Vacation Payable	39,622	35,488	38,844	37,540	41,263	46,715
Due Within One Year	1,327,857	1,442,857	1,547,857	1,824,011	1,954,011	2,079,011
Long Term Liabilities:						
Early Retirement Pension Liability	-	-	-	-	489,226	482,586
OPEB Pension Liability	-	-	-	-	2,174,136	2,226,997
Net Pension Liability <sup>(1)</sup>	-	-	-	18,626,897	41,925,383	32,625,181
Due in More Than One Year	<u>63,600,208</u>	<u>62,274,043</u>	<u>60,881,028</u>	<u>61,388,676</u>	<u>56,941,978</u>	<u>54,862,967</u>
Total Liabilities	<u>68,727,915</u>	<u>68,943,984</u>	<u>65,211,313</u>	<u>85,178,722</u>	<u>106,835,568</u>	<u>96,684,074</u>
<b>Deferred Inflows of Resources<sup>(1)</sup></b>						
Net Deferred Pension Asset	-	-	12,325,808	4,798,489	3,116,866	4,866,417
<b>Net Position</b>						
Net investment in capital assets	9,789,917	38,304,224	36,469,650	35,450,062	34,782,893	34,192,300
Restricted	49,225,446	12,961,179	4,636,419	2,065,787	2,093,547	2,695,135
Unrestricted	<u>(15,961,601)</u>	<u>(11,259,497)</u>	<u>(2,794,312)</u>	<u>(14,747,481)</u> <sup>(2)</sup>	<u>(17,607,592)</u> <sup>(2)</sup>	<u>(20,694,142)</u> <sup>(2)</sup>
<b>Total Net Position</b>	<b>\$ 43,053,762</b>	<b>\$ 40,005,906</b>	<b>\$ 38,311,757</b>	<b>\$ 22,768,368</b>	<b>\$ 19,268,848</b>	<b>\$ 16,193,293</b>

(1) In Fiscal Year 2015 the District adopted GASB Statements 68 and 71 which establish new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures for pension plans. For Fiscal Year 2015, the State of Oregon Public Employees Retirement System (the “System”) was found to have a net pension asset as of the measurement date of June 30, 2014. The System’s benefit terms were changed subsequent to the measurement date and the asset became a liability as reflected in Fiscal Years 2016 and 2017.

(2) Decrease in unrestricted net position is primarily due to the implementation of GASB Statement No. 68.

Source: District Audited Financial Statements and District.

**Statement of Activities  
(Fiscal Years)**

Revenues:	2013	2014	2015	2016	2017	Unaudited 2018
Program Revenues:						
Charges for services	\$ 739,073	\$ 861,488	\$ 799,863	\$ 381,630	\$ 749,133	\$ 774,335
Operating grants and contributions	3,799,358	4,096,441	4,148,135	4,935,355	5,122,450	5,269,058
General Revenues:						
Property taxes	17,284,285	17,349,310	19,163,045	19,723,027	21,300,814	21,973,419
Unrestricted other sources	618,592	536,198	4,642,629	541,261	1,150,145	2,493,094
State school fund - general support	12,178,539	13,050,145	14,503,347	15,700,709	14,467,755	14,212,102
Common school fund	344,965	327,058	342,189	414,758	431,889	347,186
Interest	501,540	113,124	85,061	82,493	207,048	327,759
Gain on sale of capital asset	-	-	3,020	-	-	-
Other	785,593	744,420	256,469	2,927	311,323	435
<b>Total Revenues</b>	<u>36,251,945</u>	<u>37,078,184</u>	<u>43,943,758</u>	<u>41,782,160</u>	<u>43,740,557</u>	<u>45,397,388</u>
<b>Expenses:</b>						
Instruction	19,559,984	20,515,093	15,448,814	31,079,279	26,364,346	26,556,084
Support services	12,286,220	15,355,704	11,467,223	21,902,154	15,595,937	16,202,391
Enterprise and community services	2,212,455	2,156,751	1,614,206	2,323,354	2,768,799	3,112,442
Interest on long-term debt	2,171,338	2,098,493	2,063,562	2,020,762	2,662,596	2,602,026
<b>Total Expenses</b>	<u>36,229,997</u>	<u>40,126,041</u>	<u>30,593,805</u>	<u>57,325,549</u>	<u>47,391,678</u>	<u>48,472,943</u>
Increase (decrease) in net position	21,948	(3,047,857)	13,349,953	(15,543,389)	(3,651,121)	(3,075,555)
Net position- July 1	41,889,761	43,053,762	24,961,804 <sup>(2)</sup>	38,311,757	22,919,969 <sup>(3)</sup>	19,268,848
Prior Period Adjustment <sup>(1)</sup>	1,142,052	-	-	-	-	-
<b>Total Net Position</b>	<u>\$ 43,053,761</u>	<u>\$ 40,005,905</u>	<u>\$ 38,311,757</u>	<u>\$ 22,768,368</u>	<u>\$ 19,268,848</u>	<u>\$ 16,193,293</u>

- (1) Fiscal Year 2015 includes a prior period adjustment of \$1,142,052. The adjustment resulted from capital assets, due to deletions and additions to assets that were discovered and corrected by the District.
- (2) Due to the implementation of GASB 68 and GASB 71 a restatement of the prior year net position was required to record the net pension liability at the prior measurement date and reclassify prior year pension contributions from expenses to deferred outflows.
- (3) As restated due to the implementation of GASB 73 and GASB 75. Additionally, the District moved their Student Body Funds from a fiduciary fund to a special revenue fund which also resulted in a restatement of beginning net position.

Source: District Audited Financial Statements and District.

Summaries of the District's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows.

**General Fund Balance Sheet**  
(Fiscal Years)

Assets	2013	2014	2015	2016	2017	Unaudited 2018
Cash and investments	\$ 2,159,266	\$ 1,691,389	\$ 1,442,736	\$ 2,616,400	\$ 3,839,624	\$ 3,454,493
Receivables:						
Taxes	932,430	587,310	964,589	1,033,168	1,108,607	978,395
Accounts and grants	278,487	299,469	357,196	346,637	384,636	303,426
Prepaid items	-	-	-	-	-	744
Due from other funds	-	702,737	1,437,147	837,946	590,371	3,618,838
Total Assets	<u>3,370,183</u>	<u>3,280,905</u>	<u>4,201,668</u>	<u>4,834,151</u>	<u>5,923,238</u>	<u>8,355,896</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>						
Liabilities:						
Accounts payable	202,894	225,985	234,587	862,909	838,160	1,246,905
Accrued salaries and benefits	1,768,731	1,940,918	2,094,166	2,073,864	2,226,759	2,508,610
Due to Other Funds	-	-	-	-	-	2,756,824
Total Liabilities:	<u>1,971,625</u>	<u>2,166,903</u>	<u>2,328,753</u>	<u>2,936,773</u>	<u>3,064,919</u>	<u>6,512,339</u>
Deferred Inflows:						
Unavailable revenue	<u>867,361</u>	<u>532,484</u>	<u>909,849</u>	<u>985,473</u>	<u>1,059,964</u>	<u>885,858</u>
Fund Balances:						
Committed	-	-	-	-	883,519	250,000
Unassigned	<u>531,197</u>	<u>581,518</u>	<u>963,066</u>	<u>911,905</u>	<u>914,836</u>	<u>707,699</u>
Total Fund Balances	<u>531,197</u>	<u>581,518</u>	<u>963,066</u>	<u>911,905</u>	<u>1,798,355</u>	<u>957,699</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 3,370,183</u>	<u>\$ 3,280,905</u>	<u>\$ 4,201,668</u>	<u>\$ 4,834,151</u>	<u>\$ 5,923,238</u>	<u>\$ 8,355,896</u>

Source: District Audited Financial Statements and District.

**General Fund Statement of Revenues, Expenditures and  
Changes in Fund Balance  
(Fiscal Years)**

Revenues	2013	2014	2015	2016	2017	Unaudited 2018
Local sources:						
Property Taxes	\$ 13,671,414	\$ 14,193,345	\$ 15,425,272	\$ 16,110,321	\$ 17,660,388	18,547,185
Interest	48,903	37,713	40,862	40,099	140,168	229,883
Local Sources	-	-	-	17,182	257,731	285,775
Intermediate sources	-	-	-	312,486	302,397	304,323
State sources	12,880,123	13,377,741	15,163,046	16,115,467	14,900,469	14,559,288
Federal sources	-	2,069	2,035	1,701	489	10,311
Charges for services	96,017	107,238	121,908	-	-	-
Miscellaneous	285,219	546,984	172,732	-	-	-
<b>Total Revenues</b>	<u>26,981,676</u>	<u>28,265,090</u>	<u>30,925,855</u>	<u>32,597,256</u>	<u>33,261,642</u>	<u>33,936,765</u>
<b>Expenditures</b>						
Instruction	16,853,316	17,579,330	18,168,448	17,687,439	20,223,579	21,248,154
Support services	10,536,438	10,727,427	12,127,086	14,361,064	12,343,030	13,308,863
Community services	90,057	91,955	93,900	124,397	-	-
Capital outlay	-	-	-	-	2,081	-
Debt Service:						
Principal	142,857	142,857	142,857	142,857	-	-
Interest	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>27,622,668</u>	<u>28,541,569</u>	<u>30,532,291</u>	<u>32,315,757</u>	<u>32,568,690</u>	<u>34,557,017</u>
Excess (deficiency) of revenues over expenditures	<u>(640,992)</u>	<u>(276,479)</u>	<u>393,564</u>	<u>281,499</u>	<u>692,952</u>	<u>(620,252)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of capital assets	-	1,800	3,020	2,383	8,926	5,972
Transfers in	275,000	325,000	-	-	-	550,000
Transfers out	-	-	-	(236,084)	(142,857)	(392,857)
Total Other Financing Sources (Uses)	<u>275,000</u>	<u>326,800</u>	<u>3,020</u>	<u>(233,701)</u>	<u>(133,931)</u>	<u>163,115</u>
<b>Change in fund balance</b>	<u>(365,992)</u>	<u>50,321</u>	<u>396,584</u>	<u>47,798</u>	<u>559,021</u>	<u>(457,137)</u>
Fund balance at beginning of year	<u>897,189</u>	<u>531,197</u>	<u>566,482</u> <sup>(1)</sup>	<u>864,107</u> <sup>(1)</sup>	<u>1,239,334</u> <sup>(1)</sup>	<u>1,414,836</u> <sup>(1)</sup>
Ending fund balance	<u>\$ 531,197</u>	<u>\$ 581,518</u>	<u>\$ 963,066</u>	<u>\$ 911,905</u>	<u>\$ 1,798,355</u>	<u>\$ 957,699</u>

(1) As restated.

Source: District Audited Financial Statements and District.

**Budgetary Process**

The District prepares an annual budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The District's administrative staff evaluates the budget requests of the various departments of the District to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to the input received from the citizens, the Board of Directors adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.471, and the District will be adopting a supplemental budget to reflect the issuance of the Series 2018 Pension Bond.

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**General Fund Budget**  
(Fiscal Years)

Resources	Final 2018	Adopted 2019
Local Sources	\$ 17,956,701	\$ 19,962,714
Intermediate Sources	313,460	307,138
State Sources	15,790,234	14,001,979
Other Sources	5,000	5,000
Interfund Transfers	700,000	900,000
Beginning Fund Balance	914,832	914,832
<b>Total Resources</b>	<b>\$ 35,680,227</b>	<b>\$ 36,091,663</b>
Requirements		
Instruction	\$ 20,987,464	\$ 21,416,738
Support Services	13,969,906	14,032,068
Other	222,857	142,857
Contingency	250,000	250,000
Unappropriated Ending Fund Balance	250,000	250,000
<b>Total Requirements</b>	<b>\$ 35,680,227</b>	<b>\$ 36,091,663</b>

Source: District Adopted Fiscal Year 2019 Budget.

*District Pension Contributions.* The District's historical and projected annual contributions to PERS are provided in the following table.

**Parkrose School District No. 3 - Pension Contributions**

Fiscal Year	District Contribution <sup>(1)</sup>
2018 <sup>(2)</sup>	\$ 5,372,831
2017	4,347,241
2016	4,277,437
2015	4,554,391
2014	4,212,366
2013	4,036,749

(1) District's contribution to PERS which includes the employee contribution paid by the District.

(2) Unaudited.

Source: Parkrose School District No. 3 and District Audited Financial Statements.

*Medical Benefits - Implicit Subsidy.* Under ORS 243.303 the District is required to offer the same healthcare benefits for current District employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. This continued medical coverage is offered to the District's eligible retirees and their spouses and dependents. The active premium rate (whether paid by the District or by the retiree) still applies. However, in some cases the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the "implicit subsidy," and is required to be valued under GASB Statement No. 75, and formally under GASB Statement No. 45. This single-employer defined-benefit plan is not a stand-alone plan and therefore does not issue its own financial statements.

The District's projections of total medical benefit liability as valued under GASB Statement No. 75, and Stipend Plan Benefit as valued under GASB Statement No. 73 are as follows:

**Projection of Total OPEB Liability - Fiscal Years**

	Medical Benefit		Stipend Plan	
	2017	2018	2017	2018
Total Liability Balance Beginning of Fiscal Year	\$ 2,124,463	\$ 2,174,136	\$ 516,784	\$ 489,226
Service cost	\$ 115,333	\$ 115,333	\$ 24,188	\$ 24,188
Interest	79,115	81,002	18,516	17,886
Benefit payments	(144,775)	(143,474)	(70,262)	(48,714)
Net Change in total OPEB liability	49,673	52,861	(27,558)	(6,640)
Total OPEB Liability Balance End of Fiscal Year	\$ 2,174,136	\$ 2,226,997	\$ 489,226	\$ 482,586

Source: The District's Audited Financial Statements, and District.

GASB Statement No. 75 and GASB No. 73 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," are effective for Fiscal Years beginning after June 15, 2017. The District implemented these new standards beginning in Fiscal Year 2017. GASB Statement No. 75 and No. 73 establish accounting and financial reporting requirements related to other postemployment benefits ("OPEB"), replacing GASB Statements No. 45 and No. 59. The Districts calculated OPEB for Fiscal Years 2013 through 2016 under GASB 45 and 50 as described below.

GASB Statement No. 45. For Fiscal Years 2013 to 2016, the District's annual OPEB cost were calculated based on the annual required contribution (the "ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table details the District's ARC and Net OPEB Obligation.

**Annual Required Contribution - Fiscal Years**

	2013	2014	2015	2016
Annual required contribution	\$ 433,843	\$ 450,112	\$ 351,947	\$ 365,145
Interest on net pension obligation	46,961	53,606	60,826	70,624
Adjustment to annual required contribution	(79,595)	(90,856)	(103,094)	(119,702)
Annual OPEB cost	401,209	412,862	309,679	316,067
Contributions made	235,104	232,367	64,699	105,976
Increase in net pension obligation	166,105	180,495	244,980	210,091
Net OPEB obligation - beginning of Fiscal Year	1,174,031	1,340,136	1,520,631	1,765,611
Net OPEB obligation - end of Fiscal Year	\$ 1,340,136	\$ 1,520,631	\$ 1,765,611	\$ 1,975,702
% of Annual OPEB Cost Contributed	59%	56%	21%	34%

Source: The District's Audited Financial Statements.

*Stipend Plan Benefit.* The District's annual required contribution for its Stipend Plan as valued in Fiscal Years 2013 to 2016 under GASB Statement No. 50 are as follows:

**Annual Required Contribution - Fiscal Years**

	2013	2014	2015	2016
Annual required contribution	\$ 317,621	\$ 317,621	\$ 290,540	\$ 290,540
Interest on net pension obligation	34,645	28,374	25,822	22,216
Adjustment to annual required contribution	<u>(441,896)</u>	<u>(361,917)</u>	<u>(329,364)</u>	<u>(283,376)</u>
Annual pension cost (APC)	(89,630)	(15,922)	(13,002)	29,380
Contributions made	<u>67,128</u>	<u>47,881</u>	<u>77,136</u>	<u>67,811</u>
Decrease in net pension obligation	(156,758)	(63,803)	(90,138)	(38,431)
Net Pension Obligation - beginning of Fiscal Year	<u>866,115</u>	<u>709,357</u>	<u>645,554</u>	<u>555,416</u>
Net Pension Obligation - end of Fiscal Year	\$ 709,357	\$ 645,554	\$ 555,416	\$ 516,985
Percentage of APC contributed	-75%	-301%	-593%	231%

Source: *The District's Audited Financial Statements.*