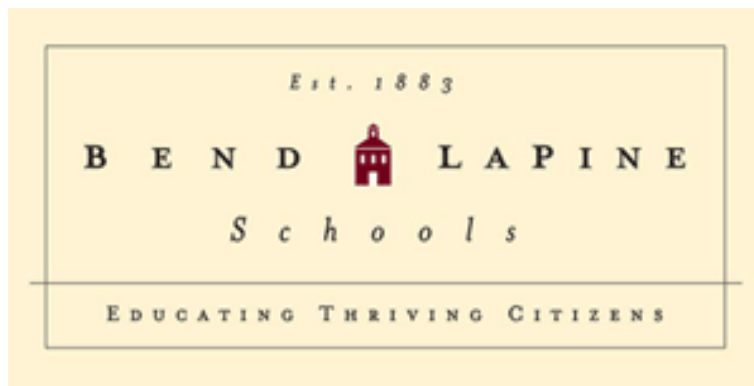


**ADMINISTRATIVE SCHOOL DISTRICT NO. 1  
(BEND – LA PINE SCHOOLS)  
DESCHUTES COUNTY, OREGON**

520 NW Wall St  
Bend, OR 97701



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR FISCAL YEAR ENDED JUNE 30, 2012

Prepared by the Business Office  
John M. Rexford – Deputy Superintendent  
Brad Henry – Director of Fiscal Services

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Financial Statements**  
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## INTRODUCTORY SECTION



**Central School, built in 1905**  
**Originally a grade school, was destroyed by fire in 1937.**



December 30, 2012

Board of Directors and Citizens of Deschutes County  
Administrative School District No. 1 (Bend-La Pine Schools)  
Deschutes County  
Bend, Oregon 97701

The Comprehensive Annual Financial Report for Administrative School District No. 1, Deschutes County, Oregon (District), for the year ended June 30, 2012, is presented to the Board of Directors for distribution to those responsible for, and concerned with, the operation of the District. We encourage readers to consider the information presented here in conjunction with additional information provided in the Management Discussion and Analysis starting on page 3 of this report.

This report was prepared by the Fiscal Services Department. We assume full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that we have established for this purpose. The objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. This report is submitted in accordance with the provisions of Oregon's Municipal Audit Law.

#### **District Profile**

The District was formed in 1961 as the result of an election that consolidated five school districts. The consolidation provided increased instructional services to the students through more efficient management of available resources. We are located in the center of the state, approximately 160 miles southeast of Portland, and 130 miles east of our state capital, Salem. We are Oregon's seventh largest school district, enrolling approximately 16,300 pupils in grades kindergarten through 12 during fiscal year 2011-12. As of this writing, enrollment has increased to approximately 16,600. We provide many programs that fall under the headings of general education, special education and alternative education. Many of our school buildings have been constructed in the last fifteen years, but we also utilize buildings constructed as far back as 1918.

We are an independent entity, with a Board of Directors composed of seven elected members. All management staff members are hired by the School Board. In 2011-12, we employed approximately 1,575 permanent staff including 850 teachers, counselors and licensed specialists, and 663 support staff, such as instructional assistants, secretaries, clerks and various technical positions. During the 2011-12 fiscal year, we operated with a management team of 62 administrators and supervisors, including the Superintendent.

The School Board is the governing body, and as such is exclusively responsible for its decisions and is accountable for the decisions it makes. The latitude afforded under state law allows the School Board to significantly influence operations. This authority includes, but is not limited to, adoption and appropriation of the budget, control over all assets, negotiating collective bargaining agreements, short term borrowing, contracting and developing the programs of the District.

We budget appropriations in four governmental funds on an annual basis. These funds are: General

Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund. The legal level of appropriations is at the fund and major function level, consistent with Oregon Budget Law.

### **Local Economy**

We are located in Deschutes County, in Central Oregon east of the Cascade Range, within the Deschutes River drainage basin. The County is the most populous county in the eastern part of the state with a 2012 population of approximately 160,000 people. Because of its varied topography, the County attracts many tourists, and one of its major industries is recreation. Mount Bachelor is a major ski area, and the surrounding mountains and lakes provide recreation for summer tourists. The heavily forested Cascades support lumber and wood products industries, while the major industries in the central and eastern parts of the county are agriculture and livestock. In recent years, the region's health care presence has grown significantly, and Cascade Health Corporation is now the largest employer in the area. Precipitation varies from 70 inches or more in the Cascades to ten inches in the plateau, where crop cultivation must rely on dry farming methods or irrigation.

In the 2011-12 fiscal year, the taxable assessed value of property in Deschutes County decreased by approximately 1%. The area's economic base has diversified significantly since 1980, when the region was known for its wood products. Though the region still maintains a certain level of forest products related companies, it is experiencing growth in the tourism and service industries. The top employers in the area are Cascade Health Corporation, a regional health service organization, Bend La Pine Schools, Deschutes County, Mt. Bachelor Ski Resort and Sunriver Resort.

### **Employment Outlook for Central Oregon**

Employment statistics in Central Oregon are expected to closely follow that of the state over the next ten years. Over the last ten years the area has experienced tremendous employment growth in the housing and related markets, followed by higher than average unemployment related to the economic downturn. According to State Employment Department statistics, the outlook for the next ten years shows moderate growth in employment for the region.

### **Population**

Since the early 1990's, Deschutes County has experienced the most rapid population growth of any county in the state. More recent estimates, as referenced above, indicate a current population estimate of 160,000. Liveability continues to be a factor that draws new residents and businesses to Deschutes County. The term "liveability" includes such aspects as natural beauty, recreational opportunities, climate, personal security, and cost of living, among others. The Central Oregon region has been featured recently in many national magazines as a top pick in the nation to live and work. With the recent downturn in the housing market home prices have dropped significantly from their highs of recent years, bringing the cost of living back in line with the Portland metro, Salem and the Eugene-Springfield areas of the state. As with much of the nation, the long-term impact of the recent economic downturn on our region is unknown.

### **Recent History of State Support**

Generally, Oregon public schools receive funding from two primary sources, local property taxes and a state school support grant, with the latter predominately from income taxes. The state's school support formula recognizes local property taxes as an offset to the payment due from the state.

Public schools, together with education service districts and community colleges have had an aggregate maximum property tax rate for operations of \$5.00 per \$1,000 of real market valuation since the passage of Ballot Measure 5 in 1990. On May 20, 1997, Oregon voters approved Ballot Measure 50, which limited the annual increase in taxable property values. Under Measure 50, the legislature is required to continue to fund revenue lost by schools due to property tax limitations and established a permanent tax rate of \$4.7641 per \$1,000 of assessed value on property for our district.

Since Ballot Measure 5 passed in 1990, the shift from local funding of schools to a state funding system is readily apparent. Since 1990, the level of local support of K-12 public education state-wide has reduced from 73% to 35%. At the same time, K-12 funding has grown from 26% to 38% of the state's general



fund budget. During the fiscal years 2002-03, 2003-04 and 2004-05 we made reductions to services as the state-wide formula revenue for these years was reduced. As the state-wide formula revenue began to increase in 2005-06, we used our Comprehensive Plan to strategically begin to restore and expand offered services. For 2006-07, the increased funding allowed us to reduce class sizes, implement an initiative to improve literacy across the District, and begin to improve instructional technology district-wide.

The 2007 State Legislature increased the biennial K-12 education appropriation to \$5.985 billion, with an additional \$260 million allocated through a School Improvement Grant. This increase in resources for the 2007-08 and 2008-09 school years was earmarked to further reduce class sizes district-wide, continue to improve literacy district-wide, continue to improve instructional technology district-wide and offer more alternative options district-wide for those students that are not finding success in the traditional classroom setting.

The current economic downturn forced the state legislature to adjust the state's budget for the 2007-09 biennium. Reductions were made across many state agencies, including the Department of Education which manages a large portion of K-12 funding in the state, the state school fund. During the 2007-09 biennium the legislature reduced the state school fund by approximately \$271 million, or 4.5%. Because the state was in year two of the biennium, the entire adjustment was made in 2008-09. Soon after this reduction the state legislature began to "backfill" this reduction of revenue as additional sources became available. The legislature used reserves from sources across the state government to make available to K-12 school districts \$51 million in the "school day restoration fund". As part of the federal actions to combat the recession, the federal government made available funds through the "State Fiscal Stabilization Fund". Approximately \$115 million of the federal resources were used state-wide in 2008-09 to offset the reduction to the state school fund. All of these actions, along with efforts at the district level to reduce expenditures, allowed the district to be better prepared financially to face the challenges of the 2009-11 biennium.

As soon as the legislature finished managing through the 2007-09 biennial budget crisis, they began to tackle the budget for the 2009-11 biennium. With the economic downturn becoming widespread, it is no surprise that the projected available resources at the state level were materially less for the 2009-11 biennium than in the 2007-09 biennium. In addition to the projected revenues for the biennium, the state had available reserves approximating \$800 million as well as additional federal funds from the State Fiscal Stabilization Fund. Even with these sources of funds, the legislature approved a K-12 budget for the biennium of \$5.8 billion, with an extra \$200 million available in the second year of the biennium if state revenues did not fall below a certain level. At the \$5.8 billion level the decrease to K-12 funding is approximately 5.5% from the adjusted level of the previous biennium.

In a special session during March of the 2009-10 year, the legislature allocated the additional \$200 million to K-12 funding. However, the State's revenue forecast in June, 2010 was over \$500 million short for the 2009-11 biennium. This translated to a loss to K-12 education of over \$200 million for the 2010-11 year, to \$5.738 billion for the biennium. And finally, as additional funds became available through the federal Ed Jobs bill in August, 2010, the State's revenue forecast was once again reduced. The K-12 education share of the revenue shortfall was exactly offset by the additional funds made available through the federal Ed Jobs bill. Our State/Federal funding for the 2009-11 biennium ended at \$5.738 billion.

Funding for the 2011-13 biennium currently stands at \$5.713 billion, slightly less than the 2009-11 funding. At the same time, our pension costs have increased approximately 400%. At this level of funding, we are operating with less staff and still providing a shortened school year. We have also chosen to reduce costs such as instructional materials, support to instructional technology and delaying equipment purchases.

As we look to the 2013-15 biennium, we anticipate another large increase in our pension costs. We are hopeful that these costs will be mitigated by changes to the pension system made during the legislative session beginning in February, 2013. Early discussions around K-12 funding for the biennium suggests that our funding will increase over the 2011-13 biennium. The final allocation will be known in June, 2013.

## **Major Initiatives**

During the 2011-12 year, our Sites and Facilities Committee reconvened to review enrollment projections and also evaluate the status of our current facilities. The committee reviewed data from Portland State University's Center for Population Research as well as data from our facilities personnel. After many discussions, the committee provided a report to our School Board. The report included a recommendation to place a construction bond levy on the May, 2013 ballot. The levy would allow us to sell \$98 million in general obligation bonds, which would be used to add 800 seats of capacity at the middle school level and 300 seats of capacity at the elementary level. The levy would also allow us to complete much needed improvements at current facilities. In October, 2012, our School Board approved the committee's recommendation and we will include a construction bond levy on the May, 2013 ballot.

## **Long-term Financial Planning**

We forecast revenues, expenditures and fund balance in a five-year rolling plan. Revenue forecasts consider historical increases in formula revenue from the State with adjustments for current information, as well as increases tied to the consumer price index for other types of revenues. Forecasts for salary expenditures consider contracts with employee associations while forecasts for non-salary items consider the increase in the consumer prices index as well as other external factors. We have also considered the long-term impact of adding additional schools.

Because approximately one-half of the our operational funding is derived from state income tax, our Board of Directors has instituted a policy that prohibits us from proposing an ending fund balance less than three percent of total revenue in the general fund. The policy also requires that we propose a plan to grow the ending fund balance over the next five years. Our current plan shows the ending fund balance growing one-quarter of one percent (.25%) per year until it reaches five percent. Once the balance reaches five percent, we will maintain that level. The 2012-13 adopted budget includes a budgeted ending fund balance equal to 4.25% of resources.

## **Relevant Financial Policies and Information**

### ***Fiscal Year***

Our fiscal year commences on July 1 and ends on June 30 of the following year.

### ***Debt Administration***

We have been very active in managing our debt over the last 25 years. Many general obligation issues have been "refunded" (refinanced), saving millions for taxpayers by locking in lower interest rates and shortening the maturity of the bonds. On March 15, 2005 we issued general obligation refunding bonds to partially refund our 1998 and 2001 general obligation bonds. The aggregate principal amount of the refunding was \$63.0 million. In June, 2007 we issued \$119 million in general obligation bonds to fund new construction and capital improvements. These bonds are payable over the next 17 years. In the spring of 2011 we issued Full Faith and Credit bonds to refinance a 2008 issue, keeping the term the same but lowering the interest rate by approximately two percentage points.

In November 2002, we joined a state-wide consortium and issued \$40.9 million of tax pension bonds to finance our estimated 2001 unfunded actuarial liability with the Oregon Public Employees Retirement System (PERS). In April 2003, we participated in the second state-wide effort to refund a portion of our 2002 unfunded actuarial liability by issuing \$25.3 million of tax pension bonds. And in February 2004 we participated in the third state-wide effort to refund a portion of our 2003 unfunded actuarial liability by issuing \$5.9 million of tax pension bonds. As a result of these pension bond issuances, our pension related expenditures will be less for the foreseeable future.

Debt limit is established by Oregon law, specifically ORS 328.245(1) and (2), at 7.95 percent of the real market value of property within the taxing district's boundary. At June 30, 2012 our net bonded debt is \$1,085,077,000 less than the statutory debt limit.

## **Other Information**

### ***Independent Audit***

The provisions of Oregon law, specifically ORS 297.425 through 297.555 require that an independent audit be made of all public school district funds within six months following the close of each fiscal year. The auditors, who were selected by the Board of Directors, have completed their audit of our financial statements and their opinion is included in the Financial Section of this report.

Additional audit requirements of the federal and state governments are included in this report. Please refer to the Auditor's Comments Section for disclosures and comments required by the Minimum Standards for Audits of Oregon Municipal Corporations, and refer to the Grant Compliance Review Section for comments relating to general grant compliance required by the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996.

## **Awards**

### ***GFOA Certificate of Achievement of Excellence***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for our Comprehensive Annual Financial Report for the year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports 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 have received a Certificate of Achievement for the last twenty-nine years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for review.

### ***ASBO Certificate of Excellence In Financial Reporting***

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for our Comprehensive Annual Financial Report for the year ended June 30, 2011. Receiving this award is recognition that we have met the highest standards of excellence in school financial reporting as adopted by the Association of School Business Officials International.

We have received a Certificate of Excellence for the last twenty-eight years. We believe our current report continues to conform to the Certificate of excellence program requirements, and we are submitting it to ASBO for review.

## **Acknowledgments**

We wish to express our appreciation to the entire Business Department staff for their efforts and contributions to our Comprehensive Annual Financial Report. We also recognize the members of the Board of Directors for their expectations of excellence, and their dedication to our financial operations.

Respectfully submitted,



Brad Henry  
Executive Director of Fiscal Services

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting  
*is presented to*

**Administrative School District No. 1**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2011  
upon recommendation of the Association's Panel of Review  
which has judged that the Report substantially conforms  
to principles and standards of ASBO's Certificate of Excellence

*Brian M. Mearns*  
President

*John D. Mearns*  
Executive Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Administrative School District  
No. 1 (Bend La Pine Schools)  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



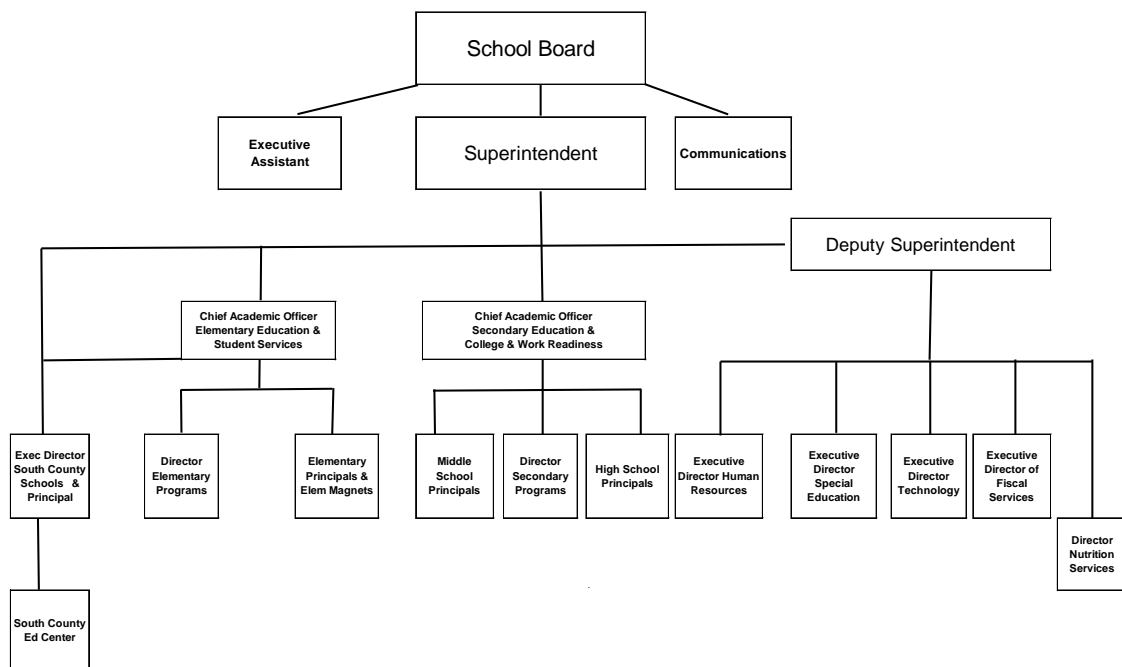
*Linda C. Danison*

President

*Jeffrey R. Enen*

Executive Director

**Administrative School District No. 1  
Deschutes County, Oregon  
Organizational Chart  
June 30, 2012**



**Administrative School District No. 1  
Deschutes County, Oregon  
Principal Officials  
June 30, 2012**

**BOARD OF DIRECTORS**

Ron Gallinat –Chair Bend, Oregon	June 30, 2015
Cheri Helt – Vice Chair Bend, Oregon	June 30, 2013
Peggy Kinkade Bend, Oregon	June 30, 2015
Nori Juba Bend, Oregon	June 30, 2013
Beth Bagley Bend, Oregon	June 30, 2015
Tom Wilson La Pine, Oregon	June 30, 2013
Julie Craig Bend, Oregon	June 30, 2013

**ADMINISTRATIVE STAFF**

Ron Wilkinson	Superintendent
John M. Rexford	Deputy Superintendent
Brad Henry	Director of Fiscal Services

The above members of the Board and administrative staff can be reached by mail at 520 NW Wall Street,  
Bend, OR. 97701.

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## **FINANCIAL SECTION**



**Reid School, built in 1914  
Currently houses the Deschutes Historical Center.**





**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

December 30, 2012

To the Board of Directors  
Administrative School District No. 1  
Deschutes Oregon

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Administrative School District No.1, Deschutes County, Oregon, (the District) as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Administrative School District No. 1, Deschutes County, Oregon, at June 30, 2012, and the respective changes in financial position thereof and respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 30, 2012, on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and, the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion, and the Schedule of Funding Progress, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information for all appropriated funds and the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, statistical section, and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

  
PAULY, ROGERS AND CO., P.C.

## **Management Discussion and Analysis**

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Management's Discussion And Analysis**  
**June 30, 2012**

As management of Administrative School District No. 1, Deschutes County, Oregon (the District), we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information provided in the Transmittal Letter, which can be found on pages iv - viii.

**Financial Highlights**

- In the government-wide statements, our assets exceeded our liabilities at June 30, 2012 by \$114.4 million. Of this amount, \$106.5 million is invested in capital assets, net of related debt, \$6.0 million is restricted for grants, debt service and capital projects, and \$1.9 million is unassigned and available for operations.
- Our total net assets increased by \$5.7 million, with unrestricted net assets decreasing by \$3.2 million.
- During 2011-12 we issued Limited Obligation Pension Refunding bonds to refinance a portion of our Limited Obligation Pension bonds.
- Our General Fund ended the 2011-12 fiscal year with a fund balance of \$14.0 million, which is 11.9% of expenditures.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to our basic financial statements. Our basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of our finances, in a manner similar to a private-sector business.

These statements include:

The *Statement of Net Assets*. The *statement of net assets* presents information on all of our assets and liabilities at year end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether our financial position is improving or deteriorating.

The *Statement of Activities*. The *statement of activities* presents information showing how our net assets changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets 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).

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Management's Discussion And Analysis**  
**June 30, 2012**

In the government-wide financial statements, our activities are categorized as governmental activities. Most of our basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, technology services, facilities acquisition, construction and maintenance. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues. The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund financial statements.** The *fund financial statements* provide more detailed information about our funds, focusing on our most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Our district, like other state and local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All of our funds can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Assets and Activities.

We maintain 4 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Programs, Debt Service, and Capital Projects Funds, all of which are considered to be major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support our own programs. We hold approximately \$36,000 in trust funds for student scholarships.

The fund financial statements can be found on pages 20-21 of this report.

**Notes to the basic financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22-43 of this report.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Management's Discussion And Analysis**  
**June 30, 2012**

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Our assets exceeded liabilities by \$114.4 million at June 30, 2012.

Capital assets, which consist of our land, buildings, land improvements, construction in progress, vehicles, and equipment, represent about 71.7 percent of total assets. This percentage has increased from the prior year, mainly due to the construction projects that are underway or were completed during the current year. These activities effectively transfer assets from the current category to the capital category. The remaining assets consist mainly of the prepaid PERS Unfunded Actuarial Liability (UAL), cash and investments and grants and property taxes receivable. Please refer to page 31 for more information on capital asset activities.

Our largest liability, 87.7 percent of total liabilities, is for the repayment of the long-term portion of general obligation bonds and other debt. Current liabilities, representing about 10.6 percent of our total liabilities, consist of payables on accounts, benefits, and the current portion of long-term debt. The remaining 1.7% of total liabilities is other post-employment benefit obligation. Please refer to pages 32-35 for more information on long-term debt activity.

Net Assets as of June 30		Increase (Decrease) from Fiscal 2011	
	Governmental Activities		
	2012	2011	
Current and other assets	\$ 101,602,076	\$ 105,334,421	\$ (3,732,345)
Capital assets	257,451,059	261,469,617	(4,018,558)
Total assets	359,053,135	366,804,038	(7,750,903)
Current liabilities	26,975,276	27,880,694	(905,418)
Long-term liabilities	217,720,163	230,311,061	(12,590,898)
Total liabilities	244,695,439	258,191,755	(13,496,316)
Net Assets:			
Invested in capital assets net of related debt	106,451,425	96,467,053	9,984,372
Restricted	6,049,669	7,130,071	(1,080,402)
Unrestricted	1,856,602	5,015,159	(3,158,557)
Total net assets	<u>\$ 114,357,696</u>	<u>\$ 108,612,283</u>	<u>\$ 5,745,413</u>

During the current fiscal year, our net assets increased by \$5.7 million. The increase in net assets is mostly due to levying taxes to pay down our debt faster than we depreciate the related assets.

**Governmental activities.** As noted above, our net assets increased by \$5.7 million in



**Administrative School District No. 1**  
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**June 30, 2012**

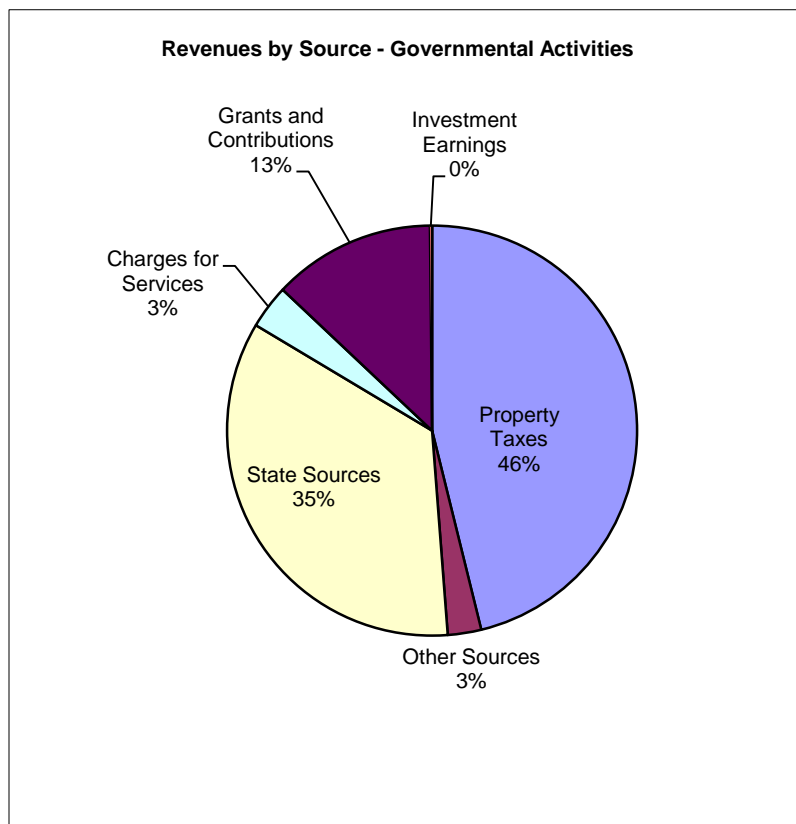
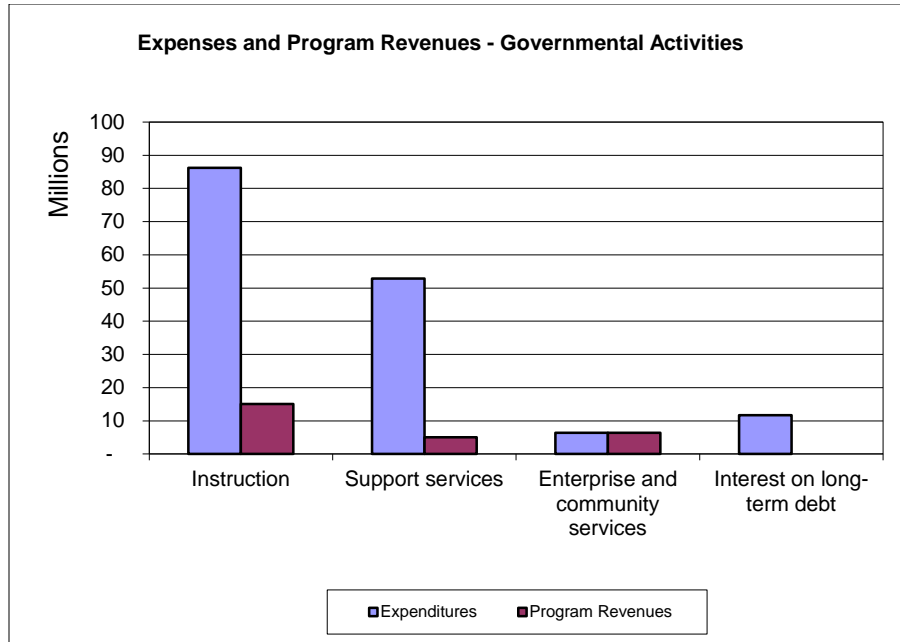
the current fiscal year. This represents an increase of about 5.3% over the prior year. The key elements of the change in our net assets for the year ended June 30, 2012 as compared to the prior year are as follows:

- We levied property taxes to pay the principal (and interest) on our bonded debt.
- We are paying down our debt faster than we depreciate the related asset.

Changes in Net Assets, Fiscal Year Ended June 30

	Governmental Activities		Increase (Decrease) from Fiscal 2011
	2012	2011	
Revenues:			
Programs revenues:			
Charges for services	\$ 5,638,512	\$ 5,631,492	\$ 7,020
Operating grants and contributions	20,397,764	20,650,044	(252,280)
Capital grants and contributions	428,910	488,617	(59,707)
General revenues:			
Property taxes	75,115,842	78,149,436	(3,033,594)
Federal aid not restricted to specific purposes	293,309	2,164,603	(1,871,294)
State aid not restricted to specific purposes	56,639,207	51,280,609	5,358,598
Intermediate aid not restricted to specific purposes	1,491,856	1,698,986	(207,130)
Earnings on investments	274,170	314,975	(40,805)
Other local revenue	<u>2,527,659</u>	<u>3,372,300</u>	<u>(844,641)</u>
Total revenues	162,807,229	163,751,062	(943,833)
Expenses:			
Instruction	86,167,965	85,108,120	1,059,845
Support services	52,825,743	51,007,756	1,817,987
Enterprise and community services	6,409,032	5,910,834	498,198
Interest on long-term debt	<u>11,659,076</u>	<u>12,340,313</u>	<u>(681,237)</u>
Total expenses	<u>157,061,816</u>	<u>154,367,023</u>	<u>2,694,793</u>
Increase (decrease) in net assets	5,745,413	9,384,039	(3,638,626)
Net assets July 1	<u>108,612,283</u>	<u>99,228,244</u>	<u>9,384,039</u>
Net assets June 30	<u>\$ 114,357,696</u>	<u>\$ 108,612,283</u>	<u>\$ 5,745,413</u>

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Management's Discussion And Analysis**  
**June 30, 2012**



**Administrative School District No. 1**  
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**Management's Discussion And Analysis**  
**June 30, 2012**

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

As noted earlier, we use fund accounting to ensure and to demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of our governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing our financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. At June 30, 2012, our governmental funds reported combined ending fund balances of \$22.2 million. About 5.0% of the ending fund balance constitutes capital projects, as authorized by voters. An additional 32.0% is for use as obligated by grants or for debt service obligations.

**General Fund.** The General Fund is the chief operating fund of the District. As of June 30, 2012, the Balance Sheet for Governmental Funds shows that the District had a fund balance of \$14.0 million. This reflects our intent to carry funds forward to help offset a significant decrease in revenues during the 2012-13 school year. We worked hard during the year to reduce our service level (and expenditures) where possible.

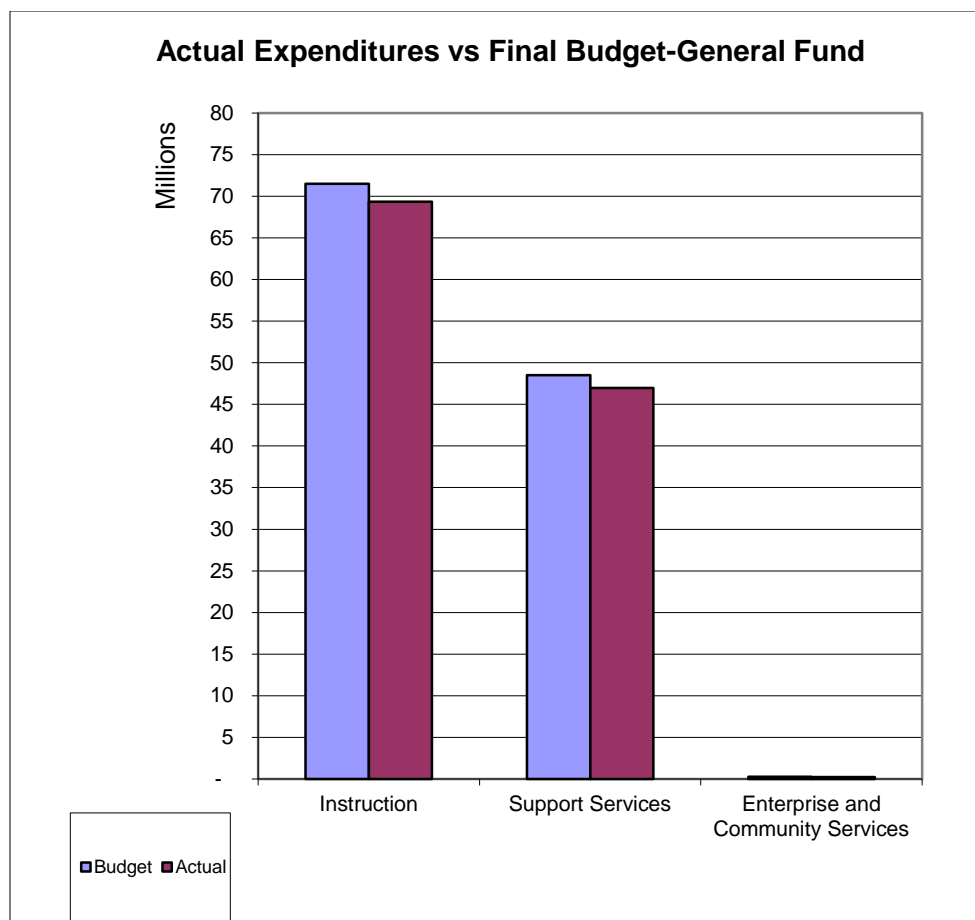
**Debt Service Fund.** The Debt Service Fund has a total fund balance of \$1.8 million, all of which is restricted for the payment of debt service. The decrease of approximately \$.7 million in fund balance reflects our decision to use these funds for debt payments in 2011-12.

**Capital Projects Fund.** The Capital Projects Fund has a total fund balance of \$1.2 million, all of which is restricted for ongoing capital projects. These available resources are a result of the issuance of the most recent general obligation bonds as authorized by District voters in the November 2006 election. Total expenditures of \$2.6 million in the current year reflect the work related to the last of the projects in this bond.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In the current fiscal year all expenditures in the General Fund were within the appropriations as approved by the Board of Directors. There were significant variances from budget in the property tax source line item. This variance is due to a smaller than projected decrease in assessed values. We also reduced our service level (and expenditures) during the year, as evidenced by the variance in the expenditure budget. This service level reduction was attained by reducing expenditures across the board in varying amounts.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Management's Discussion And Analysis**  
**June 30, 2012**



**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets. Our investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. The decrease in capital assets from 2011 to 2012 was approximately \$4.0 million. This is due to annual depreciation on these assets.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Management's Discussion And Analysis**  
**June 30, 2012**

Capital Assets as of June 30

	Governmental Activities		Increase (Decrease) from
	2012	2011	Fiscal 2011
Land	\$ 28,801,796	\$ 28,801,796	\$ -
Site Improvements	16,051,056	16,280,839	(229,783)
Buildings and Improvements	205,965,746	209,924,467	(3,958,721)
Vehicles and Equipment	6,121,775	5,988,449	133,326
Construction in Progress	510,686	474,066	36,620
Total	<u>\$ 257,451,059</u>	<u>\$ 261,469,617</u>	<u>\$ (4,018,558)</u>

More detailed information on capital asset activity can be found in the notes to the basic financial statements on pages 31-32.

Long-term debt. At the end of the current fiscal year, we had total debt outstanding of \$222.3 million, consisting of general obligation bonded debt, limited tax pension obligation bonds and full faith and credit obligations, net of unamortized premium/discount. This does not include the liability for early retirement benefits of \$3.3 million. The decrease of \$14.5 million reflects the scheduled annual principal payments.

Debt Outstanding as of June 30

	Governmental Activities		Increase (Decrease) from
	2012	2011	Fiscal 2011
General Obligation Bonds	\$ 146,490,000	\$ 160,060,000	\$ (13,570,000)
Limited Tax Pension Obligation Bonds	73,663,696	74,360,640	(696,944)
Other long-term debt	2,147,182	2,408,130	(260,948)
Total	<u>\$ 222,300,878</u>	<u>\$ 236,828,770</u>	<u>\$ (14,527,892)</u>

In May, 2007, Moody's upgraded the District's bond rating in conjunction with the issuance of the new general obligation bonds. The rating increased from A1 to Aa3, a one step increase. State statutes limit the amount of general obligation debt a school district may issue to 7.95 percent of its total assessed valuation. The District is well within this limit. More detailed information on long-term debt activity can be found in the notes to the basic financial statements beginning on page 32.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Management's Discussion And Analysis**  
**June 30, 2012**

Economic Factors and Next Year's Budget

One of our most significant sources of revenue is the State of Oregon's State School Fund. For the year ended June 30, 2012, the State School Fund – General Support provided about 40 percent of our General Fund resources.

During the 2011 legislative session, the legislature approved a 2011-13 biennial budget that provides \$5.71 billion to K-12 education. This is slightly less than the final funding provided in the prior biennium. In addition, we were faced with the end of the federal stimulus funds that had been available since February, 2009. Given the contracts we had in place with our employees and the level of programs offered during 2010-11, our projected expenditures exceeded our projected resources in the general fund for 2011-12 by approximately \$16 million. We developed strategies to bring the budget back in balance. Our employees again agreed to forego increases in pay, some of which were agreed to in 2008. We also reduced our employee's work calendars by up to 10 days from a "normal" schedule, which reduced pay. We again increased our class sizes at certain levels and reduced non-salary expenditures where possible. Because we ended the 2010-11 year with more than expected in reserves, we agreed to use a portion of these reserves in 2011-12. And, we again reduced our workforce, through attrition where possible.

We ended the 2011-12 year with more than projected in reserves. A portion of this was planned as the State chose to allocate the State funding 50.5% in the first year and 49.5% in the second year of the biennium. We chose to budget the 2011-12 year assuming we would use 49.5% in year one and 50.5% in year two. Thus, even though we received more State funds in year one we planned to carry this amount forward for use in year two. In year two of the biennium, 2012-13, we have been able to add a few days back to the school year while maintaining our increased class sizes.

During the 2011-12 fiscal year the School Board approved new agreements with all of our employee groups. The certified agreement is a two-year agreement on language and a one-year agreement on wages and benefits.

Our enrollment increased by approximately 135 students in the 2011-12 school year, with a very small increase projected for the 2012-13 year. As of this writing, enrollment has increased by 300 students from the 2011-12 levels.

Requests for Information

This financial report is designed to present the user with a general overview of our finances and to demonstrate our accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to our Business Manager at 520 NW Wall Street, Bend, Oregon 97701.

## **Basic Financial Statements**

Administrative School District No. 1  
Deschutes County, Oregon  
Statement of Net Assets  
June 30, 2012, with Comparative Data

	Governmental Activities	
	2012	2011
<b>Assets:</b>		
Cash and investments	\$ 28,536,698	\$ 27,044,877
Receivables:		
Property taxes	5,604,240	5,792,840
Accounts and other receivables	3,135,564	6,671,552
Prepaid items	69,427	33,718
Inventories	549,133	596,015
Prepaid pension UAL	62,481,332	63,929,161
Bond and long term debt issuance costs	1,225,682	1,266,258
Capital assets, net of depreciation		
Land	28,801,796	28,801,796
Construction in progress	510,686	474,066
Site improvements	16,051,056	16,280,839
Buildings and improvements	205,965,746	209,924,467
Vehicles and equipment	6,121,775	5,988,449
<i>Total Assets</i>	<u>359,053,135</u>	<u>366,804,038</u>
<b>Liabilities</b>		
Accounts payable	2,989,539	2,774,170
Accrued payroll and related charges	8,449,542	7,343,646
Accrued interest	515,065	380,588
Retainage payable	21,011	124,928
Accrued general liability claims and judgments	166,863	95,000
Long-term liabilities due within one year	14,833,255	17,162,362
Long-term liabilities due in more than one year	217,720,163	230,311,061
<i>Total Liabilities</i>	<u>244,695,439</u>	<u>258,191,755</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	106,451,425	96,467,053
Restricted for:		
Transportation	205,603	343,599
Federal and state programs	2,249,449	1,522,985
Debt service	2,406,384	3,535,953
Capital projects	1,188,232	3,594,118
Unrestricted	1,856,603	3,148,575
<i>Total Net Assets</i>	<u>\$ 114,357,696</u>	<u>\$ 108,612,283</u>

See Notes to Financial Statements



Administrative School District No. 1  
Deschutes County, Oregon  
Statement of Activities  
Year Ended June 30, 2012, with Comparative Data

					Net (Expense) Revenue and Changes	
					in Net Assets	
					Governmental Activities	
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2012	2011
Governmental Activities						
Instruction						
Regular instruction	\$ 62,873,157	\$ 3,289,528	\$ 5,308,226	\$ -	\$ (54,275,403)	\$ (52,722,454)
Special programs including summer school	<u>23,294,808</u>	<u>-</u>	<u>6,414,679</u>	<u>-</u>	<u>(16,880,129)</u>	<u>(15,415,061)</u>
Total direct classroom services	86,167,965	3,289,528	11,722,905	-	(71,155,532)	(68,137,515)
Support Services						
Students	9,833,507	-	448,293	-	(9,385,214)	(9,076,071)
Instructional staff	4,743,187	-	1,836,268	-	(2,906,919)	(2,758,441)
General administration	673,215	-	16,200	-	(657,015)	(620,143)
School administration	8,703,470	-	120,809	-	(8,582,661)	(8,454,895)
Business, transportation and maintenance	20,836,427	754,656	1,437,426	428,910	(18,215,435)	(18,956,019)
Central activities	5,464,506	-	31,737	-	(5,432,769)	(4,804,271)
Supplemental retirement program	<u>2,571,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,571,431)</u>	<u>(2,592,337)</u>
Total classroom support services	52,825,743	754,656	3,890,733	428,910	(47,751,444)	(47,262,177)
Enterprise and Community Services						
Food services	5,625,903	1,340,301	4,147,656	-	(137,946)	99,113
Other enterprise and community services	<u>783,129</u>	<u>254,027</u>	<u>636,470</u>	<u>-</u>	<u>107,368</u>	<u>44,022</u>
Total enterprise and community services	6,409,032	1,594,328	4,784,126	-	(30,578)	143,135
Interest on long-term liabilities						
	<u>11,659,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,659,076)</u>	<u>(12,340,313)</u>
	<u>11,659,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,659,076)</u>	<u>(12,340,313)</u>
Total school district						
	<u>\$ 157,061,816</u>	<u>\$ 5,638,512</u>	<u>\$ 20,397,764</u>	<u>\$ 428,910</u>	<u>(130,596,630)</u>	<u>(127,596,870)</u>
General revenues:						
Property taxes levied for:						
General purposes					55,824,372	56,292,622
Debt service					19,291,470	21,856,814
Federal aid not restricted to specific purposes					293,309	2,164,603
State aid not restricted to specific purposes					56,639,207	51,280,609
Intermediate aid not restricted to specific purposes					1,491,856	1,698,986
Earnings on investments					274,170	314,975
Other local revenue					<u>2,527,659</u>	<u>3,372,300</u>
Total general revenues					<u>136,342,043</u>	<u>136,980,909</u>
Change in net assets					5,745,413	9,384,039
Net assets - beginning					<u>108,612,283</u>	<u>99,228,244</u>
Net assets - ending					\$ 114,357,696	\$ 108,612,283

See Notes to Financial Statements

Administrative School District No. 1  
Deschutes County, Oregon  
Balance Sheet  
Governmental Funds  
June 30, 2012, with Comparative Data

					Totals	
	General	Special Programs	Debt Service	Capital Projects	2012	2011
<b>Assets</b>						
Cash and investments	\$ 23,298,556	\$ 2,609,384	\$ 1,439,851	\$ 1,188,912	\$ 28,536,703	\$ 27,044,877
Receivables						
Property taxes	4,122,642	-	1,481,598	-	5,604,240	5,792,840
Accounts and other receivables	874,696	2,240,536	-	20,331	3,135,563	6,671,552
Prepaid items	69,427	-	-	-	69,427	33,718
Inventories	132,705	416,427	-	-	549,132	596,015
<b>Total Assets</b>	<b>\$ 28,498,026</b>	<b>\$ 5,266,347</b>	<b>\$ 2,921,449</b>	<b>\$ 1,209,243</b>	<b>\$ 37,895,065</b>	<b>\$ 40,139,002</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts and interest payable	\$ 2,989,539	\$ -	\$ -	\$ -	\$ 2,989,539	\$ 2,774,170
Accrued payroll and related charges	8,325,867	-	-	-	8,325,867	7,209,286
Retainage payable	-	-	-	21,011	21,011	124,928
Deferred revenue	3,218,088	-	1,165,392	-	4,383,480	5,280,667
<b>Total Liabilities</b>	<b>14,533,494</b>	<b>-</b>	<b>1,165,392</b>	<b>21,011</b>	<b>15,719,897</b>	<b>15,389,051</b>
<b>Fund Balances</b>						
Nonspendable	202,132	416,427	-	-	618,559	629,733
Restricted	205,603	2,249,449	1,756,057	1,188,232	5,399,341	7,936,352
Assigned	8,466,123	2,600,471	-	-	11,066,594	11,320,738
Unassigned	5,090,674	-	-	-	5,090,674	4,863,128
<b>Total fund balances</b>	<b>13,964,532</b>	<b>5,266,347</b>	<b>1,756,057</b>	<b>1,188,232</b>	<b>22,175,168</b>	<b>24,749,951</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28,498,026</b>	<b>\$ 5,266,347</b>	<b>\$ 2,921,449</b>	<b>\$ 1,209,243</b>	<b>\$ 37,895,065</b>	<b>\$ 40,139,002</b>

See Notes to Financial Statements

Administrative School District No. 1  
Deschutes County, Oregon  
Reconciliation of Governmental Funds  
Balance Sheet to Statement of Net Assets  
June 30, 2012

Total Fund Balances, June 30, 2012 (page 14) \$ 22,175,168

Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$ 352,334,011	
Accumulated depreciation	<u>(94,882,951)</u>	257,451,060

The unamortized portion of prepaid UAL pension costs is not available to pay for current period expenditures, and therefore, is not reported in the governmental funds. 62,481,332

The unamortized portion of bond issuance costs is not available to pay for current period expenditures, and therefore, is not reported in the governmental funds. 1,225,682

A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current years' operations, and therefore, are not reported as revenue in the governmental funds. 4,383,479

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 governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:

Long-term debt	(2,147,182)	
Accrued interest payable	(515,065)	
Bonds payable	(220,153,695)	
Unamortized portion of bond issuance premium	(2,942,105)	
OPEB annual required contribution	(4,051,169)	
Compensated absences	(45,135)	
Accrued claims and judgments	(245,406)	
Early retirement benefits payable	<u>(3,259,268)</u>	<u>(233,359,025)</u>

Total Net Assets (page 12) \$ 114,357,696

See Notes to Financial Statements

Administrative School District No. 1  
Deschutes County, Oregon  
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
Year Ended June 30, 2012, with Comparative Data

	General Fund	Special Programs	Debt Service	Capital Projects	Totals	
					2012	2011
Revenues						
Property taxes	\$ 56,446,061	\$ -	\$ 19,566,969	\$ -	\$ 76,013,030	\$ 78,351,703
Tuition	1,650	634,752	-	-	636,402	541,761
Investment earnings	209,176	9,625	46,325	9,077	274,203	315,054
Other local sources	3,574,214	7,479,583	335,329	148,857	11,537,982	10,682,190
Intermediate sources	1,191,856	105,000	300,000	-	1,596,856	1,698,986
State sources	55,941,779	181,165	4,943,797	-	61,066,740	54,055,666
Federal sources	358,091	13,319,122	-	-	13,677,213	18,778,356
Total revenues	117,722,827	21,729,246	25,192,419	157,934	164,802,427	164,423,716
Expenditures						
Current						
Instruction	69,355,658	10,162,960	-	-	79,518,618	78,506,106
Support services	46,971,509	4,184,508	79,761	-	51,235,778	49,028,677
Community services	213,074	6,367,699	-	-	6,580,773	5,951,811
Facilities acquisition and construction	-	-	-	371,189	371,189	584,584
Debt service						
Principal	260,948	-	17,742,829	-	18,003,777	23,646,203
Interest	93,812	-	10,929,423	-	11,023,235	11,786,677
Capital outlay	943,354	347,851	-	2,192,630	3,483,835	14,182,839
Total expenditures	117,838,355	21,063,018	28,752,013	2,563,819	170,217,205	183,686,897
Revenues over (under) expenditures	(115,528)	666,228	(3,559,594)	(2,405,885)	(5,414,779)	(19,263,181)
Other Financing Sources (Uses)						
Issuance of refunding bonds	-	-	2,840,000	-	2,840,000	7,585,000
Premium on issuance of refunding bonds	-	-	-	-	-	452,105
Total Other Financing Sources (Uses)	-	-	2,840,000	-	2,840,000	8,037,105
Net change in fund balances	(115,528)	666,228	(719,594)	(2,405,885)	(2,574,779)	(11,226,076)
Fund balances, beginning of year	14,080,060	4,600,119	2,475,651	3,594,117	24,749,946	35,976,027
Fund balances, end of year	\$ 13,964,532	\$ 5,266,347	\$ 1,756,057	\$ 1,188,232	\$ 22,175,168	\$ 24,749,951

See Notes to Financial Statements

Administrative School District No. 1  
Deschutes County, Oregon  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds to  
the Statement of Activities  
Year Ended June 30, 2012

Net Change in Fund Balance (page 16) \$ (2,574,779)

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

Governmental funds report capital outlay as expenditures. However, in the  
Statement of Activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense. This is the amount by which  
capital outlays exceeded depreciation in the current period:

Expenditures for capital assets and construction in progress	\$ 3,855,026	
Less current year depreciation	<u>(7,873,583)</u>	(4,018,557)

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

Debt issued	(2,840,000)	
Debt principal repaid	<u>18,805,948</u>	15,965,948

In the Statement of Activities the cost of the prepaid unfunded actuarial liability  
is amortized over the estimated funding period. This amount is not recorded in  
the governmental funds (1,447,829)

Governmental funds report the effect of issuance costs, premiums, and discounts  
when debt is first issued, whereas these amounts are deferred and amortized in  
the Statement of Activities. This amount is the net effect of these differences:

Amortization of premiums, net of discount amortization	253,966	
Issuance costs on long-term debt issued in current year	78,868	
Amortization of issuance costs	<u>(119,444)</u>	213,389

In the Statement of Activities interest is accrued on long-term debt, whereas  
in the governmental funds it is recorded as an interest expense when due.

Accreted interest on PERS UAL bonds	(1,438,056)	
Accrued interest on general obligation bonds and other long term debt	<u>(134,477)</u>	(1,572,533)

Property taxes that do not meet the measurable and available criteria are not  
recognized as revenue in the current year in the governmental funds. In the  
Statement of Activities property taxes are recognized as revenue when levied. (897,188)

Compensated absences are recognized as an expenditure in the governmental funds  
when they are paid. In the Statement of Activities they are recognized as an  
expenditure when incurred. (8,930)

Certain expenses in the Statement of Activities do require the use of current financial  
resources and, therefore, are not reported as expenditures in governmental funds

Early retirement benefits	393,882	
OPEB annual required contribution	(255,739)	
Estimated claims and judgments	<u>(52,252)</u>	85,891

Change in Net Assets (page 13) \$ 5,745,413

See Notes to Financial Statements

Administrative School District No. 1  
Deschutes County, Oregon  
Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual -  
General Fund and Special Revenue Fund  
Year Ended June 30, 2012

	General Fund					
	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 52,293,013	\$ 52,293,013	\$ 4,153,048	\$ 56,446,061	\$ -	\$ 56,446,061
Tuition	-	-	1,650	1,650	-	1,650
Investment earnings	183,000	183,000	26,176	209,176	-	209,176
Other Local sources	3,732,500	3,732,500	(158,286)	3,574,214	-	3,574,214
Intermediate sources	1,684,000	1,684,000	(492,144)	1,191,856	-	1,191,856
State sources	56,587,280	56,587,280	(645,501)	55,941,779	-	55,941,779
Federal sources	328,000	328,000	30,091	358,091	-	358,091
Total revenues	114,807,793	114,807,793	2,915,034	117,722,827	-	117,722,827
Expenditures						
Current						
Instruction	71,490,472	71,490,472	2,104,458	69,386,014	(30,356)	69,355,658
Support services	48,502,916	48,502,916	618,409	47,884,507	(912,998)	46,971,509
Community services	272,429	272,429	59,355	213,074	-	213,074
Debt service	354,760	354,760	-	354,760	(354,760)	-
Principal	-	-	-	-	260,948	260,948
Interest	-	-	-	-	93,812	93,812
Capital outlay	-	-	-	-	943,354	943,354
Total expenditures	120,620,577	120,620,577	2,782,222	117,838,355	-	117,838,355
Revenues over (under) expenditures	(5,812,784)	(5,812,784)	5,697,256	(115,528)	-	(115,528)
Other financing sources (uses)						
Transfer from operating sub-fund	1,680,708	1,680,708	-	1,680,708	-	1,680,708
Transfer to other sub-funds	(1,680,708)	(1,680,708)	-	(1,680,708)	-	(1,680,708)
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(5,812,784)	(5,812,784)	5,697,256	(115,528)	-	(115,528)
Fund balances, beginning of year	12,040,000	12,040,000	2,040,060	14,080,060	-	14,080,060
Fund balances, end of year	\$ 6,227,216	\$ 6,227,216	\$ 7,737,316	\$ 13,964,532	\$ -	\$ 13,964,532

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

See Notes to Financial Statements

Special Revenue Fund					
Budgeted Amounts		Variance with Final Budget	Actuals		
Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	634,752	634,752	-	634,752
35,000	35,000	(25,375)	9,625	-	9,625
8,290,000	8,290,000	(810,417)	7,479,583	-	7,479,583
-	-	105,000	105,000	-	105,000
901,000	901,000	(719,835)	181,165	-	181,165
12,950,000	12,950,000	369,122	13,319,122	-	13,319,122
22,176,000	22,176,000	(446,754)	21,729,246	-	21,729,246
10,687,000	10,687,000	461,970	10,225,030	(62,070)	10,162,960
5,063,000	5,063,000	716,938	4,346,062	(161,554)	4,184,508
6,801,000	6,801,000	309,074	6,491,926	(124,227)	6,367,699
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	347,851	347,851
22,551,000	22,551,000	1,487,982	21,063,018	-	21,063,018
(375,000)	(375,000)	1,041,228	666,228	-	666,228
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(375,000)	(375,000)	1,041,228	666,228	-	666,228
3,375,000	3,375,000	1,225,119	4,600,119	-	4,600,119
\$ 3,000,000	\$ 3,000,000	\$ 2,266,347	\$ 5,266,347	\$ -	\$ 5,266,347

See Notes to Financial Statements

Administrative School District No. 1  
Deschutes County, Oregon  
Statement of Net Assets  
Fiduciary Fund - Private Purpose Trust Fund  
June 30, 2012, with Comparative Data

	Totals	
	2012	2011
Assets		
Cash and investments	\$ 35,741	\$ 33,484
Liabilities		
Other liabilities	-	-
Net Assets, June 30	<u>\$ 35,741</u>	<u>\$ 33,484</u>

See Notes to Financial Statements



Administrative School District No. 1  
Deschutes County, Oregon  
Statement of Changes in Net Assets  
Fiduciary Fund - Private Purpose Trust Fund  
Year Ended June 30, 2012, with Comparative Data

	Totals	
	2012	2011
Additions:		
Donations	\$ 2,625	\$ 1,639
Investment earnings	<u>133</u>	<u>150</u>
Total revenues	2,757	1,789
Deductions:		
Scholarships	<u>500</u>	<u>500</u>
Change in net assets	2,257	1,289
Net Assets, July 1	<u>33,484</u>	<u>32,195</u>
Net assets, June 30	<u>\$ 35,741</u>	<u>\$ 33,484</u>

See Notes to Financial Statements

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## **NOTES TO FINANCIAL STATEMENTS**

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2012**

**I. Summary of significant accounting policies**

The financial statements of Administrative School District No. 1 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting entity**

Administrative School District No. 1, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 and provides education services to children from grades K-12 located in Bend and La Pine and surrounding areas. The District has five high schools, five middle schools, and seventeen elementary schools with an approximate total enrollment of 16,300 students. The District is governed by a separately elected seven-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

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

**B. Government-wide and fund financial statements**

The Statement of Net Assets and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, however interfund services provided and used are not eliminated in the process of elimination. Certain indirect costs are included in the program expense reported for individual functions and activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2012**

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In the Statement of Activities, program revenues include grants received from federal and state agencies and student activity fees and fundraising proceeds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. A six-month availability period is used for revenue recognition for all other governmental fund revenues susceptible to accrual. Revenues that are susceptible to accrual include federal, state and local grants which are expenditure-driven and common school fund proceeds. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt as well as expenditures related to early retirement, arbitrage rebates and post-employment healthcare benefits are recorded only when payment is due.

The District reports the following major governmental funds:

*General Fund* - Accounts for all general operating revenues and expenditures of the District and for all financial resources not accounted for in another fund. Principal revenue sources are property taxes and state school support.

*Special Programs Fund* - Accounts for revenues derived from specific grants and other earmarked revenue sources. Principal revenue sources are federal and state grants, student fundraising activities, and school lunch sales.

*Debt Service Fund* – Is used to account for the accumulation of resources and payment of general obligation bond and limited tax pension obligation bond principal and interest from governmental resources such as property taxes and state school support.

*Capital Projects Fund* - Accounts for the acquisition and construction of major capital facilities or other improvements. Principal revenue sources are bond proceeds and interest earnings from cash and investments.

Additionally, the District reports the following fund types:

*Trust Fund* – This fund uses the economic resources measurement focus and accrual basis of accounting. Accounts for scholarship resources held by the District in a fiduciary capacity for use by students. Disbursements from this fund are made in accordance with the various trust agreements.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2012**

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, liabilities, and net assets**

**1. Deposits and investments**

The District's cash and cash equivalents are considered to be cash on hand, demand and savings deposits, cash with the county treasurer, and short-term investments with maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bankers' acceptances and the State of Oregon Treasurer's Local Government Investment Pool (LGIP).

Investments are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the LGIP is the same as the fair value of the LGIP shares.

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

**2. Receivables and payables**

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

Uncollected property taxes are recorded on the statement of net assets. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal and state grants. Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". We have no such arrangements as of June 30, 2012.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2012**

**3. Inventories and prepaid items**

Print Shop supplies, maintenance supplies and food and other cafeteria supplies are stated at average invoice cost. Donated commodities from the United States Department of Agriculture in the Nutrition Services Fund are included in the District's inventories at fair market wholesale value. Inventory items are charged to expenditures of user departments at the time of withdrawal from inventory (consumption method).

Prepaid items consist of prepaid software support fees, and are reported using the consumption method, where items are charged to expenditure as the service is provided.

**4. Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 to 50 years
Equipment	5 to 10 years

**5. Self-Insurance**

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

- Fire loss, property damage, theft, vandalism, etc. - \$50,000 per occurrence
- School Board errors and omissions - \$10,000 per occurrence

The District is self-insured for unemployment claims.

**6. Retirement Plans**

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

In addition, certificated employees, classified employees and eligible administrative supervisors who retire under PERS with ten years of regular service qualify for early retirement benefits which are funded and charged to expenses/expenditures on a pay-as-you-go basis.

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

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2012**

Early Termination Benefits

Eligible employees who elect early retirement are entitled to payment of a monthly cash stipend. Such costs are allocated across all funds based on a percentage of payroll, and funded as stipends become due. In the government wide statements, the early termination benefit liability is computed by estimating the annual benefit due to retirees participating in the plan at the end of the fiscal year, and discounting to its net present value.

**7. Compensated Absences**

District personnel currently work under an annual contract based upon the number of workdays in each year. Employees under such contracts have no vested vacation pay benefits. Beginning in the 08-09 school year, certain administrators were able to accrue unused vacation leave from year to year up to a total of 30 days. Upon resignation or termination of employment, these employees will receive pay for up to 20 of these accrued vacation days. A few employees have absences that are carried over year to year which are remaining from the prior policy. Currently, accumulated compensatory benefits earned by employees are paid as of June 30 each year. Sick pay does not vest.

**8. Fund Equity**

In the fund financial statements, governmental funds are categorized by the nature of the resources within the fund. The district reports fund balance using the following categories:

Nonspendable fund balance indicates the portion of fund equity that cannot be spent as it is not in a spendable format, such as inventories and prepaid expenditures.

Restricted fund balance indicates the portion of fund equity the use of which is externally restricted by grantors, creditors, or law.

Assigned fund balance indicates the portion of fund equity that the District intends to use for a specific purpose imposed by the Superintendent or designee.

Unassigned fund balance indicates the amount of general fund equity that is available for budgeting in future periods.

**9. Long-Term Debt**

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

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred.

The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2012**

**10. Use of Estimates**

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

**II. Stewardship, compliance, and accountability**

**A. Budgetary information**

Annual budgets, as required by state statutes, are adopted on the modified accrual basis of accounting for all governmental funds. The budget is prepared by fund, function and activity. The budget document includes information on the past two years, current year budget information, as well as requested appropriation and estimated revenues for the ensuing fiscal year.

The proposed budget is presented by the budget officer to the budget committee. Public meetings are held by the budget committee. The budget committee may make changes to the original document. The budget committee approves the budget document to be submitted to the governing body of the district.

Once the budget document is received by the governing body, they hold a public hearing on a date as published. After the public hearing, the governing body gives consideration to matters discussed and makes amendments to the budget document prior to adoption.

However, state statutes do not allow the governing body to increase estimated expenditures for each fund by more than ten percent. The amount of the total ad valorem taxes to be certified by the county for levy for all funds shall not exceed the amount presented by the budget committee unless the budget document is republished and another public hearing is held. The governing body is then required by state statutes to adopt the budget, make appropriations, and certify the levy of ad valorem taxes for each fund. The level of control for appropriations is exercised at the program level. The program level consists of instruction, support services, enterprise and community services, facilities acquisition and construction, debt service and transfers.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the governing body. All appropriations lapse at the end of the District's fiscal year.

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2012**

The District has budgeted for administrative purposes, sub-fund account groupings within the General Fund. The sub-funds have been employed to allow the administration flexibility in managing fiscal matters while complying with statutory requirements. The sub-fund account groupings used for administrative purposes are as follows:

<b>General Fund</b>	
General Operations	Facility Usage
Athletics and Activities	Technology Reserve
Maintenance Replacement	Transportation Equipment
Insurance Reserve	Print Shop Equipment
Instructional Materials	

**B. Excess of expenditures over appropriations**

ORS 294.435 states in part “no greater expenditure of public money shall be made for any specific purpose than the amount appropriated therefore.” For the year ended June 30, 2012, the expenditures exceeded appropriations in the debt service fund support services and debt services by \$77,761 and \$2,714,220, respectively. This was the result of issuing new full faith and credit pension bonds to refinance full faith and credit pension bonds. Under ORS 294.483(2)(a)(C) the adoption of a supplemental budget is not required to be in compliance with Oregon Local Budget Law for the issuance of this new debt.

**III. Detailed notes on all funds**

**A. Deposits and investments**

**Deposits**

At June 30, 2012 the District held cash of \$18,088,637 with a bank balance of \$19,170,141. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 for interest bearing accounts and 100% for non-interest bearing accounts applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires bank depositories to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Banks are required to report quarterly to Treasury, providing quarter-end public funds balances in excess of the FDIC limits, net worth, and FDIC capitalization information. The FDIC assigns each bank with a capitalization category quarterly, either well capitalized, adequately capitalized or undercapitalized. The Public Funds Collateralization Program calculates, based on this information, the bank’s minimum collateral required, which is the value that must be pledged with the custodian for the next quarter. The minimum collateral requirement is reported to the bank, OST and custodian. Public officials are required to verify that deposit accounts in excess of deposit insurance limits are only maintained at financial institutions included on the list of qualified depositories found on the Treasurer’s web site.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2012**

Custodial credit risk – cash and cash equivalents. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. The provisions of ORS 295 create a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.

**Investments**

At June 30, 2012 the District was invested as follows:

Investment type:	Credit quality	Reported amount	Maturities	
			Up to 6 months	6 months to 1 year
State of Oregon Investment Pool	N/A	\$ 10,447,527	\$ 10,447,527	\$ -
Certificates of Deposit	N/A	3,000	3,000	-
Total		<u>\$ 10,450,527</u>	<u>\$ 10,450,527</u>	<u>\$ -</u>

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has a Third Party Safekeeping Agreement (TPSA) with Wells Fargo Bank to hold certain securities in trust. All of the securities subject to the TPSA are held in trust in the District's name. The District does not have a policy for custodial credit risk for certificates of deposit.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy minimizes this risk by limiting investments to the safest types of securities and by diversifying the investment portfolio; this is done by limiting the District's exposure to an individual security issuer or backer, when possible. The schedule above summarizes the District's holdings by rating.

Concentration of credit risk. The District's investment policy requires that the District's investments be diversified across maturities, security type, and institution to avoid incurring unreasonable risk. The investment holdings at June 30, 2012 meet the requirements of this policy.

Interest rate risk. Interest rate risk is lessened by generally matching investment maturities with cash requirements so that sales prior to maturities are minimized. The District's investment policy requires that only investments that can be held to maturity shall be purchased. At June 30, 2012 the District's investment holdings meet the requirement of this policy.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2012**

**B. Tax collections**

The voters of the State of Oregon approved Ballot Measure 5, a constitutional limit on property taxes for schools and non-school government operations in November, 1990. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. The limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The voters of the State of Oregon later passed Measure 50 in May, 1997, which further reduced taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. Measure 50 reduced the amount of operating property tax revenues available for its 1997-98 fiscal year and thereafter. This reduction was accomplished by rolling assessed property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to school districts. The result of these initiatives has been that school districts have become more dependent upon state school funding and less dependent upon property tax revenues as their major source of operating revenue.

The levy for general operations is based on a permanent rate of \$4.7641 per thousand of assessed valuation.

The levies, as extended on the tax rolls, are summarized as follows:

		Debt
	General Fund	Service Fund
Certification to Assessor	\$ 58,483,470	\$ 19,602,352
Farm land and open space taxes	66,472	22,199
Other adjustments	37,220	12,430
Truncation gain	173	3,473
Loss to compression	(1,754,805)	-
Levy as extended on tax rolls	<u>\$ 56,832,530</u>	<u>\$ 19,640,453</u>

Unpaid taxes become subject to foreclosure four years after they become a lien on the property. Tax collections and foreclosure are the responsibility of the county tax collector/treasurer.

**C. Receivables**

The accounts and other receivable in the General Fund are primarily receivables from other government entities such as Oregon Department of Education, and High Desert Education Service District for reimbursement of expenditures. The accounts and other receivable in Special Revenue Funds represent balances due from state and federal governments for special program grants.

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Accounts and other receivables on the Statement of Net Assets are comprised of the following as of June 30, 2012:

	Amount
Grants	\$ 2,221,107
Common school fund	652,404
Other	262,053
Total	<u>\$ 3,135,564</u>

**D. Capital assets**

Capital asset activity for the year-ended June 30, 2012 was as follows:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets not being depreciated				
Land	\$ 28,801,796	\$ -	\$ -	\$ 28,801,796
Construction in progress	474,066	36,620	-	510,686
Total non-depreciable assets	29,275,862	36,620	-	29,312,482
Capital assets being depreciated:				
Buildings and improvements	282,514,659	2,234,619	-	284,749,278
Site improvements	19,027,946	425,475	-	19,453,421
Vehicles and equipment	17,660,518	1,158,312	-	18,818,830
Total depreciable assets	319,203,123	3,818,406	-	323,021,529
Less accumulated depreciation for:				
Buildings and improvements	(72,590,192)	(6,193,340)	-	(78,783,532)
Site improvements	(2,747,108)	(655,257)	-	(3,402,365)
Vehicles and equipment	(11,672,069)	(1,024,986)	-	(12,697,055)
Total accumulated depreciation	(87,009,369)	(7,873,583)	-	(94,882,951)
Total depreciable assets, net	232,193,755	(4,055,177)	-	228,138,577
Total capital assets, net	<u>\$ 261,469,617</u>	<u>\$ (4,018,557)</u>	<u>\$ -</u>	<u>\$ 257,451,059</u>

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

Program	Buildings	Improvements	Equipment	Total
Regular Instruction	\$5,945,979	\$ 614,341	\$ 204,080	\$6,764,401
Business Services	237,577	40,916	739,165	1,017,657
Food Services	8,999	-	77,256	86,255
Central Activities	785	-	4,484	5,270
	<u>\$6,193,340</u>	<u>\$ 655,257</u>	<u>\$1,024,986</u>	<u>\$7,873,583</u>

**E. Long-term liabilities**

Long-term liability activity for the year ended June 30, 2012, was as follows:

Issue Date:	Interest Rates	Original Amount	Balance June 30, 2011	Additions	Payments	Balance June 30, 2012	Due Within One Year
December 15, 2001	4.15-5.5%	47,820,000	\$ -			\$ -	
July 15, 2002	3.0-5.5%	10,215,000	3,440,000		1,095,000	2,345,000	1,145,000
October 31, 2002	2.06-6.1%	40,926,719	42,193,746	672,106	3,840,000	39,025,852	1,265,000
April 21, 2003	1.5-6.27%	25,316,993	26,426,894	765,949	1,045,000	26,147,843	1,140,000
February 19, 2004	3.25-5.528%	5,930,000	5,740,000		90,000	5,650,000	110,000
March 15, 2005	3.0-5.0%	63,045,000	37,395,000		11,795,000	25,600,000	9,335,000
June 20, 2007	4.0-5.0%	119,000,000	111,640,000			111,640,000	-
March 20, 2011	2.0-4.0%	7,585,000	7,585,000		680,000	6,905,000	620,000
January 30, 2012	2.75%	2,840,000	-	2,840,000		2,840,000	-
Premiums on Bonds			3,196,070	-	253,966	2,942,104	-
Total Bonds Payable			<u>237,616,710</u>	<u>4,278,056</u>	<u>18,798,966</u>	<u>223,095,800</u>	<u>13,615,000</u>
December 30, 2008	4.55%	9,100,000	-			-	-
June 15, 2009	4.00%	2,900,000	2,408,130	-	260,948	2,147,182	271,499
Total Long-Term Loans			<u>2,408,130</u>	<u>-</u>	<u>260,948</u>	<u>2,147,182</u>	<u>271,499</u>
Other Post-Employment Benefits			<u>3,795,430</u>	<u>1,162,659</u>	<u>906,920</u>	<u>4,051,169</u>	<u>-</u>
Early Retirement			<u>3,653,153</u>	<u>729,717</u>	<u>1,123,603</u>	<u>3,259,267</u>	<u>946,756</u>
Total Long-Term Liabilities			<u>\$ 247,473,423</u>	<u>\$ 6,170,432</u>	<u>\$ 21,090,437</u>	<u>\$ 232,553,418</u>	<u>\$ 14,833,255</u>

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of District school facilities. Debt service on bond principal and bond interest is paid from the Debt Service Fund. The District is subject to statutory limitations on indebtedness. As of June 30, 2012, the District's net bonded debt is \$1,085,077,000 less than the statutory debt limit. Certain issues of the District's bonds are subject to federal arbitrage regulations. The District employs the services of an arbitrage rebate specialist to determine the amount of the arbitrage liability if applicable.

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Future maturities to service the general obligation bonds outstanding as of June 30, 2012, are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 10,480,000	\$ 6,631,444	\$ 17,111,444
2014	10,370,000	6,108,794	16,478,794
2015	11,505,000	5,635,294	17,140,294
2016	12,725,000	5,098,694	17,823,694
2017	14,065,000	4,472,444	18,537,444
2018-2022	52,045,000	14,403,788	66,448,788
2023-2024	28,395,000	2,052,712	30,447,712
	<u>\$ 139,585,000</u>	<u>\$ 44,403,170</u>	<u>\$ 183,988,170</u>

**Limited Tax Pension Obligation Bonds**

The District participated in the OSBA Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL). Bonds in the amount of \$40,926,720 were issued October 31, 2002, additional bonds in the amount of \$25,316,992 were issued April 21, 2003 and \$5,930,000 were issued February 19, 2004. The bonds are being amortized over 25-26 years. In February, 2012 the District refinanced a portion of the 2002 Pension Bonds. This refinance will save approximately \$45,000 per year in interest. Debt service on bond principal and interest is paid from the debt service fund.

Future maturities to service the limited tax pension obligation bonds outstanding as of June 30, 2012, are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,101,819	\$ 4,092,917	\$ 5,194,736
2014	1,424,178	4,045,307	5,469,485
2015	1,781,401	3,976,614	5,758,015
2016	2,171,542	3,883,596	6,055,138
2017	2,591,884	3,763,710	6,355,594
2018-2022	21,117,392	15,985,484	37,102,876
2023-2027	38,950,480	8,290,287	47,240,767
2028	4,525,000	253,176	4,778,176
	<u>\$ 73,663,696</u>	<u>\$ 44,291,091</u>	<u>\$ 117,954,787</u>

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Full Faith and Credit Bonds

On March 21, 2011, the District issued full faith and credit bonds to refinance a long-term loan taken out in 2009 that was used to finance the repair of Summit High School athletic fields. The refunding was undertaken to reduce total debt service payments over the next 16 years by \$886,848 and resulted in an economic gain to the taxpayers of approximately \$740,000. The bonds mature in January 2024 and the interest rates range from 2-4%.

Future maturities to service the Full Faith and Credit bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 620,000	\$ 251,850	\$ 871,850
2014	605,000	239,450	844,450
2015	595,000	221,300	816,300
2016	585,000	200,475	785,475
2017	580,000	180,000	760,000
2018-2022	2,825,000	556,000	3,381,000
2023-2024	1,095,000	65,600	1,160,600
	<u>\$ 6,905,000</u>	<u>\$ 1,714,675</u>	<u>\$ 8,619,675</u>

Long-term loans

During 2009, the District borrowed funds to purchase 21 busses. This loan matures on June 15, 2019 with a fixed interest rate of 4.00%.

Future maturities to service the long-term loans outstanding as of June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 271,499	\$ 83,262	\$ 354,761
2014	282,476	72,285	354,761
2015	293,896	60,864	354,760
2016	305,779	48,981	354,760
2017	318,141	36,619	354,760
2018-2019	675,391	34,130	709,521
	<u>\$ 2,147,182</u>	<u>\$ 336,141</u>	<u>\$ 2,483,322</u>



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Leases

The District leases facilities and equipment under non-cancelable operating leases. Total costs for such leases were \$445,285 for the year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2013	\$ 255,162
2014	146,601
2015	<u>42,980</u>
Total	<u>\$ 444,743</u>

In prior years, the general fund has been used to liquidate long-term liabilities other than debt.

**F. Fund balances**

The District categorizes its fund balance for major funds as nonspendable, restricted, assigned or unassigned. Nonspendable fund balance represents resources that can't be spent as they are not in a spendable format. Restricted fund balances represent resources whose use is constrained by externally imposed restrictions placed by creditors, grantors or contributors or those restrictions imposed by law. Assigned fund balances represent amounts the district intends to use for specific purposes and are imposed by the Superintendent or designee. The authority for the Superintendent or designee to assign resources for specific purposes is granted by the School Board, the District's governing body.

For the classification of unrestricted ending fund balance the District first reduces assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. At times when restricted and unrestricted amounts can be used, the District uses restricted amounts first.

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Details of fund balance classifications displayed in the aggregate are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	June 30, 2012	June 30, 2011
<b>Nonspendable:</b>						
Inventory	\$ 132,705	\$ 416,427	\$ -	\$ -	\$ 549,132	\$ 596,014
Prepaid items	69,427	-	-	-	69,427	33,719
<b>Restricted for:</b>						
Capital projects	-	-	-	1,188,232	1,188,232	3,594,118
Debt service	-	-	1,756,057	-	1,756,057	2,475,650
Federal and state grants	-	1,437,279	-	-	1,437,279	1,522,985
Transportation equipment	205,603	-	-	-	205,603	343,599
Energy Efficiency Program		812,170			812,170	-
<b>Assigned to:</b>						
Appropriated fund balance	6,070,194	-	-	-	6,070,194	5,812,781
Athletics	53,356	-	-	-	53,356	129,192
Early retirement funding	-	232,743	-	-	232,743	390,092
Facility grant	-	980,349	-	-	980,349	1,019,349
Facility usage	174,711	-	-	-	174,711	211,385
Instructional materials	12,789	-	-	-	12,789	8,844
Insurance reserve	701,379	-	-	-	701,379	789,822
Kindergarten academic enrichment	-	39,220	-	-	39,220	10,628
Maintenance replacement	161,960	-	-	-	161,960	299,493
Print shop equipment	198,229	-	-	-	198,229	247,859
Student activities	-	1,319,835	-	-	1,319,835	1,215,390
Teacher exchange program	-	28,324	-	-	28,324	9,456
Technology	1,093,505	-	-	-	1,093,505	1,176,447
<b>Unassigned:</b>	<u>5,090,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,090,674</u>	<u>4,863,128</u>
	<u>\$ 13,964,532</u>	<u>\$ 5,266,347</u>	<u>\$ 1,756,057</u>	<u>\$ 1,188,232</u>	<u>\$ 22,175,168</u>	<u>\$ 24,749,951</u>

**IV. Other Information**

**A. Termination benefits**

Special termination benefits have been made available to employees who meet guidelines of a plan adopted by the Board on May 3, 1983 and revised most recently on May 27, 2009. All employees are eligible to apply for participation in the plan if they have been employed with the District for at least the ten consecutive years prior to their retirement date and also qualify for retirement in accordance with the PERS/OPSRP guidelines in force at the time of early retirement.

The maximum monthly benefit paid by the District will be equal to .1667 times the base salary divided by 12. Base salary is the average of the scheduled annual gross regular salary for the three highest completed paid contract years before retirement, but shall not exceed \$36,000. Employees do not contribute to the plan and accrue no vested benefits prior to their acceptance in the program.

The District's liability under the program is reported in the government-wide statements. The

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plan is funded by an assessment charged against payroll in all funds. The assessed charges are accumulated and stipends paid from the special revenue fund. The intent of this assessment is to fund the plan on a "pay-as-you-go" basis and not to accumulate resources in the special revenue fund for this plan.

These benefits are in addition to benefits that may become available under the pension plan administered under the State of Oregon Public Employees Retirement System. The expenditures incurred under the post-employment benefit plan during the current fiscal year totaled \$1,094,842 and covered 235 retirees.

A liability for termination benefits has been recorded in the government-wide statements. The liability was derived by calculating the future benefit for all current participants based on the monthly maximum amount available to each participant for the years that they are eligible for the plan. The total liability is then discounted using a 15-year average market yield rate on US Treasury securities to reflect the present value of future cash flows.

On May 27, 2009, the School Board voted to implement a phasing out of the program. All employees participating in the plan before the effective date of the phase out period will receive benefits as anticipated when they retire. Beginning in fiscal year 2009-10, benefits under the plan were reduced each year by 10%, ending with fiscal year 2012-13 where benefits will be reduced to 60% of the amount they would have received. After June 30, 2013, the plan will be closed to new retirees.

Future maturities of termination benefits payable are as follows:

Year Ending	
June 30,	Amount
2013	\$ 946,756
2014	737,052
2015	533,721
2016	364,606
2017	259,023
2018-2022	406,569
2023	11,541
	<u>\$ 3,259,268</u>

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**B. Pension plan**

Plan Description

Administrative School District No. 1 is participating in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by PERS. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. In 2003 a successor plan for PERS was created. 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 PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or IAP). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor based on the type of service.

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment. The plan accounts for its activity on an accrual basis and includes 881 participating employers.

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. PERS is administered by the Oregon Public Employees Retirement Board (OPERB). Oregon PERS issues a publicly available financial report that includes financial statements and required supplementary information for Oregon PERS. That report may be obtained by writing to Oregon PERS at PO Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

Funding Policy

PERS members are required to contribute 6% of their salary and the employer makes contributions at an actuarially determined rate as adopted by the PERS Board. The rate for Tier I and Tier II for the year ended June 30, 2012 was 11.28% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2012 was 9.77%. The contribution requirements of plan members are established by state statute. The employer contribution is set and may be amended by the Retirement Board. The District's contributions to Oregon PERS for the years ended June 30, 2012, 2011 and 2010 were \$7,459,712, \$1,324,544, and \$1,453,737, respectively. Because all PERS employers are required by law to submit the contributions adopted by the Retirement Board, and employer contributions are calculated in conformance with the standards of GASB Statement 27, there is no Net Pension Obligation. The contributions actually made are equivalent to the Annual Pension Cost. In addition, employee contributions for the years ended June 30, 2012, 2011 and 2010 of \$4,148,656, \$4,253,373, and \$4,225,177, respectively, were paid by the District under terms of employment contracts.

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**C. Prepaid pension liability**

As a result of the issuance of Series 2002, Series 2003 and Series 2004 Limited Tax Pension Obligation Bonds, a prepaid PERS liability has been reported in the Statement of Net Assets. The prepaid liability is equal to the initial \$40,449,272, \$25,000,000, and \$5,642,462 payments made to PERS from the bond proceeds on October 31, 2002, April 21, 2003 and February 19, 2004, less accumulated amortization at June 30, 2012 of \$8,610,402. Annual amortization is being calculated on a straight-line basis over the life of the pension obligation bonds. As a result of issuance of bonds certain issue costs were accrued and annual amortization is being calculated on a straight-line basis over the life of the bonds. The unamortized amount of the bond issue costs is \$608,888.

**D. Other post-employment benefits (OPEB)**

The District sponsors a self-pay early retirement health insurance program for its retirees. The health insurance program is a post-employment benefit plan that allows eligible retirees and their dependents to purchase continuation of coverage under the District's health insurance plans from the date of retirement until eligibility for Medicare as required under ORS 243. The statutory requirement under ORS 243 results in an "implicit rate subsidy," the difference between expected early retiree claim costs and the premium paid by the retiree. GASB Statement 45 requires recognition of the cost and liability of this implicit rate subsidy in the government-wide financial statements.

Currently, the District participates in the Oregon Educators Benefit Board, a statewide agent multiple-employer plan for health insurance benefits.

The District's annual OPEB cost is reflected on the Statement of Net Assets on the accrual basis, and is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

There is no separate, audited GAAP-based postemployment benefit report available for this Plan.

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The following table shows the components of the District's OPEB cost for the year ending June 30, 2012, 2011 and 2010, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Determination of Annual Required Contribution

	Year Ending June 30		
	2012	2011	2010
Normal cost at year end	\$ 629,212	\$ 629,212	\$ 1,539,443
Amortization of UAAL	602,991	602,991	1,212,090
	<u>\$ 1,232,203</u>	<u>\$ 1,232,203</u>	<u>\$ 2,751,533</u>

Determination of Net OPEB Obligation

Annual required contribution (ARC)	\$ 1,232,203	\$ 1,232,203	\$ 2,751,533
Interest on Net OPEB Obligation	132,840	122,856	64,208
Adjustment to ARC for Net OPEB Obligation	(202,384)	(184,399)	-
Annual OPEB cost	<u>1,162,659</u>	<u>1,170,660</u>	<u>2,815,741</u>
Expected contributions	<u>(906,920)</u>	<u>(885,405)</u>	<u>(1,140,073)</u>
Increase in net OPEB obligation	255,739	285,255	1,675,668
Net OPEB obligation, beginning of fiscal year	<u>3,795,430</u>	<u>3,510,175</u>	<u>1,834,507</u>
Net OPEB obligation, end of fiscal year	<u>\$ 4,051,169</u>	<u>\$ 3,795,430</u>	<u>\$ 3,510,175</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are:

	Percentage of		
	Annual OPEB		
	Annual	Cost	Net OPEB
Fiscal Year	OPEB cost	Contributed	Obligation
2010	\$ 2,815,741	40.49%	\$ 3,510,175
2011	\$ 1,170,660	75.63%	\$ 3,795,430
2012	\$ 1,162,659	78.00%	\$ 4,051,169

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, claim cost, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Calculations are based on the benefits provided under the term of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

The District elected to use the Entry Age Normal (EAN) method for calculating the ARC and Actuarial Accrued Liability (AAL). The ARC is equal to the sum of the Normal Cost and a payment to amortize the Unfunded AAL over a period not to exceed 30 years. All amortization bases are spread as level dollar amounts over future open periods. The plan is currently unfunded as defined by GASB. Contributions to the plan have been determined on a pay-as-you-go basis and compared to the actuarially determined annual OPEB cost for disclosure purposes.

The key actuarial assumptions used in the valuation as of June 30, 2012 include the following:

- Investment returns assumption: 3.0%
- Inflation rate assumption: 3.0%
- Medical annual trend rate: 10.0% initial increase in 2012, reducing to 5.0% over the next 9 years
- Dental annual trend rate: 4.0% initial increase in 2012, reducing to 3.0% over 3 years
- Rates of mortality, retirement, and withdrawal are the same rates that were used in the 12/31/09 actuarial valuation of the Oregon Public Employees Retirement System for school district employees.

As of June 30, 2012, the AAL for benefits was \$11,608,590, and the actuarial value of assets was \$0, resulting in an unfunded AAL of \$11,608,590. The covered payroll was \$70,168,107 and the ratio of the unfunded AAL to the covered payroll was 16.54%. Using a 30 year amortization period, the ARC for the fiscal year ending June 30, 2012 has been actuarially determined to be \$1,232,203 for the implicit rate subsidy.

The District's Plan is currently unfunded as defined by GASB. Contributions to the Plan have been determined on a pay-as-you-go basis and compared to the actuarially determined Annual OPEB Cost for disclosure purposes.

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

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**E. Risk management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Insurance coverage has not changed significantly from prior years.

A liability for estimated unemployment claims is presented in the government-wide statements as an accrued payroll liability. The liability represents the district's estimate of its share of unemployment claims during fiscal year 2011-12 that were unpaid as of June 30, 2012. The estimate was calculated based on district experience and actual claims paid after June 30, 2012. A reconciliation of the claims liability is as follows:

	Year Ending June 30	
	2012	2011
Beginning balance	\$ 98,153	\$ 82,502
Claims incurred	250,770	200,332
Claims paid	(244,204)	(184,681)
Ending balance	<u>104,720</u>	<u>98,153</u>

A liability for estimated general liability claims is presented in the government-wide statements. The liability represents the district's estimate of its share of various general liability claims during fiscal year 2011-12 that were unpaid as of June 30, 2012. The liability was calculated using actual claims settled and paid after June 30, 2012. A reconciliation of the claims liability is as follows:

	Year Ending June 30	
	2012	2011
Beginning balance	\$ 95,000	\$ 60,650
Claims incurred	71,863	181,245
Claims paid	-	(146,895)
Ending balance	<u>166,863</u>	<u>95,000</u>

**F. Commitments and contingencies**

As of June 30, 2012, the District had contractual commitments of approximately \$311,022 for construction of new buildings and District improvement projects. Funding of these future expenditures is provided by proceeds from General Obligation Bonds.

Reimbursement claims under federal and state program grants may be subject to further audit and adjustment by grantor agencies. State school support from the Oregon Department of Education may also be subject to further audit and adjustment. Disallowed claims could become a liability of the General Fund. Any such amounts are not expected to be significant. Accordingly, management does not anticipate any material adverse consequences arising from such actions.



**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2012**

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Because these projections and pupil counts fluctuate they can cause increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

**G. Environmental matters**

The District has complied with EPA standards for asbestos removal or encasement as well as maintenance of an asbestos management plan. In addition, the District's fuel storage facilities meet EPA standards including annual testing requirements.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

Administrative School District No. 1  
Deschutes County, Oregon  
Required Supplementary Information  
Schedule of Funding Progress - Other Post Employment Benefits  
Year Ended June 30, 2012

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Plan Assets	EAN Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2009	\$ -	\$ 23,073,054	\$23,073,054	0.0%	\$70,427,034	32.8%
6/30/2010	\$ -	\$ 24,313,910	\$24,313,910	0.0%	\$70,427,034	34.5%
6/30/2011	\$ -	\$ 11,478,403	\$11,478,403	0.0%	\$70,168,107	16.4%
6/30/2012	\$ -	\$ 11,608,590	\$11,608,590	0.0%	\$70,168,107	16.5%

The above table presents the most recent actuarial valuations for the District's post employment benefit plan, and it provides information that approximates funding progress of the plan.

## **SUPPLEMENTARY INFORMATION**



**Bend High School, built in 1926**  
**Current site of Bend-La Pine Schools Education Center.**



## **Description of Fund Types**

### **General Fund**

This fund accounts for general operating revenues, expenditures and transfers of the District. The principal sources of revenue are from the local tax levy and state school support.

Sub-fund account groupings are used to separate accounting records for management purposes. The sub-fund account groupings are as follows:

- General Operations
- Athletics and Activities
- Instructional Materials
- Transportation Equipment
- Print Shop Equipment
- Facility Usage
- Technology Reserve
- Maintenance Replacement
- Insurance Reserve

### **Special Revenue Fund**

The special revenue fund accounts for revenue sources that are set aside for specific purposes or have legal restrictions that determine how and on what the funds may be disbursed.

The District accounts for grant funds, student body funds and nutritional services activities in special revenue funds. The grant funds include Title grants, IDEA (special education), Family Advocate Network and various other grants received from the federal, state or other sources.

### **Debt Service Fund**

The debt service fund is used to account for all sources and uses related to the general obligation debt, PERS UAL refunding debt, and Summit High Athletic field project debt of the District.

The main source used to pay for the general obligation debt of the District is property taxes levied at a rate to cover the debt for the current period. The source used to pay for the PERS UAL refunding debt of the District is a portion of the State School Fund. The source used to pay the long-term debt for the Summit High Athletic field project is general resources of the district.

### **Capital Projects Fund**

The capital projects fund is used to account for the transactions related to projects funded through the issuance of general obligation bonds. The major source of revenue for this fund is proceeds from the issuance of bonds.

On November 7, 2006, voters approved a general obligation bond issue in the amount of \$119 million to fund 179 construction projects, including the construction of three new elementary schools. The bonds were issued on June 20, 2007. Most of these projects are complete.

### **Private Purpose Trust Fund**

The private purpose trust fund accounts for revenues and expenses of individual bequests and grants held by the District. The fund assets have been contributed by individuals and are subject to restrictions set forth in the trust agreements.

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**SUPPLEMENTARY INFORMATION**

**COMBINING SCHEDULES OF GENERAL FUND SUB-FUNDS**

Administrative School District No. 1  
Deschutes County, Oregon  
Combining Schedule of Assets, Liabilities and Fund Balance  
General Fund - Sub-Funds  
(GAAP Basis)  
June 30, 2012, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
<b>Assets</b>				
Cash and investments	\$ 20,713,947	\$ 53,356	\$ 12,789	\$ 205,603
Receivables				
Property taxes	4,122,642	-	-	-
Accounts and other receivables	857,773	-	-	-
Prepaid items	69,427	-	-	-
Inventories	42,109	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<u><u>\$ 25,805,898</u></u>	<u><u>\$ 53,356</u></u>	<u><u>\$ 12,789</u></u>	<u><u>\$ 205,603</u></u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts and interest payable	\$ 2,989,539	\$ -	\$ -	\$ -
Accrued payroll and related charges	8,325,867	-	-	-
Deferred revenue	3,218,088	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>14,533,494</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	111,536	-	-	-
Restricted	-	-	-	205,603
Assigned	6,070,194	53,356	12,789	-
Unassigned	5,090,674	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balances</b>	<u>11,272,404</u>	<u>53,356</u>	<u>12,789</u>	<u>205,603</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 25,805,898</u></u>	<u><u>\$ 53,356</u></u>	<u><u>\$ 12,789</u></u>	<u><u>\$ 205,603</u></u>

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2012	2011
\$ 197,326	\$ 158,691	\$ 1,093,505	\$ 161,960	\$ 701,379	\$ 23,298,556	\$ 20,083,454
-	-	-	-	-	4,122,642	4,212,191
903	16,020	-	-	-	874,696	3,410,137
-	-	-	-	-	69,427	33,718
<u>90,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,705</u>	<u>163,793</u>
<u>\$ 288,825</u>	<u>\$ 174,711</u>	<u>\$ 1,093,505</u>	<u>\$ 161,960</u>	<u>\$ 701,379</u>	<u>\$ 28,498,026</u>	<u>\$ 27,903,293</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,989,539	\$ 2,774,170
-	-	-	-	-	8,325,867	7,209,286
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,218,088</u>	<u>3,839,776</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,533,494</u>	<u>13,823,232</u>
90,596	-	-	-	-	202,132	197,511
					205,603	343,599
198,229	174,711	1,093,505	161,960	701,379	8,466,123	8,675,823
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,090,674</u>	<u>4,863,128</u>
<u>288,825</u>	<u>174,711</u>	<u>1,093,505</u>	<u>161,960</u>	<u>701,379</u>	<u>13,964,532</u>	<u>14,080,061</u>
<u>\$ 288,825</u>	<u>\$ 174,711</u>	<u>\$ 1,093,505</u>	<u>\$ 161,960</u>	<u>\$ 701,379</u>	<u>\$ 28,498,026</u>	<u>\$ 27,903,293</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
General Fund Sub-Funds  
(GAAP Basis)  
Year Ended June 30, 2012, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
Revenues				
Property taxes	\$ 56,446,061	\$ -	\$ -	\$ -
Tuition	1,650	-	-	-
Investment earnings	204,538	-	-	472
Other local sources	1,591,729	440,077	-	3,248
Intermediate sources	1,191,856	-	-	-
State sources	55,512,869	-	-	428,910
Federal sources	358,091	-	-	-
Total revenues	115,306,794	440,077	-	432,630
Expenditures				
Current				
Instruction	67,350,526	1,747,108	196,055	-
Support services	45,557,446	249,513	-	-
Community services	115,086	-	-	-
Debt service			-	
Principal	-	-	-	260,948
Interest	-	-	-	93,812
Capital outlay	139,736	-	-	215,866
Total expenditures	113,162,794	1,996,621	196,055	570,626
Revenues over (under) expenditures	2,144,000	(1,556,544)	(196,055)	(137,996)
Other financing sources (uses)				
Transfers	(1,680,708)	1,480,708	200,000	-
Total other financing sources (uses)	(1,680,708)	1,480,708	200,000	-
Net change in fund balances	463,292	(75,836)	3,945	(137,996)
Fund balances, beginning of year	10,809,112	129,192	8,844	343,599
Fund balances, end of year	\$ 11,272,404	\$ 53,356	\$ 12,789	\$ 205,603

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2012	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,446,061	\$ 56,446,345
-	-	-	-	-	1,650	2,364
-	-	-	-	4,166	209,176	198,331
745,951	254,027	413,363	77,425	48,394	3,574,214	3,696,122
-	-	-	-	-	1,191,856	1,698,986
-	-	-	-	-	55,941,779	47,797,682
-	-	-	-	-	358,091	5,216,004
745,951	254,027	413,363	77,425	52,560	117,722,827	115,055,834
-	23,977	-	-	37,992	69,355,658	67,188,246
747,293	119,154	105,398	89,694	103,011	46,971,509	45,132,977
-	97,988	-	-	-	213,074	208,482
-	-	-	-	-	260,948	250,808
-	-	-	-	-	93,812	103,952
22,000	49,582	390,906	125,264	-	943,354	1,082,566
769,293	290,701	496,304	214,958	141,003	117,838,355	113,967,031
(23,342)	(36,674)	(82,941)	(137,533)	(88,443)	(115,528)	1,088,803
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(23,342)	(36,674)	(82,941)	(137,533)	(88,443)	(115,528)	1,088,803
312,167	211,385	1,176,446	299,493	789,822	14,080,060	12,991,258
<u>\$ 288,825</u>	<u>\$ 174,711</u>	<u>\$ 1,093,505</u>	<u>\$ 161,960</u>	<u>\$ 701,379</u>	<u>\$ 13,964,532</u>	<u>\$ 14,080,061</u>

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## **SUPPLEMENTARY INFORMATION**

### **BUDGETARY COMPARISONS**

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Operations Sub Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 52,293,013	\$ 52,293,013	\$ 4,153,048	\$ 56,446,061	\$ -	\$ 56,446,061
Tuition	-	-	1,650	1,650	-	1,650
Investment earnings	180,000	180,000	24,538	204,538	-	204,538
Other Local sources	1,602,500	1,602,500	(10,771)	1,591,729	-	1,591,729
Intermediate sources	1,684,000	1,684,000	(492,144)	1,191,856	-	1,191,856
State sources	56,158,370	56,158,370	(645,501)	55,512,869	-	55,512,869
Federal sources	328,000	328,000	30,091	358,091	-	358,091
Total revenues	112,245,883	112,245,883	3,060,911	115,306,794	-	115,306,794
Expenditures						
Current						
Instruction	69,675,758	69,675,758	2,325,232	67,350,526	-	67,350,526
Support services	44,593,922	44,593,922	(1,103,260)	45,697,182	(139,736)	45,557,446
Community services	111,840	111,840	(3,246)	115,086	-	115,086
Capital outlay	-	-	-	-	139,736	139,736
Indirect cost allocation	-	-	-	-	-	-
Total expenditures	114,381,520	114,381,520	1,218,726	113,162,794	-	113,162,794
Revenues over (under) expenditures	(2,135,637)	(2,135,637)	4,279,637	2,144,000	-	2,144,000
Other financing sources (uses)						
Transfers	(1,680,708)	(1,680,708)	-	(1,680,708)	-	(1,680,708)
Net change in fund balances	(3,816,345)	(3,816,345)	4,279,637	463,292	-	463,292
Fund balances, beginning of year	9,150,000	9,150,000	1,659,112	10,809,112	-	10,809,112
Fund balances, end of year	\$ 5,333,655	\$ 5,333,655	\$ 5,938,749	\$ 11,272,404	\$ -	\$ 11,272,404



Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Athletics and Activities Sub Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with Final Budget	Actuals		
	<u>Adopted</u>	<u>Final</u>	<u>Over (Under)</u>	<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
Revenues						
Other Local sources	\$ 410,000	\$ 410,000	\$ 30,077	\$ 440,077	\$ -	\$ 440,077
Expenditures						
Current						
Instruction	1,594,714	1,594,714	(152,394)	1,747,108	-	1,747,108
Support services	375,994	375,994	188,338	249,513	-	249,513
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,970,708</u>	<u>1,970,708</u>	<u>35,944</u>	<u>1,996,621</u>	<u>-</u>	<u>1,996,621</u>
Revenues over (under) expenditures	(1,560,708)	(1,560,708)	4,164	(1,556,544)	-	(1,556,544)
Other financing sources						
Transfers	<u>1,480,708</u>	<u>1,480,708</u>	<u>-</u>	<u>1,480,708</u>	<u>-</u>	<u>1,480,708</u>
Net change in fund balances	(80,000)	(80,000)	4,164	(75,836)	-	(75,836)
Fund balances, beginning of year	<u>125,000</u>	<u>125,000</u>	<u>4,192</u>	<u>129,192</u>	<u>-</u>	<u>129,192</u>
Fund balances, end of year	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 8,356</u>	<u>\$ 53,356</u>	<u>\$ -</u>	<u>\$ 53,356</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Instructional Materials Sub Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Current						
Instruction	220,000	220,000	23,944	196,056	-	196,056
Total expenditures	220,000	220,000	23,944	196,056	-	196,056
Revenues over (under) expenditures	(220,000)	(220,000)	23,944	(196,056)	-	(196,056)
Other financing sources						
Transfers	200,000	200,000	-	200,000	-	200,000
Net change in fund balances	(20,000)	(20,000)	23,944	3,944	-	3,944
Fund balances, beginning of year	20,000	20,000	(11,156)	8,844	-	8,844
Fund balances, end of year	\$ -	\$ -	\$ 12,789	\$ 12,789	\$ -	\$ 12,789

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Transportation Equipment Sub Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 472	\$ 472	\$ -	\$ 472
Local sources	-	-	3,248	3,248	-	3,248
State sources	428,910	428,910	-	428,910	-	428,910
Total revenues	428,910	428,910	3,720	432,630	-	432,630
Expenditures						
Current						
Support services	220,000	220,000	4,134	215,866	(215,866)	-
Debt service	354,760	354,760	-	354,760	(354,760)	-
Principal	-	-	-	-	260,948	260,948
Interest	-	-	-	-	93,812	93,812
Capital Outlay	-	-	-	-	215,866	215,866
Total expenditures	574,760	574,760	4,134	570,626	-	570,626
Net change in fund balance	(145,850)	(145,850)	7,854	(137,996)	-	(137,996)
Fund balances, beginning of year	345,000	345,000	(1,401)	343,599	-	343,599
Fund balances, end of year	<u>\$ 199,150</u>	<u>\$ 199,150</u>	<u>\$ 6,453</u>	<u>\$ 205,603</u>	<u>\$ -</u>	<u>\$ 205,603</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Print Shop Sub Fund  
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Variance with Final Budget Over (Under)	<u>Actuals</u>		
	<u>Adopted</u>	<u>Final</u>		<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
Revenues						
Other Local sources	\$ 775,000	\$ 775,000	\$ (29,049)	\$ 745,951	\$ -	\$ 745,951
Expenditures						
Current						
Support services	815,000	815,000	45,707	769,293	(22,000)	747,293
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	22,000	22,000
Total expenditures	<u>815,000</u>	<u>815,000</u>	<u>45,707</u>	<u>769,293</u>	<u>-</u>	<u>769,293</u>
Net change in fund balance	(40,000)	(40,000)	16,658	(23,342)	-	(23,342)
Fund balances, beginning of year	<u>300,000</u>	<u>300,000</u>	<u>12,167</u>	<u>312,167</u>	<u>-</u>	<u>312,167</u>
Fund balances, end of year	<u>\$ 260,000</u>	<u>\$ 260,000</u>	<u>\$ 28,825</u>	<u>\$ 288,825</u>	<u>\$ -</u>	<u>\$ 288,825</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Facility Usage Sub Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with Final Budget	Actuals		
	<u>Adopted</u>	<u>Final</u>	<u>Over (Under)</u>	<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
Revenues						
Other Local sources	\$ 395,000	\$ 395,000	\$ (140,975)	\$ 254,025	\$ -	\$ 254,025
Expenditures						
Current						
Instructional	-	-	(54,333)	54,333	(30,356)	23,977
Support services	195,000	195,000	56,620	138,380	(19,226)	119,154
Community services	160,589	160,589	62,602	97,987	-	97,987
Capital outlay	-	-	-	-	49,582	49,582
Total expenditures	<u>355,589</u>	<u>355,589</u>	<u>64,889</u>	<u>290,700</u>	<u>-</u>	<u>290,700</u>
Net change in fund balance	39,411	39,411	(76,086)	(36,675)	-	(36,675)
Fund balances, beginning of year	<u>250,000</u>	<u>250,000</u>	<u>(38,615)</u>	<u>211,385</u>	<u>-</u>	<u>211,385</u>
Fund balances, end of year	<u>\$ 289,411</u>	<u>\$ 289,411</u>	<u>\$ (114,700)</u>	<u>\$ 174,711</u>	<u>\$ -</u>	<u>\$ 174,711</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Technology Reserve Sub Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 250,000	\$ 250,000	\$ 163,363	\$ 413,363	\$ -	\$ 413,363
Total revenues	250,000	250,000	163,363	413,363	-	413,363
Expenditures						
Current						
Support services	1,100,000	1,100,000	603,696	496,304	(390,906)	105,398
Capital outlay	-	-	-	-	390,906	390,906
Total expenditures	1,100,000	1,100,000	603,696	496,304	-	496,304
Net change in fund balance	(850,000)	(850,000)	767,059	(82,941)	-	(82,941)
Fund balances, beginning of year	950,000	950,000	226,446	1,176,446	-	1,176,446
Fund balances, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 993,505</u>	<u>\$ 1,093,505</u>	<u>\$ -</u>	<u>\$ 1,093,505</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Maintenance Replacement Sub Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 100,000	\$ 100,000	\$ (22,575)	\$ 77,425	\$ -	\$ 77,425
Total revenues	100,000	100,000	(22,575)	77,425	-	77,425
Expenditures						
Current						
Support services	450,000	450,000	235,042	214,958	(125,264)	89,694
Capital outlay	-	-	-	-	125,264	125,264
Total expenditures	450,000	450,000	235,042	214,958	-	214,958
Net change in fund balance	(350,000)	(350,000)	212,466	(137,534)	-	(137,534)
Fund balances, beginning of year	400,000	400,000	(100,507)	299,493	-	299,493
Fund balances, end of year	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 111,960</u>	<u>\$ 161,960</u>	<u>\$ -</u>	<u>\$ 161,960</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Insurance Reserve Sub Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 3,000	\$ 3,000	\$ 1,166	\$ 4,166	\$ -	\$ 4,166
Other local sources	<u>200,000</u>	<u>200,000</u>	<u>(151,606)</u>	<u>48,394</u>	<u>-</u>	<u>48,394</u>
Total Revenues	203,000	203,000	(150,440)	52,560	-	52,560
Expenditures						
Current						
Instruction	-	-	(37,992)	37,992	-	37,992
Support services	203,000	203,000	99,989	103,011	-	103,011
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>203,000</u>	<u>203,000</u>	<u>61,997</u>	<u>141,003</u>	<u>-</u>	<u>141,003</u>
Net change in fund balance	-	-	(88,443)	(88,443)	-	(88,443)
Fund balances, beginning of year	<u>500,000</u>	<u>500,000</u>	<u>289,822</u>	<u>789,822</u>	<u>-</u>	<u>789,822</u>
Fund balances, end of year	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 201,379</u>	<u>\$ 701,379</u>	<u>\$ -</u>	<u>\$ 701,379</u>



Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
Debt Service Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 18,931,082	\$ 18,931,082	\$ 635,887	\$ 19,566,969	\$ -	\$ 19,566,969
Investment earnings	40,000	40,000	6,325	46,325	-	46,325
Other Local sources	-	-	335,329	335,329	-	335,329
Intermediate sources	-	-	300,000	300,000	-	300,000
State sources	4,995,640	4,995,640	(51,843)	4,943,797	-	4,943,797
Total revenues	23,966,722	23,966,722	1,225,697	25,192,419	-	25,192,419
Expenditures						
Current:						
Support Services	2,000	2,000	(77,761)	79,761	-	79,761
Debt service	25,958,032	25,958,032	(2,714,220)	28,672,252	(28,672,252)	-
Principal	-	-	-	-	17,742,829	17,742,829
Interest	-	-	-	-	10,929,423	10,929,423
Total expenditures	25,960,032	25,960,032	(2,791,981)	28,752,013	-	28,752,013
Revenues over (under) expenditures	(1,993,310)	(1,993,310)	(1,566,284)	(3,559,594)	-	(3,559,594)
Other financing sources (uses)						
Proceeds from debt issuance	-	-	2,840,000	2,840,000	-	2,840,000
Total other financing sources	-	-	2,840,000	2,840,000	-	2,840,000
Net change in fund balance	(1,993,310)	(1,993,310)	1,273,716	(719,594)	-	(719,594)
Fund balances, beginning of year	2,209,589	2,209,589	266,062	2,475,651	-	2,475,651
Fund balances, end of year	\$ 216,279	\$ 216,279	\$ 1,539,778	\$ 1,756,057	\$ -	\$ 1,756,057

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
Capital Projects Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 50,000	\$ 50,000	\$ (40,923)	\$ 9,077	\$ -	\$ 9,077
Other Local sources	-	-	148,857	148,857	-	148,857
Total revenues	50,000	50,000	107,934	157,934	-	157,934
Expenditures						
Current						
Facilities acquisition and construction	3,950,000	3,950,000	1,386,181	2,563,819	(2,192,630)	371,189
Capital outlay	-	-	-	-	2,192,630	2,192,630
Total expenditures	3,950,000	3,950,000	1,386,181	2,563,819	-	2,563,819
Net change in fund balance	(3,900,000)	(3,900,000)	1,494,115	(2,405,885)	-	(2,405,885)
Fund balances, beginning of year	4,000,000	4,000,000	(405,883)	3,594,117	-	3,594,117
Fund balances, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 1,088,232</u>	<u>\$ 1,188,232</u>	<u>\$ -</u>	<u>\$ 1,188,232</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
Private Purpose Trust Fund  
Year Ended June 30, 2012

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 5,000	\$ 5,000	\$ (4,867)	\$ 133	\$ -	\$ 133
Donations	-	-	2,625	2,625	-	2,625
Total revenues	5,000	5,000	(2,243)	2,757	-	2,757
Expenditures						
Current						
Enterprise and community	5,000	5,000	4,500	500	-	500
Net change in fund balance	-	-	2,257	2,257	-	2,257
Fund balances, beginning of year	35,000	35,000	(1,516)	33,484	-	33,484
Fund balances, end of year	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 741</u>	<u>\$ 35,741</u>	<u>\$ -</u>	<u>\$ 35,741</u>

## **OTHER FINANCIAL SCHEDULES**

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Property Tax Transactions - General Fund  
Year Ended June 30, 2012

	Tax Year	Current Levy and Uncollected July 1, 2011	Discounts and adjustments	Interest	Collections	Uncollected June 30, 2012
<u>General Fund:</u>						
Current	2011-2012	\$ 56,870,350	\$ 1,721,611	\$ 31,906	\$ 53,409,101	\$ 1,771,544
Prior	2010-2011	2,308,424	712	112,421	1,461,534	958,599
	2009-2010	1,195,857	(5,291)	121,407	678,791	643,765
	2008-2009	554,101	(3,509)	96,241	377,160	276,691
	2007-2008	116,752	542	36,661	121,792	31,078
	2006-2007	15,096	953	3,741	10,308	7,576
	2005 and prior	20,961	965	3,960	9,104	14,852
Total Prior		<u>4,211,191</u>	<u>(5,628)</u>	<u>374,431</u>	<u>2,658,689</u>	<u>1,932,561</u>
Total General Fund		<u>\$ 61,081,541</u>	<u>\$ 1,715,982</u>	<u>\$ 406,337</u>	<u>\$ 56,067,791</u>	<u>\$ 3,704,105</u>
July 2012 collections						<u>418,537</u>
Total uncollected						<u>\$ 4,122,642</u>

Reconciliation to revenue:

Cash collections by county treasurer above	\$ 56,067,791
Additional collections for closed urban renewal	263,649
Less taxes accrued June 30, 2011:	(372,346)
Add taxes accrued June 30, 2012:	
Current year	159,997
Prior year	<u>326,970</u>
Total revenues - modified accrual basis	<u>\$ 56,446,061</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Property Tax Transactions - Debt Service Fund  
Year Ended June 30, 2012

	Tax Year	Current Levy and Uncollected July 1, 2011	Discounts and adjustments	Interest	Collections	Uncollected June 30, 2012
<u>Debt Service Fund</u>						
Current	2011-2012	\$ 19,652,874	\$ 594,949	\$ 11,024	\$ 18,456,880	\$ 612,069
Prior	2010-2011	899,396	1,605	43,753	569,053	372,491
	2009-2010	443,471	(1,380)	44,988	251,553	238,286
	2008-2009	186,824	(1,124)	32,442	127,139	93,251
	2007-2008	38,412	178	12,061	40,070	10,225
	2006-2007	5,166	343	1,279	3,524	2,578
	2005 and prior	7,380	346	1,373	3,164	5,244
Total Prior		<u>1,580,649</u>	<u>(32)</u>	<u>135,896</u>	<u>994,503</u>	<u>722,075</u>
Total Debt Service Fund		<u>\$ 21,233,523</u>	<u>\$ 594,917</u>	<u>\$ 146,919</u>	<u>\$ 19,451,382</u>	<u>\$ 1,334,143</u>
July 2012 collections						<u>147,455</u>
Total uncollected						<u>\$ 1,481,598</u>

Reconciliation to revenue:

Cash collections by county treasurer above	\$ 19,451,382
Additional collections for closed urban renewal	86,605
Less taxes accrued June 30, 2011:	(139,731)
Add taxes accrued June 30, 2012:	
Current year	55,279
Prior year	<u>113,433</u>
Total revenues	<u>\$ 19,566,969</u>

**Administrative School District No. 1  
Deschutes County, Oregon  
Schedule Of Expenditures Of Federal Awards  
For the Fiscal Year Ended June 30, 2012**

Federal Grantor and Pass Through Agency	Program Title	CFDA Number	Pass- Through Grantor Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
Passed through Oregon Department of Education:				
	National School Breakfast	10.553	902001	\$1,105,066
	National School Lunch Sec 4 & 11	10.555	902001	2,752,599
	Child Care Food	10.558	902001	163,259
	Summer Food	10.559	902001	126,733
	Fresh Fruit and Vegetables Program	10.582	902001	<u>108,747</u>
	Subtotal Passed Through Oregon Department of Education			4,256,404
Direct Programs:				
	Schools and Roads - Grants to Counties	10.666		<u>293,309</u>
<b>Total U.S. Department of Agriculture</b>				<b><u>4,549,713</u></b>
<b><u>U.S. Department of Education</u></b>				
Passed through Oregon Department of Education:				
	Title IA Programs	84.010	22539	75,158
		84.010	19362	562,679
		84.010	22572	<u>3,146,283</u>
				3,784,120
	Special Education Part B, IDEA	84.027	24005	4,500
		84.027	21256	11,692
		84.027	23744	12,731
		84.027	23535	2,629,199
		84.027	23036	<u>7,573</u>
				2,665,695
	Title II-D Technology Education	84.318	22232	<u>150,266</u>
				150,266
	Title II-A Improving Teacher Quality	84.367	19565	192,718
		84.367	22754	<u>457,291</u>
				650,009
	Title III	84.365	22953	<u>77,978</u>
				77,978
	School Improvement Grants	84.388	19763	142,528
		84.388	22260	<u>468,335</u>
				610,863

**Administrative School District No. 1  
Deschutes County, Oregon  
Schedule Of Expenditures Of Federal Awards  
For the Fiscal Year Ended June 30, 2012**

Federal Grantor and Pass Through Agency	Program Title	CFDA Number	Pass- Through Grantor Identifying Number	Federal Expenditures
	IDEA Part B, 619	84.173	24149	4,768
	EBISS Grant	84.323	23439	8,197
	ARRA Title IID Stimulus Funds	84.386	18349	8,886
	Vocational Education	84.048		21
	ARRA Education Jobs Funds	84.410		44,859
	Speech Launguage Path Cohort II	84.323	22217	500
Subtotal Passed Through Oregon Department of Education				8,006,161
Passed Through Oregon University System:				
	Gear Up Program	84.334		61,548
	Gear Up Program - Everyday Democracy	84.334		4,000
	College Access Challenge Grant	84.378		6,262
Subtotal Passed Through Oregon University System				71,810
Passed Through High Desert ESD:				
	Carl Perkins Vocational Rehabilitation Grant	84.048		51,062
	McKinney Homeless	84.196		7,121
Subtotal Passed Through High Desert ESD				58,183
Passed Through Chalkboard Project:				
	Teacher Incentive Fund Grant	84.385A		608,084
Subtotal Passed Through Chalkboard Project				608,084
Passed Through US Forest Service:				
	Ryan Ranch Meadow Wetland Restoration	10.072		777
	Deschutes Children's Forest	10.676		2,738
Subtotal Passed Through US Forest Service				3,516
Direct Programs:				
	National Junior ROTC	12.000		134,091
	National Junior ROTC	12.000		5,689
	National Junior ROTC	12.000		5,959
<b>Total U.S. Department of Education</b>				<b>8,893,492</b>
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed through Oregon Employment Department:				
	Teen Parent Program Child Care Matching	93.575		19,999
<b>Total U.S. Department of Education</b>				<b>19,999</b>



**Administrative School District No. 1  
Deschutes County, Oregon  
Schedule Of Expenditures Of Federal Awards  
For the Fiscal Year Ended June 30, 2012**

Federal Grantor and Pass Through Agency	Program Title	CFDA Number	Pass- Through Grantor Identifying Number	Federal Expenditures
<b><u>U.S. Enviromental Protection Agency</u></b>				
	Passed through Oregon Department of Enviromental Quality: ARRA Projects	66.040		<u>185,886</u>
<b>Total U.S. Enviromental Protection Agency</b>				<b><u><u>185,886</u></u></b>
<b>Total Federal Financial Assistance</b>				<b><u><u>\$13,649,091</u></u></b>

Notes:

This schedule is presented on the modified accrual basis of accounting, which is consistent with the preparation of the District's financial statements.

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Future Debt Service by Issue - Bond Principal and Interest  
June 30, 2012

Year of Maturity	July 15, 2002			October 31, 2002		April 21, 2003		February 19, 2004	
	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 22,228,080	\$ 1,145,000	\$ 88,900	\$ 610,562	\$ 2,190,577	\$ 381,257	\$ 1,518,980	\$ 110,000	\$ 305,260
2014	21,870,179	1,200,000	33,000	798,891	2,162,248	490,287	1,504,950	135,000	300,009
2015	22,820,209			1,004,418	2,121,721	616,983	1,483,254	160,000	293,539
2016	23,800,732			1,228,433	2,067,706	753,109	1,452,128	190,000	285,662
2017	24,814,938			1,472,732	1,998,407	904,152	1,411,085	215,000	276,118
2018	18,871,324			1,743,937	1,912,202	1,070,751	1,359,486	250,000	265,104
2019	19,703,766			2,043,555	1,807,584	1,259,271	1,295,966	285,000	252,046
2020	20,559,096			2,368,325	1,682,814	1,461,239	1,218,998	320,000	236,876
2021	18,730,252			-	1,536,139	1,682,066	1,128,171	365,000	219,682
2022	22,534,826			3,095,000	1,536,139	1,923,248	1,021,989	410,000	199,888
2023	23,507,981			3,495,000	1,366,533	2,190,480	899,757	455,000	177,449
2024	24,526,141			3,925,000	1,174,658	2,480,000	760,237	510,000	152,296
2025	9,432,032			4,390,000	956,820	2,775,000	621,108	565,000	124,104
2026	9,879,533			4,890,000	713,175	3,095,000	463,488	625,000	92,870
2027	10,342,792			5,430,000	441,780	3,435,000	287,692	690,000	58,320
2028	4,778,176			2,530,000	140,415	1,630,000	92,584	365,000	20,177
	<u>\$ 298,400,056</u>	<u>\$ 2,345,000</u>	<u>\$ 121,900</u>	<u>\$ 39,025,853</u>	<u>\$ 23,808,918</u>	<u>\$ 26,147,843</u>	<u>\$ 16,519,873</u>	<u>\$ 5,650,000</u>	<u>\$ 3,259,400</u>

March 1, 2005		June 20, 2007		March 20, 2011		January 30, 2012	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 9,335,000	\$ 1,280,000	\$ -	\$ 5,262,544	\$ 620,000	\$ 251,850		\$ 78,100
7,370,000	813,250	1,800,000	5,262,544	605,000	239,450		78,100
6,140,000	444,750	5,365,000	5,190,544	595,000	221,300		78,100
2,755,000	137,750	9,970,000	4,960,944	585,000	200,475		78,100
		14,065,000	4,472,444	580,000	180,000		78,100
		8,480,000	3,789,844	575,000	156,800		78,100
		9,390,000	3,370,344	570,000	133,800		78,100
		10,370,000	2,900,844	565,000	111,000		78,100
		11,365,000	2,434,194	560,000	88,400	2,840,000	78,100
		12,440,000	1,908,562	555,000	66,000		-
		13,575,000	1,348,762	550,000	43,800		-
		14,820,000	703,950	545,000	21,800		-
<hr/>							
\$ 25,600,000	\$ 2,675,750	\$ 111,640,000	\$ 41,605,520	\$ 6,905,000	\$ 1,714,675	\$ 2,840,000	\$ 702,900

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## STATISTICAL SECTION



Original Bend High School, view from front



## STATISTICAL SECTION CONTENTS

This part of Administrative School District No. 1's statistical 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.

### **Financial Trends .....70-79**

*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 .....80-83**

*These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.*

### **Debt Capacity .....84-87**

*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 .....88-89**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.*

### **Operating Information .....90-96**

*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.*

### **Miscellaneous Statistics.....97-98**

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(in thousands)**

	Fiscal Year			
	2003*	2004*	2005*	2006*
Governmental activities				
Invested in capital assets, net of related debt	\$ 2,314	\$ 28,357	\$ 42,204	\$ 54,018
Restricted	768	3,175	3,521	4,033
Unrestricted	<u>29,887</u>	<u>12,113</u>	<u>3,151</u>	<u>114</u>
Total governmental activities net assets	<u>\$ 32,969</u>	<u>\$ 43,645</u>	<u>\$ 48,876</u>	<u>\$ 58,165</u>

Government-wide financial information is available for fiscal year 2002-03 forward.

\* Net assets were restated due to change in bond accretion calculation



Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 61,745	\$70,806	\$75,762	\$ 87,553	\$ 96,467	\$ 106,451
5,019	10,808	12,380	9,902	8,996	6,050
<u>2,658</u>	<u>1,513</u>	<u>2,497</u>	<u>1,773</u>	<u>3,149</u>	<u>1,857</u>
<u>\$ 69,422</u>	<u>\$83,127</u>	<u>\$90,639</u>	<u>\$ 99,228</u>	<u>\$ 108,612</u>	<u>\$ 114,358</u>

**Administrative District No. 1  
Deschutes County, Oregon  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(in thousands)**

Expenses	Fiscal Year			
	2003*	2004*	2005*	2006*
Governmental activities				
Regular instruction	\$ 43,250	\$ 42,788	\$ 44,867	\$ 49,966
Special programs including summer school	15,182	17,267	17,409	18,883
Students	4,291	4,168	5,872	6,168
Instructional staff	2,091	2,355	2,980	3,005
General administration	825	679	570	627
School administration	6,587	6,248	6,607	7,291
Business, transportation and maintenance	14,703	15,807	17,146	17,968
Central activities	2,796	2,911	3,177	3,946
Supplemental retirement program	1,770	141	401	2,279
Food services	3,154	3,454	3,899	4,252
Other enterprise and community services	56	92	155	179
Facilities acquisition and construction	274	-	-	-
Loss on impairment of capital assets	-	-	-	-
Interest on long-term liabilities	8,762	9,548	7,345	9,052
Total governmental activities	<u>103,741</u>	<u>105,458</u>	<u>110,428</u>	<u>123,616</u>
Program revenues				
Governmental activities				
Charges for services				
Regular instruction	2,275	2,180	3,485	3,658
Special programs including summer school	100	94	96	132
Business, transportation and maintenance	518	211	616	784
Central activities	170	289	-	-
Food services	1,578	1,674	1,694	1,798
Other enterprise and community services	35	52	218	254
Operating grants and contributions	7,033	10,475	10,296	12,304
Capital grants and contributions	50	213	406	300
Total governmental activities program revenues	<u>11,759</u>	<u>15,188</u>	<u>16,811</u>	<u>19,230</u>
Total governmental net expense	<u>(91,982)</u>	<u>(90,270)</u>	<u>(93,617)</u>	<u>(104,386)</u>
General revenues and other changes in net assets				
Governmental activities				
Property taxes levied for:				
General purposes	33,626	36,280	39,287	43,169
Debt service	12,904	13,417	14,002	14,987
Federal aid not restricted to specific purposes	631	680	659	673
State aid not restricted to specific purposes	37,967	47,794	42,450	48,118
Intermediate aid not restricted to specific purposes	1,010	627	983	1,345
Earnings on investments	1,682	1,038	863	1,584
Other local revenue	1,761	1,077	1,204	3,703
Total governmental activities	<u>89,581</u>	<u>100,913</u>	<u>99,448</u>	<u>113,579</u>
Change in net assets				
Governmental activities	<u>\$ (2,401)</u>	<u>\$ 10,643</u>	<u>\$ 5,831</u>	<u>\$ 9,193</u>

Government-wide financial information is available for fiscal year 2002-03 forward.

\* Net assets were restated due to change in bond accretion calculation

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 58,094	\$ 62,788	\$ 64,627	\$ 60,911	\$ 62,037	\$ 62,873
19,348	21,262	22,407	22,741	23,071	23,295
6,881	8,227	9,298	9,457	9,463	9,834
3,407	3,768	4,286	4,428	4,222	4,743
660	618	577	610	625	673
7,862	8,357	8,768	8,356	8,615	8,703
18,074	20,289	21,119	19,907	20,659	20,837
4,350	4,668	5,133	5,016	4,832	5,465
2,352	2,459	2,504	2,618	2,592	2,571
4,533	4,814	4,923	4,840	5,225	5,626
206	456	643	651	686	783
-	-	-	-	-	-
-	-	1,219	-	-	-
8,705	13,222	13,066	13,004	12,340	11,659
<u>134,472</u>	<u>150,928</u>	<u>158,570</u>	<u>152,539</u>	<u>154,367</u>	<u>157,062</u>
3,834	3,540	3,437	3,519	3,272	3,289
104	-	-	-	-	-
1,014	1,122	1,069	796	767	755
-	-	-	-	-	-
1,867	1,833	1,661	1,477	1,358	1,340
314	353	274	264	234	254
11,740	14,053	22,008	20,906	20,650	20,398
268	4,152	446	488	489	429
<u>19,141</u>	<u>25,053</u>	<u>28,895</u>	<u>27,450</u>	<u>26,770</u>	<u>26,465</u>
<u>(115,331)</u>	<u>(125,875)</u>	<u>(129,675)</u>	<u>(125,089)</u>	<u>(127,597)</u>	<u>(130,597)</u>
47,278	50,844	54,576	56,571	56,293	55,824
16,179	16,730	17,813	20,806	21,857	19,292
682	678	610	547	2,165	293
55,956	58,754	57,735	50,449	51,280	56,639
1,467	1,990	2,062	1,865	1,699	1,492
2,151	7,802	2,355	631	315	274
2,875	2,782	2,037	2,809	3,372	2,528
<u>126,588</u>	<u>139,580</u>	<u>137,188</u>	<u>133,678</u>	<u>136,981</u>	<u>136,342</u>
<u>\$ 11,257</u>	<u>\$ 13,705</u>	<u>\$ 7,513</u>	<u>\$ 8,589</u>	<u>\$ 9,384</u>	<u>\$ 5,745</u>

**Administrative District No. 1  
Deschutes County, Oregon  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in thousands)**

	Fiscal year			
	2003	2004	2005	2006
General fund				
Reserved	\$ 387	\$ 304	\$ 200	\$ 92
Unreserved	(2,266)	3,561	2,847	6,062
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>(1,879)</u>	<u>3,865</u>	<u>3,047</u>	<u>6,154</u>
 All other governmental funds				
Reserved	1,282	1,764	1,968	1,983
Unreserved, reported in:				
Special revenue fund	2,038	2,389	2,577	3,102
Capital project fund	35,006	13,746	6,389	2,153
Nonspendable, reported in:				
Special revenue fund	-	-	-	-
Restricted, reported in:				
Special revenue fund	-	-	-	-
Debt service fund	-	-	-	-
Capital project fund	-	-	-	-
Assigned, reported in:				
Special revenue fund	-	-	-	-
Total all other governmental funds	<u>\$ 38,326</u>	<u>\$ 17,899</u>	<u>\$ 10,934</u>	<u>\$ 7,238</u>

In 2001 and 2002 the District reported a proprietary type fund used to account for the activity of the Regional Data Center. This activity was accounted for in the General Fund after fiscal year 2002. For purposes of this schedule and in the interest of showing comparable data, the 2001 and 2002 information for this activity is included with the General Fund.

In 2010, the District adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement changed the categories for reporting fund balance in governmental funds, and required retroactive reporting for any fiscal year presented as part of the basic financial statements. Accordingly, 2009 and 2010 are reported in this manner for statistical purposes.

Fiscal year					
2007	2008	2009	2010	2011	2012
\$ 53	\$ 73	\$ -	\$ -	\$ -	\$ -
8,276	7,121	-	-	-	-
-	-	146	225	198	202
-	-	2,426	420	343	206
-	-	9,989	7,847	8,676	8,466
-	-	1,504	4,499	4,863	5,091
<u>8,329</u>	<u>7,194</u>	<u>14,065</u>	<u>12,991</u>	<u>14,080</u>	<u>13,965</u>
5,585	1,752	-	-	-	-
3,546	3,618	-	-	-	-
116,583	77,233	-	-	-	-
-	-	348	378	432	416
-	-	1,073	1,408	1,523	2,250
-	-	367	1,575	2,476	1,756
-	-	44,752	17,218	3,594	1,188
-	-	1,244	2,406	2,645	2,601
<u>\$ 125,714</u>	<u>\$ 82,603</u>	<u>\$ 47,784</u>	<u>\$ 22,985</u>	<u>\$ 10,670</u>	<u>\$ 8,211</u>

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(in thousands)**

	Fiscal year		
	2003	2004	2005
Revenues			
Property taxes	\$ 46,509	\$ 49,861	\$ 53,413
Tuition	107	119	102
Revenue from local governments	-	-	-
Investment earnings	1,682	1,030	863
Other Local sources (including indirect cost allocation)	6,194	6,749	8,854
Intermediate sources	1,010	1,285	985
State sources	38,807	48,291	43,071
Federal sources	7,151	9,376	9,962
Total revenues	101,460	116,711	117,250
Expenditures			
Current			
Instruction	54,279	56,731	58,061
Support services (including indirect cost allocation)	31,407	31,696	36,701
Community services (including indirect cost allocation)	55	95	158
Nutrition Services (including indirect cost allocation)	3,062	3,405	3,963
Debt service:			
Principal	6,257	8,379	10,507
Interest	8,385	8,558	7,404
Capital outlay	13,120	22,705	8,614
PERS UAL payment	65,449	5,642	-
Total expenditures	182,014	137,211	125,408
Revenues over (under) expenditures	(80,554)	(20,500)	(8,158)
Other Financing Sources (Uses)			
Refunding bonds issued	10,215	-	63,045
Payment to refunded bond escrow agent	(10,481)	-	(67,744)
Premium on bonds issued	382	-	5,073
General obligation bonds issued	-	-	-
PERS UAL limited tax pension bonds issued	66,244	5,818	-
Discount on limited tax pension bonds issued	(59)	-	-
Transfers	-	-	-
Sale of capital assets	-	-	-
Lease purchase / long term loan proceeds	-	-	-
Total Other Financing Sources (uses)	66,301	5,818	374
Net change in fund balances	\$ (14,253)	\$ (14,682)	\$ (7,784)
Ratio of total debt service to noncapital expenditures	16%	18%	18%

Note: The figures in this chart include all funds presented on page 16 of the basic financial statements.  
The Community Services line includes Nutrition Services expenditures beginning in 2007.

Fiscal year						
2006	2007	2008	2009	2010	2011	2012
\$ 58,385	\$ 62,894	\$ 66,235	\$ 70,667	\$ 77,167	\$ 78,352	\$ 76,013
143	251	149	153	472	542	636
-	-	3,819	-	-	-	-
1,531	2,151	7,802	2,355	631	315	274
11,224	11,209	10,679	10,691	11,363	10,682	11,538
2,270	1,602	1,991	2,095	1,932	1,699	1,597
49,359	56,903	62,930	64,123	52,536	54,051	61,067
10,835	10,448	10,009	14,626	17,231	18,783	13,677
133,747	145,458	163,614	164,710	161,331	164,424	164,802
64,931	73,309	79,793	80,991	76,830	78,506	79,519
39,852	42,956	47,030	49,243	48,899	49,029	51,236
180	4,641	5,150	5,396	5,381	5,952	6,581
4,288	-	-	-	-	-	-
11,819	15,537	12,418	11,301	13,864	15,778	18,004
7,754	7,227	12,214	11,942	12,225	11,787	11,023
6,027	6,155	51,256	45,784	30,004	14,767	3,855
-	-	-	-	-	-	-
134,851	149,825	207,860	204,657	187,204	175,819	170,218
(1,104)	(4,367)	(44,247)	(39,947)	(25,873)	(11,395)	(5,416)
-	-	-	-	-	7,585	2,840
-	-	-	-	-	(7,868)	-
53	3,769	-	-	-	452	-
-	119,000	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
462	-	-	-	-	-	-
-	2,250	-	12,000	-	-	-
515	125,019	-	12,000	-	169	2,840
\$ (589)	\$ 120,652	\$ (44,247)	\$ (27,947)	\$ (25,873)	\$ (11,226)	\$ (2,576)
18%	16%	16%	15%	17%	17%	17%

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Assessed Value and Estimated Value of Taxable Property in Deschutes County**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

	<u>Real Property</u>		<u>Personal Property</u>		<u>Manufactured Homes</u>	
Fiscal Year Ended June 30,	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2012	\$ 16,786,626	\$ 20,692,642	\$ 390,053	\$ 390,053	\$ 44,522	\$ 47,327
2011	16,875,389	22,613,760	411,330	411,330	48,228	51,783
2010	16,729,496	32,244,472	439,296	439,299	54,578	60,723
2009	15,988,780	36,759,449	466,756	466,839	55,989	61,302
2008	15,020,692	36,089,166	415,380	415,548	58,898	65,957
2007	13,870,767	27,611,646	383,447	383,447	61,946	67,553
2006	12,640,050	20,207,657	339,456	339,486	62,959	67,888
2005	11,497,220	16,890,285	308,985	308,999	73,771	82,344
2004	10,484,956	15,192,941	289,950	289,962	72,507	80,448
2003	9,685,677	13,585,512	289,037	289,240	71,257	76,685

**Source**

Valuation information has been obtained from the Deschutes County Assessor, and includes all property within Deschutes County.

**Note:** The range of total direct tax rates paid is presented, rather than a weighted average for each type of property. Tax rates are applied by property location and type. We are unable to obtain direct rate information by type within locations, so calculating the weighted average direct rate is impractical.



Public Utilities		Exemptions	Total		Range of Total Direct Tax Rates Paid	Assessed Value as a Percentage of Estimated Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Taxable Assessed Value	Estimated Actual Value		Estimated Actual Value
\$ 438,134	\$ 453,696	\$ 33,166	\$ 17,626,169	\$ 21,583,718	2.8818-6.2468	81.818%
436,787	450,305	31,009	17,740,725	23,527,178	2.8947-6.2598	75.537%
417,996	430,990	28,577	17,612,789	33,146,907	2.7805-6.2059	53.222%
388,838	403,899	25,803	16,874,560	37,691,489	2.9170-6.1060	44.839%
352,616	369,411	23,638	15,823,948	36,940,082	2.6780-5.8087	42.901%
331,845	338,869	22,612	14,625,393	28,401,515	2.6548-5.7385	51.575%
323,329	327,647	16,319	13,349,475	20,942,678	2.6938-5.7206	63.821%
348,827	351,843	16,242	12,212,561	17,633,471	2.7001-5.6809	69.350%
327,493	330,462	15,452	11,159,454	15,893,813	2.6807-5.6440	70.310%
325,968	335,247	14,017	10,357,922	14,286,684	2.6185-5.6755	72.599%

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Property Tax Rates - All Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	Administrative School District	Deschutes	High Desert	City of Bend	Central Oregon Community College	Bend Parks & Recreation	City of La Pine	La Pine Park & Recreation	Sunriver Service District	LaPine RFPD	Sunriver Library CSD	Total
Ended June 30,	No. 1	County	ESD									
2012	6.36	4.83	0.10	3.05	0.75	1.46	1.80	0.30	3.31	2.34	0.06	24.36
2011	6.58	4.84	0.10	3.08	0.73	1.46	1.80	0.30	3.31	2.33	0.06	24.59
2010	6.52	4.88	0.10	3.16	0.62	1.46	1.80	0.30	3.22	2.37	0.06	24.48
2009	6.36	4.87	0.10	3.16	0.71	1.46	1.80		3.13	1.71	0.06	23.36
2008	6.32	4.63	0.10	3.15	0.71	1.46	1.88		3.07	1.70	0.06	23.09
2007	6.28	4.78	0.10	4.87	0.63	1.46			3.02	2.38	0.06	23.58
2006	6.35	4.68	0.10	4.88	0.72	1.46			2.96	2.36	0.07	23.58
2005	6.44	4.85	0.10	4.57	0.73	1.46			2.91	2.41	0.07	23.53
2004	6.51	4.35	0.10	4.56	0.73	1.46			2.89	2.18	0.07	22.86
2003	6.58	4.29	0.10	4.55	0.74	1.46			2.98	2.44	0.08	23.22

**Source:**

Property tax rates have been obtained from the Deschutes County Assessor; rates are per \$1,000 of assessed value.

**Notes:**

The tax rates for all districts include the amount needed to service bonded long-term debt.

The District's operating tax rate is set by Oregon State Statute and cannot be increased by the District.

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Principal Taxpayers - Deschutes County**  
**Current Year and Nine Years Ago**

Taxpayer	Type of Business	2012				2003			
		Assessed Valuation	Ad Valorem Tax Paid	Rank in Taxes Paid	Percentage of Total Taxes Paid	Assessed Valuation	Ad Valorem Tax Paid	Rank in Taxes Paid	Percentage of Total Taxes Paid
Pacificorp (PP&L)	Electric Utility	\$ 80,627,000	\$ 1,184,831	1	0.46%	n/a	\$ 653,841	3	0.40%
Gas Transmission NW Corp.	Natural Gas Utility	70,353,800	875,342	2	0.34%	n/a	766,438	2	0.47%
Qwest Corporation	Telephone Utility	52,224,400	766,225	3	0.29%	n/a	1,144,306	1	0.70%
Cascade Natural Gas Corp.	Natural Gas Utility	47,852,000	717,834	4	0.28%	n/a	365,742	7	0.22%
Eagle Crest, Inc.	Destination Resort	-	-		0.00%	n/a	474,458	4	0.29%
CVSC LLC	Shopping Center	32,147,800	477,086	7	0.18%	n/a			
Touchmark at Mount Bachelor Village, LLC	Resort Retirement Community	34,091,860	511,208	6	0.20%	n/a			
Bend Cable Communications	Cable Company	47,852,000	717,834	5	0.28%	n/a			
TD Cascade Highlands LLC	Destination Resort	-	-		0.00%	n/a			
Sunriver Resort	Real Estate Development	32,811,490	447,628	8	0.17%	n/a	402,712	5	0.25%
Suterra LLC	Biorational Company	31,859,240	438,581	9	0.17%	n/a			
Deschutes Brewery Inc.	Restaurant	28,982,100	432,695	10	0.17%	n/a			
Mt Bachelor	Ski Resort	-	-		0.00%	n/a	379,880	6	0.23%
Bend River Mall LLC	Business Properties	-	-		0.00%	n/a	302,974	8	0.19%
Brooks Resources Corp	Real Estate Development	-	-		0.00%	n/a	-		
Bend Millwork Systems	Manufacturing	-	-		0.00%	n/a	-		0.00%
		<u>\$ 458,801,690</u>	<u>\$ 6,569,264</u>		<u>2.52%</u>		<u>\$ 4,490,351</u>		<u>2.75%</u>

Source:

Information was obtained from the Deschutes County Assessor  
n/a - not available

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2012**

Jurisdiction	Gross Bonded Debt Outstanding	Percentage Applicable to ASD No. 1	Amount Applicable to ASD No. 1
Bend Library Service District	\$ 1,660,000	99.80%	\$ 1,656,683
Central Oregon Community College	55,846,315	58.34%	23,565,505
City of Bend	74,865,000	100.00%	32,185,000
City of La Pine	510,000	100.00%	510,000
Deschutes County	83,824,983	70.53%	19,283,941
La Pine Parks & Recreation District	505,000	100.00%	505,000
LaPine RFPD	385,000	98.27%	378,342
LaPine Special Sewer District	160,031	100.00%	160,031
Lazy River Special Road District	25,000	100.00%	25,000
Sunriver Library District	330,000	100.00%	<u>330,000</u>
Subtotal, overlapping debt			78,599,502
Administrative School Dist No. 1 direct debt			<u>139,585,000</u>
Total direct and overlapping debt			<u><u>\$ 218,184,502</u></u>

Source:

The gross debt outstanding and the percentage applicable has been obtained from the Oregon State Treasury  
Percentage applicable to the District is the ratio of the district boundary to the entire area subject to the debt.

Note:

Gross Bonded Debt Outstanding does not include Self-supporting Unlimited-tax General Obligation bonds and  
Self-supporting Full Faith and Credit debt.

**Administrative District No. 1  
Deschutes County, Oregon  
Property Tax Levies and Collections  
Levies for Operations and Debt Service  
Last Ten Fiscal Years**

Collected within the Fiscal Year of the Levy	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentag e of Levy		Amount	Percentag e of Levy
2012	\$76,472,977	\$72,081,257	94.3%	\$ -	\$ 72,081,257	94.3%
2011	79,959,406	74,503,043	93.2%	1,745,874	76,248,917	95.4%
2010	79,075,834	73,183,473	92.5%	3,260,811	76,444,284	96.7%
2009	74,033,210	67,886,285	91.7%	4,715,693	72,601,978	98.1%
2008	69,151,321	64,410,176	93.1%	2,713,484	67,123,660	97.1%
2007	64,786,892	61,231,491	94.5%	2,022,677	63,254,168	97.6%
2006	59,283,165	56,526,292	95.3%	1,358,213	57,884,505	97.6%
2005	54,699,463	51,841,045	94.8%	1,419,192	53,260,237	97.4%
2004	50,672,878	48,029,983	94.8%	1,550,679	49,580,662	97.8%
2003	47,593,338	44,842,516	94.2%	1,642,540	46,485,056	97.7%

Source:

Levy information was obtained from Deschutes County

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Total	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Full Faith & Credit Obligations	Loans	Capital Leases			
2012	\$ 139,585,000	\$ 80,568,695	\$ 2,147,182	\$ -	\$ 222,300,878	N/A	1,399
2011	152,475,000	81,945,640	2,408,130	-	236,828,770	3.98%	1,500
2010	166,015,000	74,910,931	11,152,271	-	252,078,202	4.45%	1,603
2009	177,755,000	75,220,518	12,000,000	-	264,975,518	4.64%	1,710
2008	187,880,000	75,320,285	-	-	263,200,285	4.67%	1,577
2007	199,230,000	75,228,674	-	-	274,458,674	4.93%	1,780
2006	92,410,000	74,950,074	-	176,045	163,410,495	3.09%	1,104
2005	103,025,000	72,859,365	-	572,716	175,229,939	3.86%	1,221
2004	111,615,000	73,342,513	393,750	950,131	184,991,986	4.60%	1,366
2003	119,100,000	66,602,196	787,500	1,309,293	187,440,505	5.19%	1,436

**Sources:**

Personal and per capita income numbers were obtained from the Bureau of Economic Analysis

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**Administrative District No. 1  
Deschutes County, Oregon  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(in thousands)**

Debt limit by Oregon State Law is 7.95% of real market value.

Computation of debt limit:	2012	2011	2010	2009	2008
Real market value	\$15,382,464	\$ 16,728,771	\$23,471,846	\$26,716,128	\$26,299,093
Debt limit = Real market value X .0795 =	1,222,906	1,329,937	1,866,012	2,123,932	2,090,778
Computation of debt margin:					
Total General obligation bonds	139,585	152,475	166,015	177,755	187,880
Less assets available in debt service fund	<u>(1,756)</u>	<u>(2,476)</u>	<u>(1,575)</u>	<u>(367)</u>	<u>(1,428)</u>
Total amount of debt subject to debt limit	<u>137,829</u>	<u>149,999</u>	<u>164,440</u>	<u>177,388</u>	<u>186,452</u>
Legal debt margin	<u>\$ 1,085,077</u>	<u>\$ 1,179,938</u>	<u>\$ 1,701,571</u>	<u>\$ 1,946,544</u>	<u>\$ 1,904,326</u>
Ratio of legal debt margin to the debt limit	89%	89%	91%	92%	91%

Source:

Debt limitation formula has been obtained from Oregon Revised Statutes 328.245 (1), (2).

Real market value was obtained from Deschutes County



<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$20,269,952	\$14,833,121	\$12,534,806	\$11,149,505	\$9,999,893
1,611,461	1,179,233	996,517	886,386	794,991
199,230	92,410	111,615	111,615	119,100
<u>(5,192)</u>	<u>(1,873)</u>	<u>(1,860)</u>	<u>(1,632)</u>	<u>(1,213)</u>
<u>194,038</u>	<u>90,537</u>	<u>109,755</u>	<u>109,983</u>	<u>117,887</u>
<u>\$ 1,417,423</u>	<u>\$ 1,088,696</u>	<u>\$ 886,762</u>	<u>\$ 776,403</u>	<u>\$ 677,104</u>
88%	92%	89%	88%	85%

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Ratio of Net Bonded Debt to Real Market Value**  
**and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Gross Bonded</u> <u>Debt</u>	<u>Debt Service</u> <u>Fund Balance</u>	<u>Net Bonded</u> <u>Debt</u>	<u>Ratio of Net</u> <u>Bonded Debt</u> <u>to Real</u> <u>Market Value</u>	<u>Net Bonded</u> <u>Debt Per</u> <u>Capita</u>
2012	\$ 139,585,000	\$ 1,756,057	\$ 137,828,943	0.59%	\$ 868
2011	152,475,000	2,475,651	149,999,349	0.64%	950
2010	166,015,000	1,574,675	164,440,325	0.70%	987
2009	177,755,000	367,070	177,387,930	0.66%	1,085
2008	187,880,000	1,427,953	186,452,047	0.71%	1,146
2007	199,230,000	5,191,797	182,688,203	0.90%	1,185
2006	92,410,000	1,873,031	90,536,969	0.61%	612
2005	103,025,000	1,860,181	101,164,819	0.81%	713
2004	111,615,000	1,632,219	109,982,781	0.99%	812
2003	119,100,000	1,212,950	117,887,050	1.18%	903

**Sources**

Population numbers come from Economic Development for Central Oregon (EDCO).  
Real market value comes from Deschutes County

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Calendar Year	Population	Unemployment Rate	Per capita Income	Total Personal Income	Civilian Labor Force	Average Daily Membership	Annual Cost Per ADM
2012	158,875	11.8%	Not Available	Not Available	80,234	15,463	\$ 10,157
2011	157,905	13.5%	Not Available	\$5,946,000,000	80,246	15,380	10,037
2010	157,211	14.8%	\$36,449	5,666,000,000	80,258	15,091	10,108
2009	154,920	15.3%	35,966	5,705,290,000	86,588	15,137	10,476
2008	150,113	7.1%	35,728	5,635,347,000	83,364	15,027	10,044
2007	143,316	4.9%	36,282	5,565,902,000	83,097	14,620	9,198
2006	135,590	4.6%	33,522	4,996,527,000	80,791	13,981	8,842
2005	128,948	5.8%	32,094	4,534,433,000	76,025	13,835	7,982
2004	125,396	6.8%	29,670	4,018,770,000	71,947	13,427	7,854
2003	122,794	7.8%	27,880	3,611,578,000	69,398	13,119	7,908

**Sources**

Unemployment rate and labor force information is for Deschutes County and was obtained from the Oregon Employment Department - Oregon Labor Market Information System (OLMIS).

Population numbers come from Economic Development for Central Oregon (EDCO). 2009 and 2010 populations are an estimate, using population projections provided by PSU.

Personal and per capita income numbers came from the Bureau of Economic Analysis

**Note:**

The cost per ADM includes total expenditures on a government-wide basis. Government-wide reporting began in fiscal year 2002-03

Kindergarten students are counted as 1/2, consistent with their funding from the State of Oregon.

**Administrative District No. 1  
Deschutes County, Oregon  
Ten largest employers  
Current Year and Nine Years Ago**

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employees	Employees	Rank	Percentage of Total County Employees
St Charles Medical Center	2,842	1	4.64%	1,868	1	n/a
Administrative School District No. 1	1,723	2	2.81%	1,601	2	n/a
Deschutes County	1,039	3	1.69%	850	3	n/a
Sunriver Resort	900	4	1.47%	841	5	n/a
Mt. Bachelor	749	5	1.22%	800	6	n/a
Redmond School District	735	6	1.20%	622	8	n/a
Wal Mart	591	7	0.96%	450		
Bend Memorial Clinic	575	8	0.94%	448		
Northview Hotel Group (Formerly Eagle Crest)	530	9	0.86%	660	7	n/a
Fred Meyer	472	10	0.77%	424		
TRG Customer Solutions (formerly iSky)	-		0.00%	850	3	
Jeld Wen (formerly Pozzi Windows)	-		0.00%	500	10	n/a
Deschutes National Forest	-		0.00%	584	9	n/a
	<u>10,156</u>		<u>16.56%</u>	<u>10,498</u>		

Sources: Economic Development for Central Oregon, Oregon Department of Education,  
Deschutes County Finance Department

n/a: not available

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**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Full-time Equivalent Employees by Function**  
**Last Ten Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function:					
Regular instruction	593.26	558.61	570.59	602.33	639.80
Special programs including summer school	261.09	286.88	282.90	279.08	294.11
Student services	68.54	65.67	96.44	90.16	100.10
Instructional staff	28.11	30.04	30.22	29.48	36.83
General administration	4.50	2.00	2.00	2.00	2.00
School administration	105.80	98.94	100.71	100.10	105.82
Business, transportation and maintenance	185.49	194.37	198.92	206.75	208.84
Central activities	32.87	33.42	33.40	30.95	33.81
Food services	47.34	52.59	55.72	54.76	55.93
Other enterprise and community services	0.60	0.50	0.61	1.00	0.78
Facilities acquisition and construction	3.20	3.10	2.25	2.00	7.20
Total	<u>1,330.80</u>	<u>1,326.12</u>	<u>1,373.76</u>	<u>1,398.61</u>	<u>1,485.22</u>

**Source**

Information was obtained from District's payroll records

**Notes:**

Government-wide information is only available for fiscal year 2002-03 forward.

FTE is as of June 1 and does not include vacant positions.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
687.54	695.60	639.05	630.59	618.49
310.15	300.97	304.61	304.18	285.02
113.55	119.38	125.62	122.78	119.06
37.03	38.81	41.42	40.52	40.26
2.00	2.00	2.23	2.23	2.23
105.76	105.53	104.36	107.14	105.30
211.91	211.59	216.63	218.19	202.56
36.43	36.15	34.03	32.66	32.52
59.33	59.06	57.65	62.99	65.53
7.27	10.49	10.05	10.60	10.89
<u>7.20</u>	<u>7.20</u>	<u>6.45</u>	<u>4.20</u>	<u>2.70</u>
<u><u>1,578.17</u></u>	<u><u>1,586.78</u></u>	<u><u>1,542.10</u></u>	<u><u>1,536.08</u></u>	<u><u>1,484.57</u></u>

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006	2007
Function:					
Instruction					
Enrollment	12,924	13,729	14,065	14,648	15,077
Transportation					
Number of busses	99	99	112	113	116
Miles driven per year	1,387,396	1,475,012	1,494,549	1,545,026	1,639,986
Cost per mile	2.80	2.80	3.52	3.47	3.60
Students transported to school daily	6,982	6,995	7,028	7,033	7,170
Food services					
Free lunch participants	3,189	3,661	3,927	3,956	3,889
Reduced lunch participants	1,170	1,144	1,135	1,133	1,288
Percent free/reduced of total enrollment	34%	35%	36%	35%	34%

**Source**

Information was obtained from the District's transportation and food service departments

Government-wide information is only available for fiscal year 2002-03 forward.

Enrollment is as of October 1 of each fiscal year



2008	2009	2010	2011	2012
15,607	15,951	15,834	16,161	16,300
116	117	118	121	133
1,696,668	1,753,574	1,705,606	1,716,585	1,535,703
3.89	3.91	3.92	3.95	4.40
7,255	7,563	6,648	6,824	5,221
4,156	4,398	5,876	6,184	6,504
1,265	1,267	1,162	990	1,117
35%	36%	44%	44%	47%

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006
Function:				
Instruction				
Number of elementary schools	12	12	14	14
Number of middle schools	4	5	5	5
Number of high schools schools	5	5	5	5
Elementary school enrollment	N/A	6,057	6,247	6,586
Middle school enrollment	N/A	3,176	3,139	3,115
High school enrollment	N/A	4,496	4,679	4,947
General administration				
Number of buildings	1	1	1	1
Business, transportation and maintenance				
Number of buildings	4	4	4	4

**Source**

Information was obtained from the District's capital asset and student enrollment records

Government-wide information is only available for fiscal year 2002-03 forward.

N/A - not available

2007	2008	2009	2010	2011	2012
14	14	15	16	17	17
5	5	5	5	5	5
5	5	5	5	5	5
6,734	7,085	7,004	6,967	7,214	7,301
3,294	3,344	3,637	3,640	3,679	3,669
5,049	5,178	5,300	5,227	5,268	5,330
1	1	1	1	1	1
4	4	4	4	4	4

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**School Building Capacity and Enrollment**  
**As of June 30, 2012**

<u>Building</u>	<u>Enrollment</u>	<u>Capacity without modular classrooms</u>	<u>Percent of Capacity</u>	<u>Year of Building Construction</u>
Elementary Schools:				
Amity Creek	176	150	117%	1948
Bear Creek	533	600	89%	1963
Buckingham	490	600	82%	1980
Ensworth	230	300	77%	2005
Elk Meadow	553	600	92%	1993
Highland	396	375	106%	1918
High Lakes	591	600	99%	2000
Jewell	581	600	97%	1974
Juniper	523	560	93%	1965
LaPine	363	600	61%	1993
Lava Ridge	551	600	92%	1994
Pine Ridge	550	600	92%	2004
Ponderosa	592	600	99%	2008
Rosland	180	300	60%	2010
Westside Village (K-8)	194	382	51%	1949
William E Miller	561	600	94%	2009
Three Rivers (K-8)	<u>238</u>	<u>450</u>	<u>53%</u>	1989
Total	7,302	8,517	86%	
Middle Schools:				
Cascade	903	800	113%	1978
High Desert	765	800	96%	1993
Pilot Butte	626	825	76%	1967
LaPine	292	550	53%	1978
Skyview	<u>763</u>	<u>800</u>	<u>95%</u>	2000
Total	3,349	3,775	89%	
High Schools:				
Bend	1,574	1,550	102%	1956
LaPine	520	550	95%	1961
Marshall	162	200	81%	1948
Mountain View	1,379	1,500	92%	1978
Summit	<u>1,377</u>	<u>1,500</u>	<u>92%</u>	2000
Total	5,012	5,300	95%	

**Note:**

Enrollment is as of October 1, 2011

Many buildings have undergone remodels since original construction

Information obtained from District's student enrollment and capital asset records

**Administrative District No. 1**  
**Deschutes County, Oregon**  
**Certified Employee Salary Schedule with Full-time Equivalent**  
**Fiscal Year 2011-12**

STEP	A BA	B BA+15	C BA+30	D BA+45	E BA+60	F BA+75/MA	G BA+90/MA+15	H BA+105/MA+30	I BA+120/MA+45
0	1.000	1.0250	1.0500	1.0750	1.1000	1.1250	1.1500	1.1750	1.2000
FTE Total \$	\$32,887	\$33,709	\$34,531	\$35,353	\$36,175	\$36,997	\$37,820	\$38,642	\$39,464
	3.06	0.00	1.00	0.00	0.00	20.14	1.00	0.00	1.83
	\$100,633	\$0	\$34,531	\$0	\$0	\$744,943	\$37,820	\$0	\$72,337
1	1.041	1.0664	1.0914	1.1167	1.1420	1.1706	1.1961	1.2248	1.2510
FTE Total \$	\$34,235	\$35,070	\$35,892	\$36,724	\$37,557	\$38,497	\$39,336	\$40,280	\$41,141
	0.00	0.50	0.00	1.00	0.00	20.67	0.00	1.00	1.00
	\$0	\$17,535	\$0	\$36,724	\$0	\$795,619	\$0	\$40,280	\$41,141
2	1.082	1.1078	1.1328	1.1584	1.1840	1.2162	1.2422	1.2746	1.3020
FTE Total \$	\$35,583	\$36,432	\$37,254	\$38,096	\$38,938	\$39,997	\$40,852	\$41,917	\$42,818
	1.00	1.17	0.83	0.00	0.00	2.80	0.00	0.00	0.00
	\$35,583	\$42,516	\$31,070	\$0	\$0	\$111,871	\$0	\$0	\$0
3	1.123	1.1492	1.1742	1.2001	1.2260	1.2618	1.2883	1.3244	1.3530
FTE Total \$	\$36,932	\$37,793	\$38,615	\$39,467	\$40,319	\$41,496	\$42,368	\$43,555	\$44,496
	0.00	1.67	1.00	0.00	0.00	13.00	7.00	0.00	0.67
	\$0	\$63,001	\$38,615	\$0	\$0	\$539,452	\$296,575	\$0	\$29,679
4	1.164	1.1906	1.2156	1.2418	1.2680	1.3074	1.3344	1.3742	1.4040
FTE Total \$	\$38,280	\$39,154	\$39,976	\$40,839	\$41,700	\$42,996	\$43,884	\$45,193	\$46,173
	3.00	0.00	0.00	2.00	0.00	15.60	6.50	0.00	4.00
	\$114,840	\$0	\$0	\$81,677	\$0	\$670,737	\$285,245	\$0	\$184,691
5	1.205	1.2320	1.2570	1.2835	1.3100	1.3530	1.3805	1.4240	1.4550
FTE Total \$	\$39,628	\$40,516	\$41,338	\$42,210	\$43,081	\$44,496	\$45,399	\$46,831	\$47,850
	1.33	0.00	0.00	3.92	0.50	19.50	7.00	2.00	6.00
	\$52,824	\$0	\$0	\$165,336	\$21,541	\$867,664	\$317,793	\$93,661	\$287,100
6	1.246	1.2734	1.2984	1.3252	1.3520	1.3986	1.4266	1.4738	1.5060
FTE Total \$	\$40,977	\$41,878	\$42,700	\$43,581	\$44,462	\$45,995	\$46,916	\$48,468	\$49,527
	1.00	2.00	0.00	0.00	0.00	17.40	7.50	5.33	2.20
	\$40,977	\$83,756	\$0	\$0	\$0	\$800,313	\$351,870	\$258,481	\$108,960
7	1.287	1.3148	1.3398	1.3669	1.3940	1.4442	1.4727	1.5236	1.5570
FTE Total \$	\$42,325	\$43,239	\$44,061	\$44,952	\$45,844	\$47,495	\$48,432	\$50,106	\$51,204
	0.00	2.00	1.00	1.00	1.50	24.47	8.40	10.50	7.50
	\$0	\$86,479	\$44,061	\$44,952	\$68,766	\$1,162,056	\$406,830	\$526,113	\$384,033
8	1.328	1.3562	1.3812	1.4086	1.4360	1.4898	1.5188	1.5734	1.6080
FTE Total \$	\$43,673	\$44,601	\$45,423	\$46,324	\$47,225	\$48,994	\$49,948	\$51,744	\$52,882
	0.00	0.00	1.00	1.00	0.00	10.73	10.55	2.50	10.67
	\$0	\$0	\$45,423	\$46,324	\$0	\$525,858	\$526,953	\$129,359	\$564,089
9	1.369	1.3976	1.4226	1.4503	1.4780	1.5354	1.5649	1.6232	1.6590
FTE Total \$	\$45,022	\$45,962	\$46,784	\$47,695	\$48,606	\$50,494	\$51,464	\$53,382	\$54,559
	2.00	0.00	2.00	0.00	0.00	9.90	5.27	8.00	4.00
	\$90,044	\$0	\$93,569	\$0	\$0	\$499,892	\$271,062	\$427,052	\$218,236
10	1.410	1.4390	1.4640	1.4920	1.5200	1.5810	1.6110	1.6730	1.7100
FTE Total \$	\$46,370	\$47,324	\$48,146	\$49,067	\$49,988	\$51,994	\$52,998	\$55,019	\$56,236
	5.50	0.00	4.00	1.00	3.80	5.67	6.83	2.67	6.50
	\$255,036	\$0	\$192,584	\$49,067	\$189,953	\$294,648	\$362,015	\$146,736	\$416,596
11		1.4804	1.5054	1.5337	1.5620	1.6266	1.6571	1.7228	1.7610
FTE Total \$		\$48,685	\$49,508	\$50,438	\$51,369	\$53,493	\$54,496	\$56,657	\$57,913
		5.50	18.50	3.00	0.00	9.00	8.50	10.17	13.85
		\$267,769	\$915,889	\$151,315	\$0	\$481,440	\$463,216	\$576,032	\$802,099
12				1.5754	1.6040	1.6722	1.7032	1.7726	1.8120
FTE Total \$				\$51,810	\$52,750	\$54,993	\$56,012	\$58,295	\$59,591
				13.67	2.00	8.50	3.16	3.16	12.60
				\$708,081	\$105,500	\$467,440	\$212,847	\$183,993	\$750,841
13					1.6460	1.7178	1.7493	1.8224	1.8630
FTE Total \$					\$54,131	\$56,493	\$57,529	\$59,933	\$61,268
					17.45	7.00	1.00	6.59	6.00
					\$944,586	\$395,448	\$57,529	\$394,956	\$367,607
14						1.7634	1.7954	1.8722	1.9140
FTE Total \$						\$57,992	\$59,045	\$61,570	\$62,945
						56.47	3.00	4.82	10.00
						\$3,274,648	\$177,134	\$296,646	\$629,450
15							1.8415	1.9220	1.9650
FTE Total \$							\$60,561	\$63,208	\$64,622
							34.90	69.13	8.00
							\$2,113,568	\$4,369,763	\$516,976
16									2.0160
FTE Total \$									\$66,299
									130.23
									\$8,767,505

Doctorate receives \$500 extra

Total Salary 44,357,458.69

National Board Certification receives \$1,000 extra

Total FTE 813.89

BA+120 column granted only to those having a Master's degree

Avg Sal 54,500.88

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## OTHER INFORMATION



**Kenwood School, built 1919**  
**Currently houses Highland Magnet School.**





**SUPPLEMENTARY INFORMATION**

**SCHEDULES REQUIRED BY**

**OREGON DEPARTMENT OF EDUCATION**

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Detailed Revenues and Expenditures (Budgetary Basis) -  
Actual and Budget - General Fund  
Year Ended June 30, 2012

	<u>Salaries</u>	<u>Associated Payroll Costs</u>	<u>Purchased Services</u>	<u>Supplies &amp; Materials</u>
Revenues				
Property taxes				
Tuition				
Investment earnings				
Other Local sources				
Intermediate sources				
State sources				
Federal sources				
Beginning fund balance				
Total revenues				
Expenditures				
Instruction	\$ 40,899,570	\$ 20,443,885	\$ 6,301,635	\$ 1,687,014
Support Services	23,202,892	12,177,199	7,197,883	3,642,334
Enterprise and Community Services	150,548	61,970	-	556
Debt Service	-	-	-	-
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 64,253,010</u>	<u>\$ 32,683,054</u>	<u>\$ 13,499,518</u>	<u>\$ 5,329,904</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Total</u>	<u>Final Budget</u>	<u>Variance (Over) Under</u>
		\$ 56,446,061	\$ 52,293,013	\$ (4,153,048)
		1,650	-	(1,650)
		209,176	183,000	(26,176)
		3,574,214	3,732,500	158,286
		1,191,856	1,684,000	492,144
		55,941,779	56,587,280	645,501
		358,091	328,000	(30,091)
		<u>14,080,060</u>	<u>12,040,000</u>	<u>(2,040,060)</u>
		<u>\$ 131,802,887</u>	<u>\$ 126,847,793</u>	<u>\$ (4,955,094)</u>
\$ 30,356	\$ 23,554	\$ 69,386,014	\$ 71,490,472	\$ 2,104,458
912,998	751,201	47,884,507	48,502,916	618,409
-	-	213,074	272,429	59,355
-	354,760	354,760	354,760	-
-	-	<u>13,964,532</u>	<u>6,227,216</u>	<u>(7,737,316)</u>
<u>\$ 943,354</u>	<u>\$ 1,129,515</u>	<u>\$ 131,802,887</u>	<u>\$ 126,847,793</u>	<u>\$ (4,955,094)</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Detailed Revenues and Expenditures (Budgetary Basis) -  
Actual and Budget - Special Revenue Fund  
Year Ended June 30, 2012

	<u>Salaries</u>	<u>Associated Payroll Costs</u>	<u>Purchased Services</u>	<u>Supplies &amp; Materials</u>
Revenues				
Local sources				
State sources				
Federal sources				
Beginning fund balance				
Total revenues				
Expenditures				
Instruction	\$ 4,130,662	\$ 2,331,044	\$ 1,529,733	\$ 2,120,120
Support Services	2,352,523	600,632	695,410	135,679
Enterprise and Community Services	2,113,383	1,130,667	261,255	2,706,612
Ending Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Ending Fund Balance	<u>\$ 8,596,568</u>	<u>\$ 4,062,343</u>	<u>\$ 2,486,398</u>	<u>\$ 4,962,411</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Total</u>	<u>Final Budget</u>	<u>Variance (Over) Under</u>
		\$ 8,123,961	\$ 8,325,000	\$ 201,039
		181,165	901,000	719,835
		13,319,120	12,950,000	(369,120)
		<u>4,600,119</u>	<u>3,375,000</u>	<u>(1,225,119)</u>
		<u>\$ 26,329,365</u>	<u>\$ 25,551,000</u>	<u>\$ (778,365)</u>
\$ 62,071	\$ 51,334	\$ 10,225,051	\$ 10,687,000	\$ 461,949
161,554	400,240	4,346,038	5,483,000	1,136,962
124,227	155,785	6,491,929	6,951,000	459,071
-	-	<u>5,266,347</u>	<u>2,430,000</u>	<u>(2,836,347)</u>
<u>\$ 347,852</u>	<u>\$ 607,359</u>	<u>\$ 26,329,365</u>	<u>\$ 25,551,000</u>	<u>\$ (778,365)</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Detailed Revenues and Expenditures (Budgetary Basis) -  
Actual and Budget - Debt Service Fund  
Year Ended June 30, 2012

	<u>Salaries</u>	<u>Associated Payroll Costs</u>	<u>Purchased Services</u>	<u>Supplies &amp; Materials</u>
Revenues				
Property taxes				
Earnings from investments				
Intermediate sources				
State sources				
Other financing sources				
Beginning fund balance				
Total revenues				
Expenditures				
Support Services	\$ -	\$ -	\$ 79,761	\$ -
Debt Service	-	-	-	-
Payment for refunded debt	-	-	-	-
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,761</u>	<u>\$ -</u>

Capital Outlay	Other Objects	Transfers	Total	Final Budget	Variance (Over) Under
			\$ 19,566,969	\$ 18,931,082	\$ (635,887)
			46,325	40,000	(6,325)
			335,328	-	(335,328)
			300,000	-	(300,000)
			4,943,797	4,995,640	51,843
			2,840,000	-	(2,840,000)
			<u>2,475,651</u>	<u>2,209,589</u>	<u>(266,062)</u>
			<u>\$ 30,508,070</u>	<u>\$ 26,176,311</u>	<u>\$ (4,331,759)</u>
\$ -	\$ -	\$ -	\$ 79,761	\$ 2,000	\$ (77,761)
-	28,672,252	-	28,672,252	25,958,032	(2,714,220)
-	-	-	-	-	-
-	-	-	<u>1,756,057</u>	<u>216,279</u>	<u>(1,539,778)</u>
<u>\$ -</u>	<u>\$ 28,672,252</u>	<u>\$ -</u>	<u>\$ 30,508,070</u>	<u>\$ 26,176,311</u>	<u>\$ (4,331,759)</u>

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Detailed Revenues and Expenditures (Budgetary Basis) -  
Actual and Budget - Capital Projects Fund  
Year Ended June 30, 2012

	<u>Salaries</u>	<u>Associated Payroll Costs</u>	<u>Purchased Services</u>	<u>Supplies &amp; Materials</u>
Revenues				
Earnings from investments				
Other local sources				
State sources				
Other financing sources				
Beginning fund balance				
Total revenues				
Expenditures				
Facilities acquisition and construction	\$ 229,838	\$ 108,750	\$ 9,037	\$ 23,564
Other financing uses	-	-	-	-
Ending Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Ending Fund Balance	<u>\$ 229,838</u>	<u>\$ 108,750</u>	<u>\$ 9,037</u>	<u>\$ 23,564</u>



<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Transfers</u>	<u>Total</u>	<u>Final Budget</u>	Variance (Over)
					<u>Under</u>
			\$ 9,077	\$ 50,000	\$ 40,923
			148,857	-	(148,857)
			-	-	-
			-	-	-
			<u>3,594,117</u>	<u>4,000,000</u>	<u>405,883</u>
			<u>\$ 3,752,051</u>	<u>\$ 4,050,000</u>	<u>\$ 297,949</u>
\$ 2,192,630	\$ -	\$ -	\$ 2,563,819	\$ 3,950,000	\$ 1,386,181
-	-	-	-	-	-
-	-	-	<u>1,188,232</u>	<u>100,000</u>	<u>(1,088,232)</u>
<u>\$ 2,192,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,752,051</u>	<u>\$ 4,050,000</u>	<u>\$ 297,949</u>

Administrative School District No. 1  
 Deschutes County, Oregon  
 Supplemental Information as Required by the Oregon State Department of Education  
 For the Year Ended June 30, 2012

A. Energy Bill for Heating - All Funds:

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

<u>Function</u>	<u>Objects 325 &amp; 326</u>
2540	\$ 2,343,369
2550	-

B. Replacement of Equipment - General Fund

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

	<u>Fund</u>	<u>Amount</u>
Exclude these functions:	General	\$ -
1113, 1122, 1132 Co-curricular Activities		
1140 Pre-Kindergarten		
1300 Continuing Education		
1400 Summer School		
4150 Construction		
2550 Pupil Transportation		
3100 Food Service		
3300 Community Services		

**AUDITOR'S COMMENTS SECTION  
REQUIRED BY STATE REGULATIONS**



**Kingston School, built in 1949  
Currently houses Westside Village Magnet School.**





**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

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

We have audited the basic financial statements of the Administrative School District No. 1 as of and for the year ended June 30, 2012, and have issued our report thereon dated December 30, 2012. 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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.

**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.

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.

## **GRANT COMPLIANCE REVIEW SECTION**



**Allen School, built in 1931 at 3<sup>rd</sup> and Franklin  
(Currently Safeway)  
Destroyed by fire in 1963**



**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

- 
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  - (503) 620-2632 • FAX (503) 684-7523

December 30, 2012

To the Board of Directors  
Administrative School District No. 1  
Deschutes, 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 the financial statements of Administrative School District No. 1 as of and for the year ended June 30, 2012, and have issued our report thereon dated December 30, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered internal control 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 internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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.



## Compliance and Other Matters

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 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*.

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

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.



**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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December 30, 2012

To the Board of Directors  
Administrative School District No. 1  
Deschutes County, Oregon

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

**Compliance**

We have audited the compliance of Administrative School District No. 1 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The Administrative School District No. 1's major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of compliance with those requirements.

In our opinion, Administrative School District No. 1 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

**Internal Control Over Compliance**

Management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

  
PAULY, ROGERS AND CO., P.C.

ADMINISTRATIVE SCHOOL DISTRICT NO.1  
DESCHUTES COUNTY, OREGON

SCHEDULE FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

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

**FINANCIAL STATEMENTS**

Type of auditors' report issued

Unqualified

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 financial statements noted?

☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported in  
accordance with section 505(d)(2) of OMB Circular A-133?

☐ yes ☒ no

**FEDERAL AWARDS**

Internal control over 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:

Unqualified

Any audit findings disclosed that are required to be reported in accordance  
with OMB Circular A-133, section 510(a)?

☐ yes ☒ no

**IDENTIFICATION OF MAJOR PROGRAMS**

**CFDA NUMBER**

**NAME OF FEDERAL PROGRAM CLUSTER**

84.010

Title IA Programs

84.318, 84.386

Title II-D Technology Education

84.367

Title II- A Improving Teacher Quality

84.388

School Improvement Grants

60.040

Clean Diesel Grant

84.385A

Teacher Incentive Fund Grant

ADMINISTRATIVE SCHOOL DISTRICT NO. 1  
DESCHUTES COUNTY, OREGON

SCHEDULE FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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Dollar threshold used to distinguish between type A and type B programs: \$409,473

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

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

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards 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 requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

