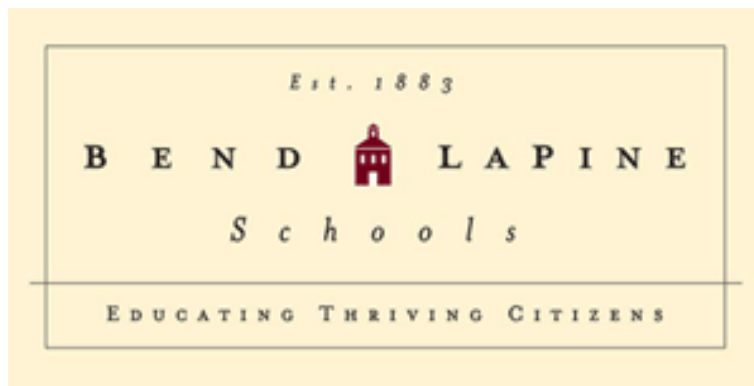


**ADMINISTRATIVE SCHOOL DISTRICT NO. 1
(BEND – LA PINE SCHOOLS)
DESCHUTES COUNTY, OREGON**

520 NW Wall St
Bend, OR 97701



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2013

Prepared by the Business Office
Brad Henry – Chief Operations & Financial Officer

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 12, 2013

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, 2013, 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. 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 16,600 pupils in grades kindergarten through 12 during fiscal year 2012-13. As of this writing, enrollment has increased to approximately 16,860. 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. The Superintendent is hired by the School Board. In 2012-13, we employed approximately 1,705 permanent staff including 875 teachers, counselors and licensed specialists, and 766 support staff, such as instructional assistants, secretaries, clerks and various technical positions. During the 2012-13 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 2013 population of approximately 162,000 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 2012-13 fiscal year, the taxable assessed value of property in Deschutes County increased 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 162,000. 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. In 2011, the housing market was showing signs of stabilizing as notices of default in Deschutes County declined, the first annual decline since 2007. In 2012, the number of home sales reached a six-year high in the third quarter. 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 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.

Funding for the 2013-15 biennium at close of session was \$6.55 billion, a great improvement from 2011-13. In addition, SB 822 provided \$200 million of PERS reform savings. As the state continues to climb out of the depths of the worst recession in recent history, the Legislature found ways to begin to reinvest in K-12 education.

In September 2013, our Legislature passed a series of bills in a special session to increase revenue for K-12 and deeper PERS reforms to realize real savings for 2013-15 and additional savings for 2015-17 and on. Among the many changes made by the bills, K-12 funding was increased by \$100 million for the biennium. In addition, more structural changes to the state pension system were made. The changes to the pension system are expected to reduce employer costs into the future.

Major Initiatives

In May, 2013, voters approved a new construction bond levy. The levy allows us to sell \$96 million in general obligation bonds, which will be used to build a new middle school and elementary school to meet enrollment growth. The levy also allows us to complete much needed improvements at current facilities.

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 2013-14 adopted budget includes a budgeted ending fund balance equal to 4.5% 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 four years after the refunding. 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 February, 2013, we successfully refinanced our 2007 general obligation bonds, a move that will save taxpayers more than \$3.8 million in the years to come.

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, 2013 our net bonded debt is \$994,681,124 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, 2012. 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 thirty 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, 2012. 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-nine 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
Chief Operating and Financial Officer

Association of School Business Officials International



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

**Administrative School District No. 1, Deschutes
County, Oregon**

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



A handwritten signature in black ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Fiscal Services

Administrative School District No. 1 (Bend - La Pine Schools), Deschutes County, Oregon

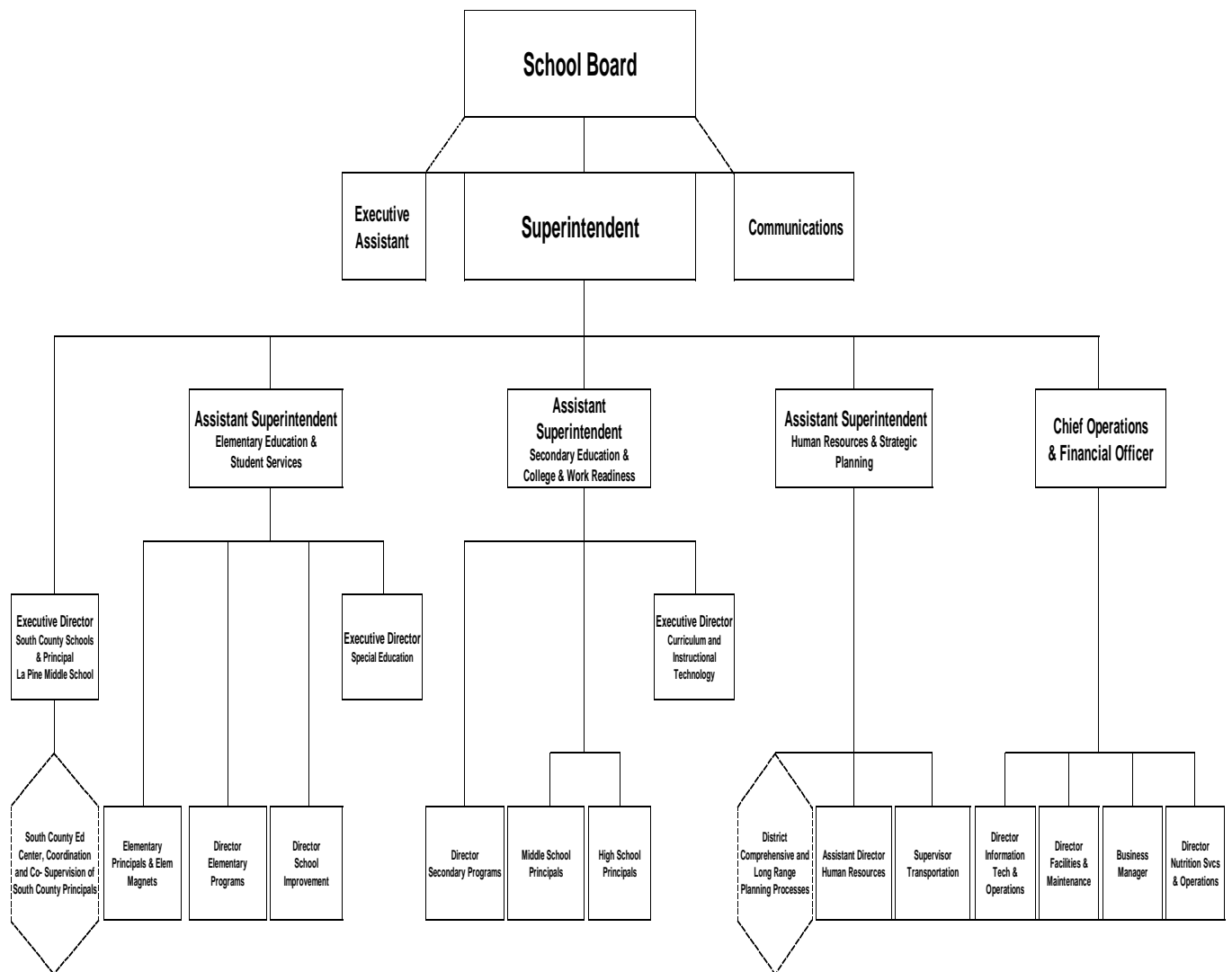


The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date August 29, 2013

**Administrative School District No. 1
Deschutes County, Oregon
Organizational Chart
June 30, 2013**



**Administrative School District No. 1
Deschutes County, Oregon
Principal Officials
June 30, 2013**

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
Andy High Bend, Oregon	June 30, 2015
Mike Jensen La Pine, Oregon	June 30, 2013
Julie Craig Bend, Oregon	June 30, 2013

ADMINISTRATIVE STAFF

Ron Wilkinson	Superintendent
Brad Henry	Chief Operations and Financial Officer

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.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcpcas.com

December 12, 2013

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Administrative School District No. 1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Administrative School District No. 1, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic

financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis or Schedule of Funding Progress – Other Post-Employment Benefits because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.


Other Information

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 12, 2013 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 12, 2013, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.


Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

Management's Discussion and Analysis

Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2013

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, 2013. 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, 2013 by \$103.7million. Of this amount, \$99.7 million is net investment in capital assets, and the balance is restricted for grants, debt service, and capital projects, or is unassigned.
- Our total net position decreased by \$10.6 million, with unrestricted net position decreasing by \$5.5 million.
- During 2012-13, we financed the purchase of 28 school buses.
- In May 2013, voters approved \$96 million construction bond levy.
- Our General Fund ended the 2012-13 fiscal year with a fund balance of \$11.4 million, which is 9.2% 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 Position*. The *statement of net position* presents information on all of our assets and liabilities at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position 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 position changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2013

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 13 and 14 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 Position 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 Revenues, 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 15-22 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.

Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2013

The notes to the basic financial statements can be found on pages 23-44 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Our assets exceeded liabilities by \$103.7 million at June 30, 2013.

Capital assets, which consist of our land, buildings, land improvements, construction in progress, vehicles, and equipment, represent about 72.6 percent of total assets. This percentage has increased from the prior year, mainly due to the construction projects and other technology capital projects that are underway or were completed during the current year and the purchase of new school buses. 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 32 for more information on capital asset activities.

Our largest liability, 88.3 percent of total liabilities, is for the repayment of the long-term portion of general obligation bonds and other debt. Current liabilities, representing about 10.3 percent of our total liabilities, consist of payables on accounts, benefits, and the current portion of long-term debt. The remaining 1.4% of total liabilities is other post-employment benefit obligation. Please refer to pages 33-35 for more information on long-term debt activity.

Net Position as of June 30

	Governmental Activities		Increase (Decrease) from
	2013	2012	Fiscal 2012
Current and other assets	\$ 96,049,426	\$ 101,602,076	\$ (5,552,650)
Capital assets	253,895,030	257,451,059	(3,556,029)
Total assets	349,944,456	359,053,135	(9,108,679)
Current liabilities	26,366,051	26,975,276	(609,225)
Long-term liabilities	219,852,448	217,720,163	2,132,285
Total liabilities	246,218,499	244,695,439	1,523,060
Net Assets:			
Invested in capital assets net of related debt	99,680,822	106,451,425	(6,770,603)
Restricted	7,685,587	6,049,668	1,635,919
Unrestricted	(3,640,452)	1,856,603	(5,497,055)
Total net position	\$ 103,725,957	\$ 114,357,696	\$ (10,631,739)

Administrative School District No. 1
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During the current fiscal year, our net position decreased by \$10.6 million. The decrease in net position is due to borrowing for new bus purchases, advanced refunding of general obligation debt, depreciation of our capital assets, and planned use of reserves to maintain our service level.

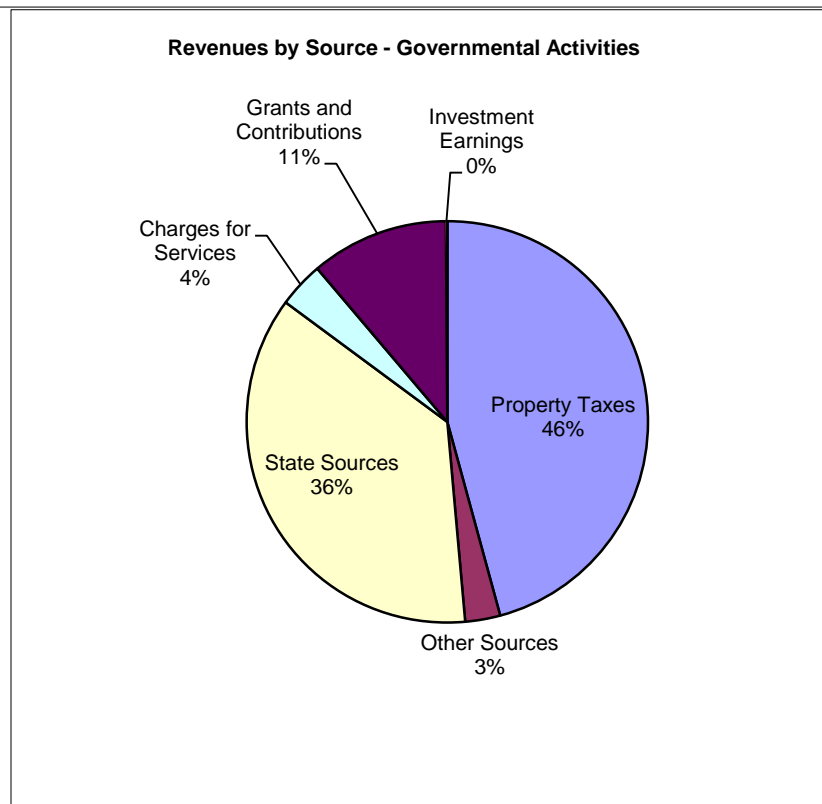
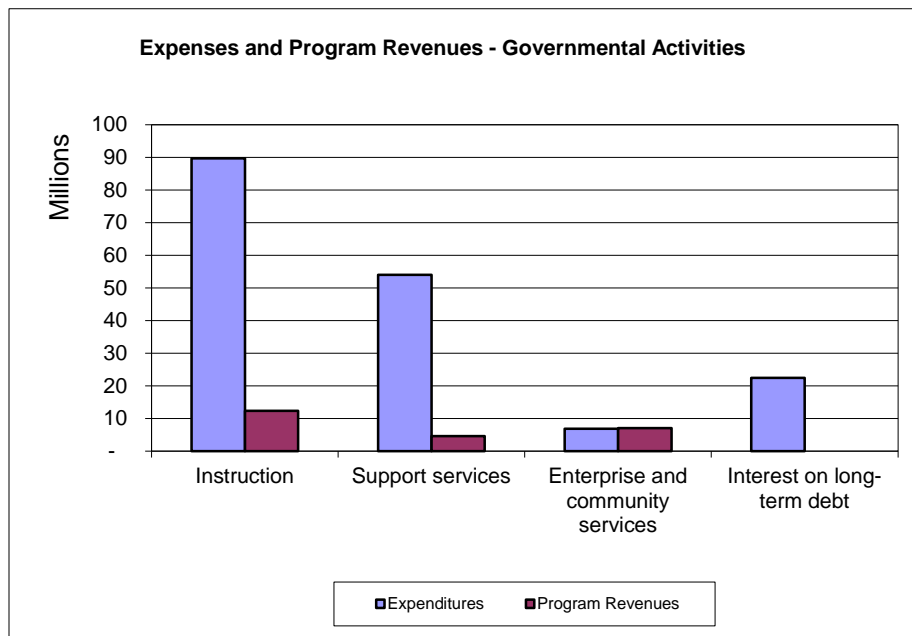
Governmental activities. As noted above, our net position decreased by \$10.6 million in the current fiscal year. This represents a decrease of about 9.3% from the prior year. The key elements of the change in our net position for the year ended June 30, 2013 as compared to the prior year are as follows:

- We borrowed money to purchase buses
- We did advanced refunding of general obligation debt
- We maintained our service level by planned use of reserves

Changes in Net Position, Fiscal Year Ended June 30

	Governmental Activities		Increase (Decrease) from Fiscal 2012
	2013	2012	
Revenues:			
Programs revenues:			
Charges for services	\$ 5,950,607	\$ 5,638,512	\$ 312,095
Operating grants and contributions	17,267,426	20,397,764	(3,130,338)
Capital grants and contributions	707,189	428,910	278,279
General revenues:			
Property taxes	74,275,174	75,115,842	(840,668)
Federal aid not restricted to specific purposes	285,508	293,309	(7,801)
State aid not restricted to specific purposes	59,336,885	56,639,207	2,697,678
Intermediate aid not restricted to specific purposes	1,410,932	1,491,856	(80,924)
Earnings on investments	207,773	274,170	(66,397)
Other local revenue	2,881,700	2,527,659	354,041
Total revenues	162,323,194	162,807,229	(484,035)
Expenses:			
Instruction	89,657,634	86,167,965	3,489,669
Support services	54,021,024	52,825,743	1,195,281
Enterprise and community services	6,811,442	6,409,032	402,410
Interest on long-term debt	22,464,833	11,659,076	10,805,757
Total expenses	172,954,933	157,061,816	15,893,117
Increase (decrease) in net position	(10,631,739)	5,745,413	(16,377,152)
Net Position July 1	114,357,696	108,612,283	5,745,413
Net Position June 30	\$ 103,725,957	\$ 114,357,696	\$(10,631,739)

Administrative School District No. 1
Deschutes County, Oregon
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June 30, 2013



Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2013

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, 2013, our governmental funds reported combined ending fund balances of \$20.5 million. About 4.7% of the ending fund balance constitutes capital projects, as authorized by voters. An additional 39.8% 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 \$11.4 million. This reflects our intent to carry funds forward to help offset a decrease in revenues during the 2012-13 school year. We worked hard during the year to reduce our service level (and expenditures) where possible.

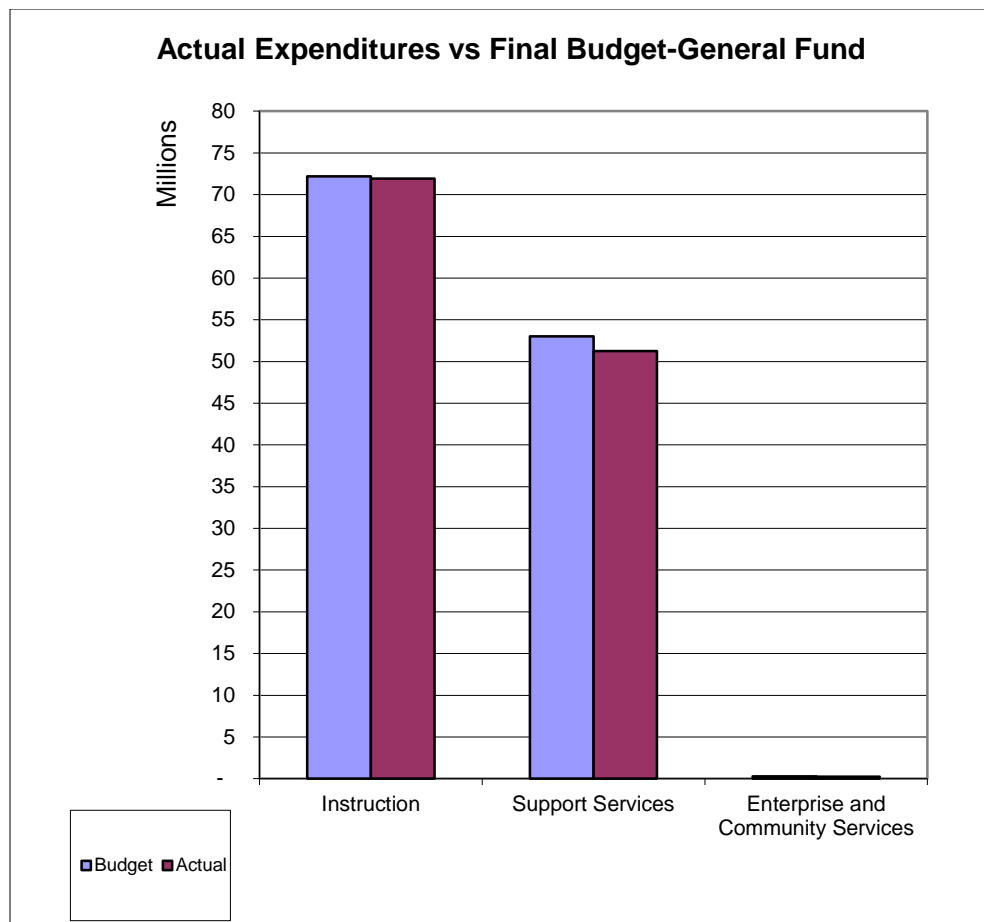
Debt Service Fund. The Debt Service Fund has a total fund balance of \$3.7 million, all of which is restricted for the payment of debt service. The increase of approximately \$1.9 million in fund balance reflects our decision to set aside funds for debt payment in 2013-14 as well as a higher-than-expected collection rate on property taxes.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$0.96 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 \$0.66 million in the current year reflect the work related to major additions and renovations to facilities across the district.

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. We increased our service level (and expenditures) during the year, as evidenced by the significant variance in the expenditure budget. This service level increase was attained by using fund balance.

Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2013



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 2012 to 2013 was approximately \$3.5 million. This decrease is due to depreciation of these assets, offset by the purchase of 28 school buses.

Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2013

Capital Assets as of June 30

	Governmental Activities		Increase (Decrease) from Fiscal 2012
	2013	2012	
Land	\$ 28,801,796	\$ 28,801,796	\$ -
Site Improvements	15,478,413	16,051,056	(572,643)
Buildings and Improvements	200,007,619	205,965,746	(5,958,127)
Vehicles and Equipment	8,510,222	6,121,775	2,388,447
Construction in Progress	<u>1,096,980</u>	<u>510,686</u>	<u>586,294</u>
Total	<u>\$ 253,895,030</u>	<u>\$ 257,451,059</u>	<u>\$ (3,556,029)</u>

More detailed information on capital asset activity can be found in the notes to the basic financial statements on pages 32-33.

Long-term debt. At the end of the current fiscal year, we had total debt outstanding of \$212.3 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 \$3.7 million. The decrease of \$9.9 million reflects the scheduled annual principal payments.

Debt Outstanding as of June 30

	Governmental Activities		Increase (Decrease) from Fiscal 2012
	2013	2012	
General Obligation Bonds	\$ 128,755,000	\$ 137,870,325	\$ (9,115,325)
Limited Tax Pension Obligation Bonds	72,561,877	73,663,696	(1,101,819)
Other long-term debt	<u>11,016,544</u>	<u>10,766,857</u>	<u>249,687</u>
Total	<u>\$ 212,333,421</u>	<u>\$ 222,300,878</u>	<u>\$ (9,967,457)</u>

In May, 2007, Moody's upgraded the Districts 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 33.

Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2013

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, 2011, the State School Fund – General Support provided about 40 percent of our General Fund resources. During the State's legislative session of 2009 the legislators approved a \$5.8 billion K-12 budget for the 2009-11 biennium, a decrease of approximately 5.5% from the adjusted 2007-09 biennium. The State also allocated \$200 million in reserve to the K-12 budget with the contingency that the State's general fund revenues in June, 2010 are sufficient to allow the State's reserves to remain at a specified level. The additional resources would be made available in the 2010-11 year and would increase the total K-12 allocation to \$6.0 billion for the biennium. In the spring of 2010, the State legislature approved allocating the additional \$200 million for K12 funding, bringing the biennial allocation to \$6.0 billion. The June, 2010 state revenue forecast showed that the revenue picture had worsened, and left a hole in the State's budget of more than \$500 million. The Governor had no option but to reduce State appropriations across the board, including reducing the K-12 funding back to \$5.738 billion for the biennium. In August, 2010 the Federal Education Jobs Act was approved, sending additional funding to each state for education. The September, 2010 state revenue forecast once again projected less revenue for the current biennium, with K-12 education's share of the decrease exactly offset by the Federal Education Jobs Act resources. For the biennium 2009-11, K-12 education's final State funding was \$5.738 billion, which includes both the State Fiscal Stabilization Funds and the Federal Education Jobs Act.

To meet the demand of reduced general fund revenues during the 2010-11 budget cycle, we implemented a number of strategies to reduce costs and balance the budget. On average, class sizes at the kindergarten through 2nd grade were increased by 2 students. We committed to using approximately \$3.0 million from reserves and reducing non-salary related expenditures where possible. We worked with our employee associations, who agreed to defer or reduce their cost of living increases for one year and also agreed to shorter contracts and other reductions. Lastly, we eliminated positions, through attrition where possible.

In 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 again 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 these reserves in 2011-12. And, we again reduced our workforce, through attrition where possible.

Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2013

During the 2010-11 fiscal year the School Board approved new agreements with all of our employee groups. The support staff agreement was ratified by the association in July, 2011, and was effective July 1, 2011. The agreement is a two-year agreement on language and a one-year agreement on wages and benefits. The certified agreement was ratified by our certified group in June, 2011 and is effective July 1, 2011.

In the 2013 legislative session, the legislature approved a 2013-15 biennial budget that provides \$6.75 billion to K-12 education, a combination of revenue of \$6.55 billion and \$200 million of PERS reform through SB 822. This is a great improvement from 2011-13 and a start of reinvesting in K-12 education. In September 2013, the Governor called special session and passed five bills, providing another \$100 million to K-12 for 2014-15 and deeper PERS reforms to realize real savings for 2013-15 and additional savings for 2015-17 and on.

During the 2012-13 fiscal year the School Board approved new agreements with all of our employee groups. The support staff agreement was ratified by the association in September, 2013, and was effective July 1, 2013. The certified agreement was ratified by our certified group in June, 2013 and is effective July 1, 2013. The agreements for both groups are a two-year agreement on language, wages and benefits.

Our enrollment increased by approximately 300 students in the 2012-13 school year, with a 150 increase projected for the 2013-14 year. As of this writing, enrollment has increased by more than 260 students from the 2012-13 level.

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 Finance Director at 520 NW Wall Street, Bend, Oregon 97701.

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Basic Financial Statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Net Position
June 30, 2013, with Comparative Data

	Governmental Activities	
	2013	2012
Assets:		
Cash and investments	\$ 25,373,398	\$ 28,536,698
Receivables:		
Property taxes	3,807,857	5,604,240
Accounts and other receivables	4,149,867	3,135,564
Prepaid items	54,662	69,427
Inventories	518,190	549,133
Prepaid pension UAL	60,959,252	62,481,332
Bond and long term debt issuance costs	1,186,200	1,225,682
Capital assets, net of depreciation		
Land	28,801,796	28,801,796
Construction in progress	1,096,980	510,686
Site improvements	15,478,413	16,051,056
Buildings and improvements	200,007,619	205,965,746
Vehicles and equipment	8,510,222	6,121,775
<i>Total Assets</i>	<u>349,944,456</u>	<u>359,053,135</u>
Liabilities		
Accounts payable	1,780,541	2,989,539
Accrued payroll and related charges	8,659,057	8,449,542
Accrued interest	399,140	515,065
Retainage payable	5,957	21,011
Accrued general liability claims and judgments	254,047	166,863
Long-term liabilities due within one year	15,267,309	14,833,255
Long-term liabilities due in more than one year	219,852,448	217,720,163
<i>Total Liabilities</i>	<u>246,218,499</u>	<u>244,695,439</u>
Net Position		
Invested in capital assets, net of related debt	99,680,822	106,451,425
Restricted for:		
Transportation	312,240	205,603
Federal, state and local programs	2,355,977	2,249,449
Debt service	4,062,239	2,406,384
Capital projects	955,131	1,188,232
Unrestricted	(3,640,452)	1,856,603
<i>Total Net Position</i>	<u>\$ 103,725,957</u>	<u>\$ 114,357,696</u>

See Notes to Financial Statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Activities
Year Ended June 30, 2013, with Comparative Data

					Net (Expense) Revenue and Changes	
		Program Revenues			in Net Position	
					Governmental Activities	
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2013	2012
Governmental Activities						
Instruction						
Regular instruction	\$ 65,480,254	\$ 3,446,847	\$ 2,496,222	\$ -	\$ (59,537,185)	\$ (54,275,403)
Special programs including summer school	24,177,380	-	6,409,202	-	(17,768,178)	(16,880,129)
Total direct classroom services	89,657,634	3,446,847	8,905,424	-	(77,305,363)	(71,155,532)
Support Services						
Students	10,255,613	-	288,554	-	(9,967,059)	(9,385,214)
Instructional staff	5,003,574	-	1,904,626	-	(3,098,948)	(2,906,919)
General administration	655,241	-	-	-	(655,241)	(657,015)
School administration	9,002,264	-	177,162	-	(8,825,102)	(8,582,661)
Business, transportation and maintenance	21,943,603	819,067	636,637	707,189	(19,780,710)	(18,215,435)
Central activities	4,633,815	-	30,480	-	(4,603,335)	(5,432,769)
Supplemental retirement program	2,526,914	-	-	-	(2,526,914)	(2,571,431)
Total classroom support services	54,021,024	819,067	3,037,459	707,189	(49,457,309)	(47,751,444)
Enterprise and Community Services						
Food services	5,559,899	1,369,100	4,426,013	-	235,214	(137,946)
Other enterprise and community services	1,251,543	315,593	898,530	-	(37,420)	107,368
Total enterprise and community services	6,811,442	1,684,693	5,324,543	-	197,794	(30,578)
Interest on long-term liabilities						
	22,464,833	-	-	-	(22,464,833)	(11,659,076)
	22,464,833	-	-	-	(22,464,833)	(11,659,076)
Total school district						
	\$ 172,954,933	\$ 5,950,607	\$ 17,267,426	\$ 707,189	(149,029,711)	(130,596,630)
General revenues:						
Property taxes levied for:						
General purposes					55,777,424	55,824,372
Debt service					18,497,750	19,291,470
Federal aid not restricted to specific purposes					285,508	293,309
State aid not restricted to specific purposes					59,336,885	56,639,207
Intermediate aid not restricted to specific purposes					1,410,932	1,491,856
Earnings on investments					207,773	274,170
Other local revenue					2,881,700	2,527,659
Total general revenues					138,397,972	136,342,043
Change in net position					(10,631,739)	5,745,413
Net position - beginning					114,357,696	108,612,283
Net position - ending					\$ 103,725,957	\$ 114,357,696

See Notes to Financial Statements

Administrative School District No. 1
Deschutes County, Oregon
Balance Sheet
Governmental Funds
June 30, 2013, with Comparative Data

					Totals	
	General	Special Revenues	Debt Service	Capital Projects	2013	2012
Assets						
Cash and investments	\$ 20,138,391	\$ 806,264	\$ 3,493,612	\$ 935,131	\$ 25,373,398	\$ 28,536,703
Receivables						
Property taxes	2,840,089	-	967,768	-	3,807,857	5,604,240
Accounts and other receivables	881,930	3,247,937	-	20,000	4,149,867	3,135,563
Prepaid items	54,662	-	-	-	54,662	69,427
Inventories	112,412	405,778	-	-	518,190	549,132
Total Assets	\$ 24,027,484	\$ 4,459,979	\$ 4,461,380	\$ 955,131	\$ 33,903,974	\$ 37,895,065
Liabilities and Fund Balances						
Liabilities						
Accounts and interest payable	\$ 1,780,541	\$ -	\$ -	\$ -	\$ 1,780,541	\$ 2,989,539
Accrued payroll and related charges	8,622,418	-	-	-	8,622,418	8,325,867
Retainage payable	5,957	-	-	-	5,957	21,011
Deferred revenue	2,236,177	-	760,132	-	2,996,309	4,383,480
Total Liabilities	12,645,093	-	760,132	-	13,405,225	15,719,897
Fund Balances						
Nonspendable	167,074	405,778	-	-	572,852	618,559
Restricted	312,240	2,355,977	3,701,248	955,131	7,324,596	5,399,341
Assigned	4,954,308	1,698,224	-	-	6,652,532	11,066,594
Unassigned	5,948,769	-	-	-	5,948,769	5,090,674
Total fund balances	11,382,391	4,459,979	3,701,248	955,131	20,498,749	22,175,168
Total Liabilities and Fund Balances	\$ 24,027,484	\$ 4,459,979	\$ 4,461,380	\$ 955,131	\$ 33,903,974	\$ 37,895,065

See Notes to Financial Statements

Administrative School District No. 1
Deschutes County, Oregon
Reconciliation of Governmental Funds
Balance Sheet to Statement of Net Position
June 30, 2013

Total Fund Balances, June 30, 2013 (page 15) \$ 20,498,749

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

Cost	\$ 356,945,000	
Accumulated depreciation	<u>(103,049,970)</u>	253,895,030

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. 60,959,252

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. 1,186,200

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. 2,996,309

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	(4,731,544)	
Accrued interest payable	(399,140)	
Bonds payable	(207,601,876)	
Unamortized portion of bond issuance premium	(15,022,924)	
OPEB annual required contribution	(4,524,672)	
Compensated absences	(36,638)	
Accrued claims and judgments	(254,051)	
Early retirement benefits payable	<u>(3,238,738)</u>	<u>(235,809,583)</u>

Total Net Position (page 13) \$ 103,725,957

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, 2013, with Comparative Data

					Totals	
	General Fund	Special Revenues	Debt Service	Capital Projects	2013	2012
Revenues						
Property taxes	\$ 57,164,594	\$ -	\$ 18,497,750	\$ -	\$ 75,662,344	\$ 76,013,030
Tuition	2,450	728,811	-	-	731,261	636,402
Revenue from local governments	-	-	-	-	-	-
Investment earnings	158,471	7,675	38,774	2,875	207,795	274,203
Other local sources	3,713,107	6,662,617	524,235	421,247	11,321,206	11,537,982
Intermediate sources	1,410,932	114,251	-	-	1,525,183	1,596,856
State sources	55,243,793	240,104	5,183,782	-	60,667,679	61,066,740
Federal sources	302,223	14,446,440	-	-	14,748,663	13,677,213
Total revenues	117,995,570	22,199,898	24,244,541	424,122	164,864,131	164,802,427
Expenditures						
Current						
Instruction	71,864,405	11,056,296	-	-	82,920,701	79,518,618
Support services	47,441,843	3,906,625	329,963	-	51,678,431	51,235,778
Community services	246,459	6,740,643	-	-	6,987,102	6,580,773
Facilities acquisition and construction	-	-	-	301,867	301,867	371,189
Debt service						
Principal	615,637	-	12,972,081	-	13,587,718	18,003,777
Interest	88,568	-	24,271,418	-	24,359,986	11,023,235
Capital outlay	3,870,799	82,966	-	355,356	4,309,121	3,483,835
Total expenditures	124,127,711	21,786,530	37,573,462	657,223	184,144,926	170,217,205
Revenues over (under) expenditures	(6,132,141)	413,368	(13,328,921)	(233,101)	(19,280,795)	(5,414,779)
Other Financing Sources (Uses)						
Issuance of refunding bonds	-	-	81,050,000	-	81,050,000	2,840,000
Payments to Escrow Agent on Advance Refunding			(81,050,000)		(81,050,000)	
Proceeds from lease financing	3,200,000	-	-	-	3,200,000	
Transfers	350,000	(1,219,736)	869,736	-	-	-
Premium on issuance of refunding bonds	-	-	14,404,376	-	14,404,376	-
Total Other Financing Sources (Uses)	3,550,000	(1,219,736)	15,274,112	-	17,604,376	2,840,000
Net change in fund balances	(2,582,141)	(806,368)	1,945,191	(233,101)	(1,676,419)	(2,574,779)
Fund balances, beginning of year	13,964,532	5,266,347	1,756,057	1,188,232	22,175,168	24,749,946
Fund balances, end of year	\$ 11,382,391	\$ 4,459,979	\$ 3,701,248	\$ 955,131	\$ 20,498,749	\$ 22,175,168

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, 2013

Net Change in Fund Balance (page 17) \$ (1,676,419)

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	\$ 4,610,987	
Less current year depreciation	<u>(8,167,018)</u>	(3,556,031)

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

Debt issued	(84,250,000)	
Debt principal repaid	<u>95,630,638</u>	11,380,638

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 (1,522,081)

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:

Premiums on long-term debt issued in current year	(14,404,376)	
Amortization of premiums, net of discount amortization	2,323,557	
Issuance costs on long-term debt issued in current year	337,283	
Amortization of issuance costs	<u>(376,765)</u>	(12,120,301)

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	(1,413,181)	
Accrued interest on general obligation bonds and other long term debt	<u>115,924</u>	(1,297,257)

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. (1,387,171)

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. 8,497

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	20,534	
OPEB annual required contribution	(473,503)	
Estimated claims and judgments	<u>(8,645)</u>	<u>(461,614)</u>

Change in Net Position (page 14) \$ (10,631,739)

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, 2013

	General Fund					
	Budgeted Amounts		Variance with Final Budget Over (Under)	Budget Basis	Actuals	
	Adopted	Final			Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 55,518,887	\$ 55,518,887	\$ 1,645,707	\$ 57,164,594	\$ -	\$ 57,164,594
Tuition	-	-	2,450	2,450	-	2,450
Investment earnings	183,000	183,000	(24,529)	158,471	-	158,471
Other Local sources	3,732,500	3,732,500	(19,393)	3,713,107	-	3,713,107
Intermediate sources	1,500,000	1,500,000	(89,068)	1,410,932	-	1,410,932
State sources	55,680,455	55,680,455	(436,662)	55,243,793	-	55,243,793
Federal sources	28,000	28,000	274,223	302,223	-	302,223
Total revenues	116,642,842	116,642,842	1,352,728	117,995,570	-	117,995,570
Expenditures						
Current						
Instruction	72,193,500	72,193,500	(1) 259,602	71,933,898	(69,493)	71,864,405
Support services	53,002,770	53,002,770	(1) 1,759,621	51,243,149	(3,801,306)	47,441,843
Community services	283,999	283,999	(1) 37,540	246,459	-	246,459
Debt service	722,767	722,767	(1) 18,562	704,205	(704,205)	-
Principal	-	-	-	-	615,637	615,637
Interest	-	-	-	-	88,568	88,568
Facilities acquisition and construction	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Capital outlay	-	-	-	-	3,870,799	3,870,799
Indirect cost allocation	-	-	-	-	-	-
Total expenditures	126,203,036	126,203,036	2,075,325	124,127,711	-	124,127,711
Revenues over (under) expenditures	(9,560,194)	(9,560,194)	3,428,053	(6,132,141)	-	(6,132,141)
Other financing sources (uses)						
Transfer from operating sub-fund	1,957,209	1,957,209	-	1,957,209	-	1,957,209
Transfer to other sub-funds	(1,957,209)	(1,957,209)	-	(1,957,209)	-	(1,957,209)
Transfer to debt service fund						
Transfer from special revenue fund	350,000	350,000	-	350,000	-	350,000
Proceeds from lease financing	3,140,000	3,140,000	60,000	3,200,000	-	3,200,000
Total other financing sources (uses)	3,490,000	3,490,000	60,000	3,550,000	-	3,550,000
Net change in fund balances	(6,070,194)	(6,070,194)	3,488,053	(2,582,141)	-	(2,582,141)
Fund balances, beginning of year	13,042,000	13,042,000	922,532	13,964,532	-	13,964,532
Fund balances, end of year	\$ 6,971,806	\$ 6,971,806	\$ 4,410,585	\$ 11,382,391	\$ -	\$ 11,382,391

(1) Appropriation level

See Notes to Financial Statements

Special Revenue Fund						
Budgeted Amounts		Variance with Final Budget		Actuals		
Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	728,811	728,811	-	728,811	
15,000	15,000	(7,325)	7,675	-	7,675	
8,205,000	8,205,000	(1,542,383)	6,662,617	-	6,662,617	
-	-	114,251	114,251	-	114,251	
729,000	729,000	(488,896)	240,104	(2)	240,104	
13,100,000	13,100,000	1,346,440	14,446,440	-	14,446,440	
22,049,000	22,049,000	150,898	22,199,898	-	22,199,898	
11,077,000	11,077,000	(1) 11,404	11,065,596	(9,300)	11,056,296	
4,334,000	4,334,000	(1) 367,009	3,966,991	(60,366)	3,906,625	
7,084,932	7,084,932	(1) 330,989	6,753,943	(13,300)	6,740,643	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	82,966	82,966	
-	-	-	-	-	-	
22,495,932	22,495,932	709,402	21,786,530	-	21,786,530	
(446,932)	(446,932)	860,300	413,368	-	413,368	
-	-	-	-	-	-	
(350,000)	(350,000)	-	(350,000)	-	(350,000)	
(869,736)	(869,736)	-	(869,736)	-	(869,736)	
-	-	-	-	-	-	
-	-	-	-	-	-	
(1,219,736)	(1,219,736)	(1) -	(1,219,736)	-	(1,219,736)	
(1,666,668)	(1,666,668)	860,300	(806,368)	-	(806,368)	
4,596,736	4,596,736	669,611	5,266,347	-	5,266,347	
\$ 2,930,068	\$ 2,930,068	\$ 1,529,911	\$ 4,459,979	\$ -	\$ 4,459,979	

(1) Appropriation level

(2) Included in this State Revenue is the required match of \$52,955 for National School Lunch Support.

See Notes to Financial Statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Net Position
Fiduciary Fund - Private Purpose Trust Fund
June 30, 2013, with Comparative Data

	Totals	
	2013	2012
Assets		
Cash and investments	\$ 36,596	\$ 35,741
Liabilities		
Other liabilities	-	-
Net Position, June 30	<u>\$ 36,596</u>	<u>\$ 35,741</u>

See Notes to Financial Statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Changes in Net Position
Fiduciary Fund - Private Purpose Trust Fund
Year Ended June 30, 2013, with Comparative Data

	Totals	
	2013	2012
Additions:		
Donations	\$ 1,245	\$ 2,625
Investment earnings	<u>110</u>	<u>133</u>
Total revenues	1,355	2,757
Deductions:		
Scholarships	<u>500</u>	<u>500</u>
Change in net assets	855	2,257
Net Position July 1	<u>35,741</u>	<u>33,484</u>
Net Position, June 30	<u>\$ 36,596</u>	<u>\$ 35,741</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, 2013

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 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 16,600 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 Position 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, 2013

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 Revenue 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, 2013

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 position

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 position. 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". There were no such arrangements as of June 30, 2013.

Administrative School District No. 1
Deschutes County, Oregon
Notes To Financial Statements
June 30, 2013

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, 2013

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. This program ended on June 30, 2013.

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. 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. The Governing Body delegated the authority to the Superintendent or designee to assign fund balance.

Unassigned fund balance indicates the amount of general fund equity that is available for budgeting in future periods. A negative unassigned fund balance may be reported in other government funds.

9. Long-Term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. 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, 2013

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, 2013**

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:

General Fund	
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, 2013, the expenditures exceeded appropriations in the debt service fund support services and debt services by \$326,963 and \$95,115,369, respectively. This was the result of issuing construction bond and financing new buses. 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, 2013 the District held cash of \$19,267,620 with a bank balance of \$20,635,020. 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, 2013

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, 2013 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	\$ 6,139,374	\$ 6,139,374	\$ -
Certificates of Deposit	N/A	3,000	3,000	-
Total		<u>\$ 6,142,374</u>	<u>\$ 6,142,374</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, 2013 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, 2013 the District's investment holdings meet the requirement of this policy.

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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:

	General Fund	Debt Service Fund
Certification to Assessor	59,753,776	18,496,759
Farm land and open space taxes	13,400	4,132
Other adjustments	22,655	6,994
Truncation gain	1,016	2,134
Loss to compression	(2,256,212)	-
Levy as extended on tax rolls	<u>57,534,635</u>	<u>18,510,019</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 Position are comprised of the following as of June 30, 2013:

	Amount
Grants	\$ 3,268,396
Common school fund	728,679
Other	152,792
Total	<u>\$ 4,149,867</u>

D. Capital assets

Capital asset activity for the year-ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated				
Land	\$ 28,801,796	\$ -	\$ -	\$ 28,801,796
Construction in progress	510,686	586,294	-	1,096,980
Total non-depreciable assets	29,312,482	586,294	-	29,898,776
Capital assets being depreciated:				
Buildings and improvements	284,749,278	239,737	-	284,989,017
Site improvements	19,453,421	86,709	-	19,540,130
Vehicles and equipment	18,818,830	3,698,247	-	22,517,077
Total depreciable assets	323,021,529	4,024,693	-	327,046,224
Less accumulated depreciation for:				
Buildings and improvements	(78,783,532)	(6,197,866)	-	(84,981,398)
Site improvements	(3,402,365)	(659,352)	-	(4,061,717)
Vehicles and equipment	(12,697,055)	(1,309,800)	-	(14,006,855)
Total accumulated depreciation	(94,882,952)	(8,167,018)	-	(103,049,970)
Total depreciable assets, net	228,138,577	(4,142,325)	-	223,996,254
Total capital assets, net	<u>\$ 257,451,059</u>	<u>\$ (3,556,029)</u>	<u>\$ -</u>	<u>\$ 253,895,030</u>

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

Program	Buildings	Improvements	Equipment	Total
Regular Instruction	5,950,505	618,436	211,850	6,780,791
Business Services	237,577	40,916	1,016,098	1,294,591
Food Services	8,999	-	77,367	86,366
Central Activities	785	-	4,485	5,270
	<u>\$ 6,197,866</u>	<u>\$ 659,352</u>	<u>\$ 1,309,800</u>	<u>\$ 8,167,018</u>

E. Long-term liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

Issue Date:	Interest Rates	Original Amount	Balance June 30, 2012	Additions	Payments	Balance June 30, 2013	Due Within One Year
July 15, 2002	3.0-5.5%	10,215,000	2,345,000		1,145,000	1,200,000	1,200,000
October 31, 2002	2.06-6.1%	40,926,719	39,025,852	654,438	1,265,000	38,519,595	1,425,000
April 21, 2003	1.5-6.27%	25,316,993	26,147,843	758,743	1,140,000	25,662,281	1,235,000
February 19, 2004	3.25-5.528%	5,930,000	5,650,000		110,000	5,540,000	135,000
March 15, 2005	3.0-5.0%	63,045,000	25,600,000		9,335,000	16,265,000	7,370,000
June 20, 2007	4.0-5.0%	119,000,000	111,640,000		80,440,000	31,200,000	1,800,000
March 20, 2011	2.0-4.0%	7,585,000	6,905,000		620,000	6,285,000	605,000
January 30, 2012	2.75%	2,840,000	2,840,000		-	2,840,000	-
March 7, 2013	2-5%	81,050,000	-	81,050,000	960,000	80,090,000	-
Premiums on Bonds			2,942,104	14,404,376	2,323,553	15,022,927	-
Total Bonds Payable			<u>223,095,800</u>	<u>96,867,557</u>	<u>97,338,553</u>	<u>222,624,803</u>	<u>13,770,000</u>
June 15, 2009	4.00%	2,900,000	2,147,182	-	271,499	1,875,683	282,476
July 1, 2012	1.99%	3,200,000	-	3,200,000	344,139	2,855,861	296,916
Total Long-Term Loans			<u>2,147,182</u>	<u>3,200,000</u>	<u>615,638</u>	<u>4,731,544</u>	<u>579,392</u>
Other Post-Employment Benefits			<u>4,051,169</u>	<u>1,310,813</u>	<u>837,310</u>	<u>4,524,672</u>	<u>-</u>
Early Retirement			<u>3,259,267</u>	<u>958,177</u>	<u>978,705</u>	<u>3,238,738</u>	<u>917,917</u>
Total Long-Term Liabilities			<u>\$ 232,553,418</u>	<u>\$ 102,336,547</u>	<u>\$ 99,770,206</u>	<u>\$ 235,119,757</u>	<u>\$ 15,267,309</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, 2013, the District's net bonded debt is \$994,681,238 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. 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. In February, 2013 the District refinanced a portion of the 2007 General Obligation Bonds. This refinancing will save approximately \$3.8 million over the life of the debt.

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Future maturities to service the general obligation bonds outstanding as of June 30, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	10,370,000	5,718,250	16,088,250
2015	11,505,000	5,244,750	16,749,750
2016	12,725,000	4,708,150	17,433,150
2017	14,065,000	4,081,900	18,146,900
2018	8,485,000	3,399,300	11,884,300
2019-2023	56,805,000	10,369,150	67,174,150
2024	14,800,000	333,000	15,133,000
	<u>\$ 128,755,000</u>	<u>\$ 33,854,500</u>	<u>\$ 162,609,500</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, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	3,064,688	3,614,892	6,679,580
2019-2023	24,193,184	14,814,331	39,007,515
2024-2028	37,335,000	6,099,725	43,434,725
	<u>\$ 72,561,877</u>	<u>\$ 40,198,175</u>	<u>\$ 112,760,052</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
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	575,000	156,800	731,800
2019-2023	2,800,000	443,000	3,243,000
2024	545,000	21,800	566,800
	<u>\$ 6,285,000</u>	<u>\$ 1,462,825</u>	<u>\$ 7,747,825</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%.

On July 1, 2012, we financed \$3,200,000 to purchase 28 school buses. The loan matures in 2022 and the fixed interest rate is 1.99%.

Future maturities to service the long-term loans outstanding as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	579,391	124,815	704,206
2015	591,952	112,254	704,206
2016	609,820	94,386	704,206
2017	628,288	75,917	704,205
2018	647,380	56,826	704,206
2019-2023	1,674,713	77,828	1,752,541
	<u>4,731,544</u>	<u>542,026</u>	<u>5,273,570</u>

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Leases

The District leases facilities and equipment under non-cancelable operating leases. Total costs for such leases were \$251,796 for the year ended June 30, 2013. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2014	233,827
2015	140,116
2016	98,183
2017	99,731
2018	101,819
2019-2023	<u>524,395</u>
Total	<u>\$ 1,198,071</u>

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

F. Interfund Transfers

Transfers are comprised of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,307,209	\$ 1,957,209
Special Revenue Fund	-	1,219,736
Debt Service Fund	<u>869,736</u>	<u>-</u>
Total	<u>\$ 3,176,945</u>	<u>\$ 3,176,945</u>

Transfers between funds are used to facilitate the operations of the various funds.

G. 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, 2013	June 30, 2012
Nonspendable:						
Inventory	\$ 112,412	\$ 405,779	\$ -	\$ -	\$ 518,191	\$ 549,132
Prepaid items	54,662	-	-	-	54,662	69,427
Restricted for:						
Capital projects	-	-	-	955,131	955,131	1,188,232
Debt service	-	-	3,701,248	-	3,701,248	1,756,057
Federal and state grants	-	1,666,160	-	-	1,666,160	1,437,279
Transportation equipment	312,240	-	-	-	312,240	205,603
Energy efficiency program	-	689,817	-	-	689,817	812,170
Assigned to:						
Appropriated fund balance	1,865,591	-	-	-	1,865,591	6,070,194
Athletics	103,111	-	-	-	103,111	53,356
Early retirement funding	-	162,313	-	-	162,313	232,743
Facility grant	-	50,206	-	-	50,206	980,349
Facility usage	297,617	-	-	-	297,617	174,711
Instructional materials	144,423	-	-	-	144,423	12,789
Insurance reserve	434,163	-	-	-	434,163	701,379
Kindergarten academic enrichment	-	59,952	-	-	59,952	39,220
Maintenance replacement	342,284	-	-	-	342,284	161,960
Print shop equipment	272,475	-	-	-	272,475	198,229
Student activities	-	1,425,752	-	-	1,425,752	1,319,835
Teacher exchange program	-	-	-	-	-	28,324
Technology	1,494,644	-	-	-	1,494,644	1,093,505
Unassigned:	<u>5,948,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,948,769</u>	<u>5,090,674</u>
	<u>\$ 11,382,391</u>	<u>\$ 4,459,979</u>	<u>\$ 3,701,248</u>	<u>\$ 955,131</u>	<u>\$ 20,498,749</u>	<u>\$ 22,175,168</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 \$978,706 and covered 232 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. On June 30, 2013, the plan closed to new retirees.

Future maturities of termination benefits payable are as follows:

Year Ending	
June 30,	Amount
2014	\$ 917,917
2015	705,120
2016	496,456
2017	383,933
2018	279,317
2019-2023	451,625
2024-2025	4,370
	<u>\$ 3,238,738</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, 2013 was 11.28% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2013 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, 2013, 2012, and 2011 were \$7,580,587, \$7,459,712, \$1,324,544, 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, 2013, 2012, and 2011 of \$4,266,694, \$4,148,656 and \$4,253,373, 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 Position. 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, 2013 of \$10,132,482. 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 \$571,118.

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 Position 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, 2013, 2012, and 2011, 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		
	2013	2012	2011
Normal cost at year end	\$ 688,954	\$ 629,212	\$ 629,212
Amortization of UAAL	680,559	602,991	602,991
	<u>\$ 1,369,513</u>	<u>\$ 1,232,203</u>	<u>\$ 1,232,203</u>

Determination of Net OPEB Obligation

Annual required contribution (ARC)	\$ 1,389,930	\$ 1,232,203	\$ 1,232,203
Interest on Net OPEB Obligation	121,535	132,840	122,856
Adjustment to ARC for Net OPEB Obligation	(200,652)	(202,384)	(184,399)
Annual OPEB cost	<u>1,310,813</u>	<u>1,162,659</u>	<u>1,170,660</u>
Expected contributions	<u>(837,310)</u>	<u>(906,920)</u>	<u>(885,405)</u>
Increase in net OPEB obligation	473,503	255,739	285,255
Net OPEB obligation, beginning of fiscal year	<u>4,051,169</u>	<u>3,795,430</u>	<u>3,510,175</u>
Net OPEB obligation, end of fiscal year	<u>\$ 4,524,672</u>	<u>\$ 4,051,169</u>	<u>\$ 3,795,430</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 OPEB	Cost	Net OPEB
Fiscal Year	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
2013	1,310,813	63.90%	4,524,672

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June 30, 2013

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, 2013 include the following:

- Investment returns assumption: 3.0%
- Inflation rate assumption: 3.0%
- Medical/RX annual trend rate: 8.0% initial increase in 2013, reducing to 5.9% over the next 9 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, 2013, the AAL for benefits was \$13,740,513, and the actuarial value of assets was \$0, resulting in an unfunded AAL of \$13,740,513. The covered payroll was \$70,869,788 and the ratio of the unfunded AAL to the covered payroll was 19.4%. Using a 30 year amortization period, the ARC for the fiscal year ending June 30, 2013 has been actuarially determined to be \$1,389,930 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.

Administrative School District No. 1
Deschutes County, Oregon
Notes To Financial Statements
June 30, 2013

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 2012-13 that were unpaid as of June 30, 2013. The estimate was calculated based on district experience and actual claims paid after June 30, 2013. A reconciliation of the claims liability is as follows:

	Year Ending June 30	
	2013	2012
Beginning balance	\$ 104,720	\$ 98,153
Claims incurred	80,443	250,770
Claims paid	(125,517)	(244,204)
Ending balance	<u>59,646</u>	<u>104,720</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 2012-13 that were unpaid as of June 30, 2013. The liability was calculated using actual claims settled and paid after June 30, 2013. A reconciliation of the claims liability is as follows:

	Year Ending June 30	
	2013	2012
Beginning balance	\$ 166,863	\$ 95,000
Claims incurred	42,449	71,863
Claims paid	-	-
Ending balance	<u>209,312</u>	<u>166,863</u>

F. Commitments and contingencies

As of June 30, 2013, the District has no contractual commitments for construction of new buildings and District improvement projects

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, 2013

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.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

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

H. Subsequent Events

On May 21, 2013, voters approved a general obligation bond issue in the amount of \$96 million to fund 2 new schools and 138 construction projects. The district plans to issue the bonds prior to September 30, 2013. The projects will be completed over the next four years.

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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, 2013

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
6/30/2010	\$ -	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%
6/30/2013	\$ -	13,740,513	13,740,513	0.0%	70,869,788	19.4%

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 1925
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.

In May 2013, voters approved a general obligation bond issue in the amount of \$96 million to fund 138 construction projects, including the construction of one elementary school and one middle school. The bonds were issued in July 2013.

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, 2013, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
Assets				
Cash and investments	\$ 16,777,116	\$ 103,111	\$ 144,423	\$ 312,240
Receivables				
Property taxes	2,840,089	-	-	-
Accounts and other receivables	838,849	-	-	-
Prepaid items	54,662	-	-	-
Inventories	38,239	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 20,548,955</u></u>	<u><u>\$ 103,111</u></u>	<u><u>\$ 144,423</u></u>	<u><u>\$ 312,240</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts and interest payable	\$ 1,780,541	\$ -	\$ -	\$ -
Accrued payroll and related charges	8,622,418	-	-	-
Retainage	2,558	-	-	-
Deferred revenue	2,236,177	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>12,641,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	92,901	-	-	-
Restricted	-	-	-	312,240
Assigned	1,865,591	103,111	144,423	-
Unassigned	5,948,769	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>7,907,261</u>	<u>103,111</u>	<u>144,423</u>	<u>312,240</u>
Total Liabilities and Fund Balances	<u><u>\$ 20,548,955</u></u>	<u><u>\$ 103,111</u></u>	<u><u>\$ 144,423</u></u>	<u><u>\$ 312,240</u></u>

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2013	2012
\$ 270,992	\$ 278,710	\$ 1,494,644	\$ 319,593	\$ 437,562	\$ 20,138,391	\$ 23,298,556
-	-	-	-	-	2,840,089	4,122,642
1,483	18,907	-	22,691	-	881,930	874,696
-	-	-	-	-	54,662	69,427
<u>74,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,412</u>	<u>132,705</u>
<u>\$ 346,648</u>	<u>\$ 297,617</u>	<u>\$ 1,494,644</u>	<u>\$ 342,284</u>	<u>\$ 437,562</u>	<u>\$ 24,027,484</u>	<u>\$ 28,498,026</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,780,541	\$ 2,989,539
-	-	-	-	-	8,622,418	8,325,867
-	-	-	-	3,399	5,957	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,236,177</u>	<u>3,218,088</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,399</u>	<u>12,645,093</u>	<u>14,533,494</u>
74,173	-	-	-	-	167,074	202,132
					312,240	205,603
272,475	297,617	1,494,644	342,284	434,163	4,954,308	8,466,123
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,948,769</u>	<u>5,090,674</u>
<u>346,648</u>	<u>297,617</u>	<u>1,494,644</u>	<u>342,284</u>	<u>434,163</u>	<u>11,382,391</u>	<u>13,964,532</u>
<u>\$ 346,648</u>	<u>\$ 297,617</u>	<u>\$ 1,494,644</u>	<u>\$ 342,284</u>	<u>\$ 437,562</u>	<u>\$ 24,027,484</u>	<u>\$ 28,498,026</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, 2013, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
Revenues				
Property taxes	\$ 57,164,594	\$ -	\$ -	\$ -
Tuition	2,450	-	-	-
Investment earnings	156,187	-	-	861
Other local sources	1,619,785	436,091	-	-
Intermediate sources	1,410,932	-	-	-
State sources	54,536,604	-	-	707,189
Federal sources	302,223	-	-	-
Total revenues	115,192,775	436,091	-	708,050
Expenditures				
Current				
Instruction	69,937,404	1,647,381	193,366	-
Support services	46,353,620	230,171	-	29,544
Community services	116,980	-	-	-
Debt service			-	
Principal	-	-	-	615,637
Interest	-	-	-	88,568
Capital outlay	192,705	69,493	-	3,139,164
Total expenditures	116,600,709	1,947,045	193,366	3,872,913
Revenues over (under) expenditures	(1,407,934)	(1,510,954)	(193,366)	(3,164,863)
Other financing sources (uses)				
Proceeds from lease financing	-	-	-	3,200,000
Transfers	(1,957,209)	1,560,709	325,000	71,500
Total other financing sources (uses)	(1,957,209)	1,560,709	325,000	3,271,500
Net change in fund balances	(3,365,143)	49,755	131,634	106,637
Fund balances, beginning of year	11,272,404	53,356	12,789	205,603
Fund balances, end of year	\$ 7,907,261	\$ 103,111	\$ 144,423	\$ 312,240

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2013	2012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,164,594	\$ 56,446,061
-	-	-	-	-	2,450	1,650
-	-	-	-	1,423	158,471	209,176
808,755	340,593	437,312	46,895	23,676	3,713,107	3,574,214
-	-	-	-	-	1,410,932	1,191,856
-	-	-	-	-	55,243,793	55,941,779
-	-	-	-	-	302,223	358,091
808,755	340,593	437,312	46,895	25,099	117,995,570	117,722,827
-	9,727	35,190	-	41,337	71,864,405	69,355,658
750,932	75,489	983	1,034	70	47,441,843	46,971,509
-	129,479	-	-	-	246,459	213,074
-	-	-	-	-	615,637	260,948
-	-	-	-	-	88,568	93,812
-	2,992	-	215,537	250,908	3,870,799	943,354
750,932	217,687	36,173	216,571	292,315	124,127,711	117,838,355
57,823	122,906	401,139	(169,676)	(267,216)	(6,132,141)	(115,528)
-	-	-	-	-	3,200,000	-
-	-	-	350,000	-	350,000	-
-	-	-	350,000	-	3,550,000	-
57,823	122,906	401,139	180,324	(267,216)	(2,582,141)	(115,528)
288,825	174,711	1,093,505	161,960	701,379	13,964,532	14,080,061
<u>\$ 346,648</u>	<u>\$ 297,617</u>	<u>\$ 1,494,644</u>	<u>\$ 342,284</u>	<u>\$ 434,163</u>	<u>\$ 11,382,391</u>	<u>\$ 13,964,532</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, 2013

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 55,518,887	\$ 55,518,887	\$ 1,645,707	\$ 57,164,594	\$ -	\$ 57,164,594
Tuition	-	-	2,450	2,450	-	2,450
Investment earnings	180,000	180,000	(23,813)	156,187	-	156,187
Other Local sources	1,662,500	1,662,500	(42,715)	1,619,785	-	1,619,785
Intermediate sources	1,500,000	1,500,000	(89,068)	1,410,932	-	1,410,932
State sources	54,973,455	54,973,455	(436,851)	54,536,604	-	54,536,604
Federal sources	28,000	28,000	274,223	302,223	-	302,223
Total revenues	113,862,842	113,862,842	1,329,933	115,192,775	-	115,192,775
Expenditures						
Current						
Instruction	70,248,785	70,248,785	311,381	69,937,404	-	69,937,404
Support services	46,653,276	46,653,276	106,951	46,546,325	(192,705)	46,353,620
Community services	122,401	122,401	5,421	116,980	-	116,980
Debt service	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Capital outlay	-	-	-	-	192,705	192,705
Indirect cost allocation	-	-	-	-	-	-
Total expenditures	117,024,462	117,024,462	423,753	116,600,709	-	116,600,709
Revenues over (under) expenditures	(3,161,620)	(3,161,620)	1,753,686	(1,407,934)	-	(1,407,934)
Other financing sources (uses)						
Transfers	(1,957,209)	(1,957,209)	-	(1,957,209)	-	(1,957,209)
Net change in fund balances	(5,118,829)	(5,118,829)	1,753,686	(3,365,143)	-	(3,365,143)
Fund balances, beginning of year	10,400,000	10,400,000	872,404	11,272,404	-	11,272,404
Fund balances, end of year	\$ 5,281,171	\$ 5,281,171	\$ 2,626,090	\$ 7,907,261	\$ -	\$ 7,907,261

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, 2013

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 410,000	\$ 410,000	\$ 26,091	\$ 436,091	\$ -	\$ 436,091
Expenditures						
Current						
Instruction	1,594,715	1,594,715	(122,159)	1,716,874	(69,493)	1,647,381
Support services	375,994	375,994	145,823	230,171	-	230,171
Capital outlay	-	-	-	-	69,493	69,493
Total expenditures	<u>1,970,709</u>	<u>1,970,709</u>	<u>23,664</u>	<u>1,947,045</u>	<u>-</u>	<u>1,947,045</u>
Revenues over (under) expenditures	(1,560,709)	(1,560,709)	49,755	(1,510,954)	-	(1,510,954)
Other financing sources						
Transfers	<u>1,560,709</u>	<u>1,560,709</u>	<u>-</u>	<u>1,560,709</u>	<u>-</u>	<u>1,560,709</u>
Net change in fund balances	-	-	49,755	49,755	-	49,755
Fund balances, beginning of year	<u>40,000</u>	<u>40,000</u>	<u>13,356</u>	<u>53,356</u>	<u>-</u>	<u>53,356</u>
Fund balances, end of year	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 63,111</u>	<u>\$ 103,111</u>	<u>\$ -</u>	<u>\$ 103,111</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, 2013

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Expenditures						
Current						
Instruction	<u>345,000</u>	<u>345,000</u>	<u>151,634</u>	<u>193,366</u>	<u>-</u>	<u>193,366</u>
Total expenditures	<u>345,000</u>	<u>345,000</u>	<u>151,634</u>	<u>193,366</u>	<u>-</u>	<u>193,366</u>
Revenues over (under) expenditures	(345,000)	(345,000)	151,634	(193,366)	-	(193,366)
Other financing sources						
Transfers	<u>325,000</u>	<u>325,000</u>	<u>-</u>	<u>325,000</u>	<u>-</u>	<u>325,000</u>
Net change in fund balances	(20,000)	(20,000)	151,634	131,634	-	131,634
Fund balances, beginning of year	<u>20,000</u>	<u>20,000</u>	<u>(7,211)</u>	<u>12,789</u>	<u>-</u>	<u>12,789</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,423</u>	<u>\$ 144,423</u>	<u>\$ -</u>	<u>\$ 144,423</u>

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, 2013

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 861	\$ 861	\$ -	\$ 861
State sources	<u>707,000</u>	<u>707,000</u>	<u>189</u>	<u>707,189</u>	<u>-</u>	<u>707,189</u>
Total revenues	707,000	707,000	1,050	708,050	-	708,050
Expenditures						
Current						
Support services	3,140,000	3,140,000	(28,708)	3,168,708	(3,139,164)	29,544
Debt service	<u>722,767</u>	<u>722,767</u>	<u>18,562</u>	<u>704,205</u>	<u>(704,205)</u>	<u>-</u>
Principal	-	-	-	-	615,637	615,637
Interest	-	-	-	-	88,568	88,568
Contingency	-	-	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,139,164</u>	<u>3,139,164</u>
Total expenditures	<u>3,862,767</u>	<u>3,862,767</u>	<u>(10,146)</u>	<u>3,872,913</u>	<u>-</u>	<u>3,872,913</u>
Revenues over (under) expenditures	(3,155,767)	(3,155,767)	11,196	(3,164,863)	-	(3,164,863)
Other financing sources (uses)						
Proceeds from lease financing	3,140,000	3,140,000	60,000	3,200,000	-	3,200,000
Transfers	<u>71,500</u>	<u>71,500</u>	<u>-</u>	<u>71,500</u>	<u>-</u>	<u>71,500</u>
Total other financing sources	<u>3,211,500</u>	<u>3,211,500</u>	<u>61,050</u>	<u>3,271,500</u>	<u>-</u>	<u>3,271,500</u>
Net change in fund balance	55,733	55,733	72,246	106,637	-	106,637
Fund balances, beginning of year	<u>202,000</u>	<u>202,000</u>	<u>3,603</u>	<u>205,603</u>	<u>-</u>	<u>205,603</u>
Fund balances, end of year	<u>\$ 257,733</u>	<u>\$ 257,733</u>	<u>\$ 75,849</u>	<u>\$ 312,240</u>	<u>\$ -</u>	<u>\$ 312,240</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, 2013

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 765,000	\$ 765,000	\$ 43,755	\$ 808,755	\$ -	\$ 808,755
Expenditures						
Current						
Support services	835,500	835,500	84,568	750,932	-	750,932
Total expenditures	835,500	835,500	84,568	750,932	-	750,932
Revenues over (under) expenditures	(70,500)	(70,500)	128,323	57,823	-	57,823
Net change in fund balance	(70,500)	(70,500)	128,323	57,823	-	57,823
Fund balances, beginning of year	250,000	250,000	38,825	288,825	-	288,825
Fund balances, end of year	<u>\$ 179,500</u>	<u>\$ 179,500</u>	<u>\$ 167,148</u>	<u>\$ 346,648</u>	<u>\$ -</u>	<u>\$ 346,648</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, 2013

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 395,000	\$ 395,000	\$ (54,407)	\$ 340,593	\$ -	\$ 340,593
Expenditures						
Current						
Instruction	5,000	5,000	(4,727)	9,727	-	9,727
Support services	195,000	195,000	116,519	78,481	(2,992)	75,489
Community services	161,598	161,598	32,119	129,479	-	129,479
Capital outlay	-	-	-	-	2,992	2,992
Total expenditures	<u>361,598</u>	<u>361,598</u>	<u>143,911</u>	<u>217,687</u>	<u>-</u>	<u>217,687</u>
Revenues over (under) expenditures	33,402	33,402	89,504	122,906	-	122,906
Net change in fund balance	33,402	33,402	89,504	122,906	-	122,906
Fund balances, beginning of year	<u>180,000</u>	<u>180,000</u>	<u>(5,289)</u>	<u>174,711</u>	<u>-</u>	<u>174,711</u>
Fund balances, end of year	<u>\$ 213,402</u>	<u>\$ 213,402</u>	<u>\$ 84,215</u>	<u>\$ 297,617</u>	<u>\$ -</u>	<u>\$ 297,617</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, 2013

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 250,000	\$ 250,000	\$ 187,312	\$ 437,312	\$ -	\$ 437,312
Total revenues	250,000	250,000	187,312	437,312	-	437,312
Expenditures						
Current						
Instruction	-	-	(35,190)	35,190	-	35,190
Support services	1,100,000	1,100,000	1,099,017	983	-	983
Capital outlay	-	-	-	-	-	-
Total expenditures	1,100,000	1,100,000	1,099,017	36,173	-	36,173
Revenues over (under) expenditures	(850,000)	(850,000)	1,251,139	401,139	-	401,139
Net change in fund balance	(850,000)	(850,000)	1,251,139	401,139	-	401,139
Fund balances, beginning of year	950,000	950,000	143,505	1,093,505	-	1,093,505
Fund balances, end of year	\$ 100,000	\$ 100,000	\$ 1,394,644	\$ 1,494,644	\$ -	\$ 1,494,644

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, 2013

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 50,000	\$ 50,000	\$ (3,105)	\$ 46,895	\$ -	\$ 46,895
Total revenues	50,000	50,000	(3,105)	46,895	-	46,895
Expenditures						
Current						
Support services	500,000	500,000	283,429	216,571	(215,537)	1,034
Capital outlay	-	-	-	-	215,537	215,537
Total expenditures	500,000	500,000	283,429	216,571	-	216,571
Revenues over (under) expenditures	(450,000)	(450,000)	280,324	(169,676)	-	(169,676)
Other financing sources						
Transfers	\$ 350,000	\$ 350,000	\$ -	\$ 350,000	\$ -	\$ 350,000
Net change in fund balance	(100,000)	(100,000)	280,324	180,324	-	180,324
Fund balances, beginning of year	300,000	300,000	(138,040)	161,960	-	161,960
Fund balances, end of year	\$ 200,000	\$ 200,000	\$ 142,284	\$ 342,284	\$ -	\$ 342,284

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, 2013

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 3,000	\$ 3,000	\$ (1,577)	\$ 1,423	\$ -	\$ 1,423
Other local sources	<u>200,000</u>	<u>200,000</u>	<u>(176,324)</u>	<u>23,676</u>	<u>-</u>	<u>23,676</u>
Total Revenues	203,000	203,000	(177,901)	25,099	-	25,099
Expenditures						
Current						
Instruction	-	-	(41,337)	41,337	-	41,337
Support services	203,000	203,000	(47,978)	250,978	(250,908)	70
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,908</u>	<u>250,908</u>
Total Expenditures	<u>203,000</u>	<u>203,000</u>	<u>(89,315)</u>	<u>292,315</u>	<u>-</u>	<u>292,315</u>
Revenues over (under) expenditures	-	-	(267,216)	(267,216)	-	(267,216)
Net change in fund balance	-	-	(267,216)	(267,216)	-	(267,216)
Fund balances, beginning of year	<u>700,000</u>	<u>700,000</u>	<u>1,379</u>	<u>701,379</u>	<u>-</u>	<u>701,379</u>
Fund balances, end of year	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 1,379</u>	<u>\$ 434,163</u>	<u>\$ -</u>	<u>\$ 434,163</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, 2013

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 17,560,843	\$ 17,560,843	\$ 936,907	\$ 18,497,750	\$ -	\$ 18,497,750
Investment earnings	39,000	39,000	(226)	38,774	-	38,774
Other Local sources	-	-	524,235	524,235	-	524,235
Intermediate sources	-	-	-	-	-	-
State sources	5,175,836	5,175,836	7,946	5,183,782	-	5,183,782
Total revenues	22,775,679	22,775,679	1,468,862	24,244,541	-	24,244,541
Expenditures						
Current:						
Support Services	3,000	3,000	(1) (326,963)	329,963	-	329,963
Debt service	23,178,130	23,178,130	(1) (95,115,369)	118,293,499	(118,293,499)	-
Principal	-	-	-	-	94,022,081	94,022,081
Interest	-	-	-	-	24,271,418	24,271,418
Total expenditures	23,181,130	23,181,130	(95,442,332)	118,623,462	-	118,623,462
Revenues over (under) expenditures	(405,451)	(405,451)	(93,973,470)	(94,378,921)	-	(94,378,921)
Other financing sources (uses)						
Transfers	869,736	869,736	-	869,736	-	869,736
Premium on debt issuance	-	-	14,404,376	14,404,376	-	14,404,376
Proceeds from debt issuance	-	-	81,050,000	81,050,000	-	81,050,000
Total other financing sources	869,736	869,736	95,454,376	96,324,112	-	96,324,112
Net change in fund balance	464,285	464,285	1,480,906	1,945,191	-	1,945,191
Fund balances, beginning of year	735,715	735,715	1,020,342	1,756,057	-	1,756,057
Fund balances, end of year	\$ 1,200,000	\$ 1,200,000	\$ 2,501,248	\$ 3,701,248	\$ -	\$ 3,701,248

(1) Appropriation level

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, 2013

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 500	\$ 500	\$ 2,375	\$ 2,875	\$ -	\$ 2,875
Other Local sources	-	-	421,247	421,247	-	421,247
Total revenues	500	500	423,622	424,122	-	424,122
Expenditures						
Current						
Facilities acquisition and construction	1,500,500	1,500,500	(1) 843,277	657,223	(355,356)	301,867
Capital outlay	-	-	-	-	355,356	355,356
Total expenditures	1,500,500	1,500,500	843,277	657,223	-	657,223
Net change in fund balance	(1,500,000)	(1,500,000)	1,266,899	(233,101)	-	(233,101)
Fund balances, beginning of year	1,500,000	1,500,000	(311,768)	1,188,232	-	1,188,232
Fund balances, end of year	\$ -	\$ -	\$ 955,131	\$ 955,131	\$ -	\$ 955,131

(1) Appropriation level

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, 2013

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 5,000	\$ 5,000	\$ (4,890)	\$ 110	\$ -	\$ 110
Donations	-	-	1,245	1,245	-	1,245
Total revenues	5,000	5,000	(3,645)	1,355	-	1,355
Expenditures						
Current						
Enterprise and community	5,000	5,000	(1) 4,500	500	-	500
Net change in fund balance	-	-	855	855	-	855
Fund balances, beginning of year	35,000	35,000	741	35,741	-	35,741
Fund balances, end of year	\$ 35,000	\$ 35,000	\$ 1,596	\$ 36,596	\$ -	\$ 36,596

(1) Appropriation level

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OTHER FINANCIAL SCHEDULES

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Property Tax Transactions - General Fund
Year Ended June 30, 2013

	Tax Year	Current Levy and Uncollected July 1, 2012	Discounts and adjustments	Interest	Collections	Uncollected June 30, 2013
<u>General Fund:</u>						
Current	2012-13	\$ 57,534,635	\$ 1,801,347	\$ 7,802	\$ 54,379,755	\$ 1,361,335
Prior	2011-2012	1,771,544	26,037	89,915	1,189,950	645,472
	2010-2011	958,599	21,989	116,688	661,050	392,248
	2009-2010	643,765	(155)	164,610	670,346	138,184
	2008-2009	276,691	4,583	99,594	338,325	33,377
	2007-2008	31,078	1,680	7,831	22,165	15,065
	2006 and prior	<u>23,490</u>	<u>1,085</u>	<u>4,729</u>	<u>10,869</u>	<u>16,265</u>
Total Prior		<u>3,705,167</u>	<u>55,218</u>	<u>483,367</u>	<u>2,892,705</u>	<u>1,240,611</u>
Total General Fund		<u>\$ 61,239,802</u>	<u>\$ 1,856,566</u>	<u>\$ 491,170</u>	<u>\$ 57,272,460</u>	<u>\$ 2,601,946</u>
July 2013 collections						<u>238,143</u>
Total uncollected						<u>\$ 2,840,089</u>

Reconciliation to revenue:

Cash collections by county treasurer above	\$ 57,272,460
Land sales	13,403
Less taxes accrued June 30, 2012:	(486,967)
Add taxes accrued June 30, 2013:	
Current year	175,502
Prior year	<u>190,197</u>
Total revenues - modified accrual basis	<u>\$ 57,164,594</u>

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Property Tax Transactions - Debt Service Fund
Year Ended June 30, 2013

	Tax Year	Current Levy and Uncollected July 1, 2012	Discounts and adjustments	Interest	Collections	Uncollected June 30, 2013
<u>Debt Service Fund</u>						
Current	2012-13	\$ 18,510,019	\$ 579,529	\$ 2,510	\$ 17,495,031	\$ 437,970
Prior	2011-2012	612,069	8,996	31,066	411,128	223,010
	2010-2011	372,491	8,544	45,342	256,870	152,419
	2009-2010	238,286	(57)	60,929	248,124	51,148
	2008-2009	93,251	1,545	33,565	114,022	11,250
	2007-2008	10,225	553	2,576	7,292	4,957
	2006 and prior	<u>7,822</u>	<u>369</u>	<u>1,632</u>	<u>3,745</u>	<u>5,341</u>
Total Prior		<u>1,334,144</u>	<u>19,949</u>	<u>175,111</u>	<u>1,041,181</u>	<u>448,124</u>
Total Debt Service Fund		<u>\$ 19,844,163</u>	<u>\$ 599,478</u>	<u>\$ 177,621</u>	<u>\$ 18,536,212</u>	<u>\$ 886,094</u>
July 2013 collections						<u>81,674</u>
Total uncollected						<u>\$ 967,768</u>
Reconciliation to revenue:						
Cash collections by county treasurer above					\$ 18,536,212	
Additional collections for closed urban renewal						
Land sales					4,311	
Less taxes accrued June 30, 2012:					(168,712)	
Add taxes accrued June 30, 2013:						
Current year				56,462		
Prior year				<u>69,476</u>	<u>125,938</u>	
Total revenues					<u>\$ 18,497,750</u>	

Administrative School District No. 1
Deschutes County, Oregon
Schedule Of Expenditures Of Federal Awards
For the Fiscal Year Ended June 30, 2013

Federal Grantor and Pass Through Agency	Program Title	CFDA Number	Pass- Through Grantor Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through Oregon Department of Education:				
	School Breakfast Program	10.553	902001	1,157,079
	National School Lunch Program	10.555	902001	2,962,342
	Child and Adult Care Food Program	10.558	902001	177,547
	Summer Food Service Program for Children	10.559	902001	129,045
	Fresh Fruit and Vegetable Program	10.582	902001	104,117
Subtotal Passed Through Oregon Department of Education				4,530,130
Direct Programs:				
	Schools and Roads - Grants to Counties	10.666		285,508
Total U.S. Department of Agriculture				4,815,638
<u>U.S. Department of Education</u>				
Passed through Oregon Department of Education:				
	Title I Grants to Local Education Agencies	84.010	25171	30,216
		84.010	25203	3,284,760
		84.010	25627	8,023
		84.010	26876	7,306
		84.010	26877	5,867
		84.010	22572	895,048
				4,231,220
	Special Education - Grants to States	84.027	24936	7,200
		84.027	26415	12,548
		84.027	26638	2,634,157
		84.027	25686	7,579
	Special Education - Preschool Grants	84.173	24149&	
			26222	15,353
	Special Education - Grants to States	84.027	26000	14,176
				2,691,013 (1)
	Education Technology State Grants	84.318	22232	9,335
				9,335
	Improving Teacher Quality State Grants	84.367	25425	486,690
		84.367	22754	48,581
				535,271
	English Language Acquisition State Grants	84.365	25107	71,259
				71,259
	School Improvement Grants	84.388	22260	78,546
		84.388	24901	428,970
(1) Major program				507,516 (1)

Administrative School District No. 1
Deschutes County, Oregon
Schedule Of Expenditures Of Federal Awards
For the Fiscal Year Ended June 30, 2013

Federal Grantor and Pass Through Agency	Program Title	CFDA Number	Pass- Through Grantor Identifying Number	Federal Expenditures
	Special Education - State Personnel Development	84.323	23439	6,616
	ARRA Education Jobs Funds	84.410		716
	Subtotal Passed Through Oregon Department of Education			8,052,946
	Passed Through Oregon University System:			
	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		75,505
	College Access Challenge Grant Program	84.378		31,301
	ETIC OUS Partnership	84.300		15,300
	Subtotal Passed Through Oregon University System			122,106
	Passed Through High Desert ESD:			
	Career and Technical Education - Basic Grants to States	84.048		88,273
	Education for Homeless Children and Youth	84.196		10,918
	Subtotal Passed Through High Desert ESD			99,191
	Passed Through Chalkboard Project:			
	Teacher Incentive Fund	84.385A		1,599,178 (1)
	Subtotal Passed Through Chalkboard Project			1,599,178
	Passed Through US Forest Service:			
	Wetlands Reserve Program	10.072		705
	Forest Legacy Program	10.676		3,715
	Subtotal Passed Through US Forest Service			4,420
	Direct Programs:			
	National Junior ROTC	12.000		37,531
	National Junior ROTC	12.000		977
	National Junior ROTC	12.000		677
	Total U.S. Department of Education			9,917,026
	<u>U.S. Department of Health and Human Services</u>			
	Passed through Oregon Employment Department:			
	Child Care and Development Block Grant	93.575		
	Total U.S. Department of Education			15,999
	Total Federal Financial Assistance			14,748,663

Notes:

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

(1) Major program

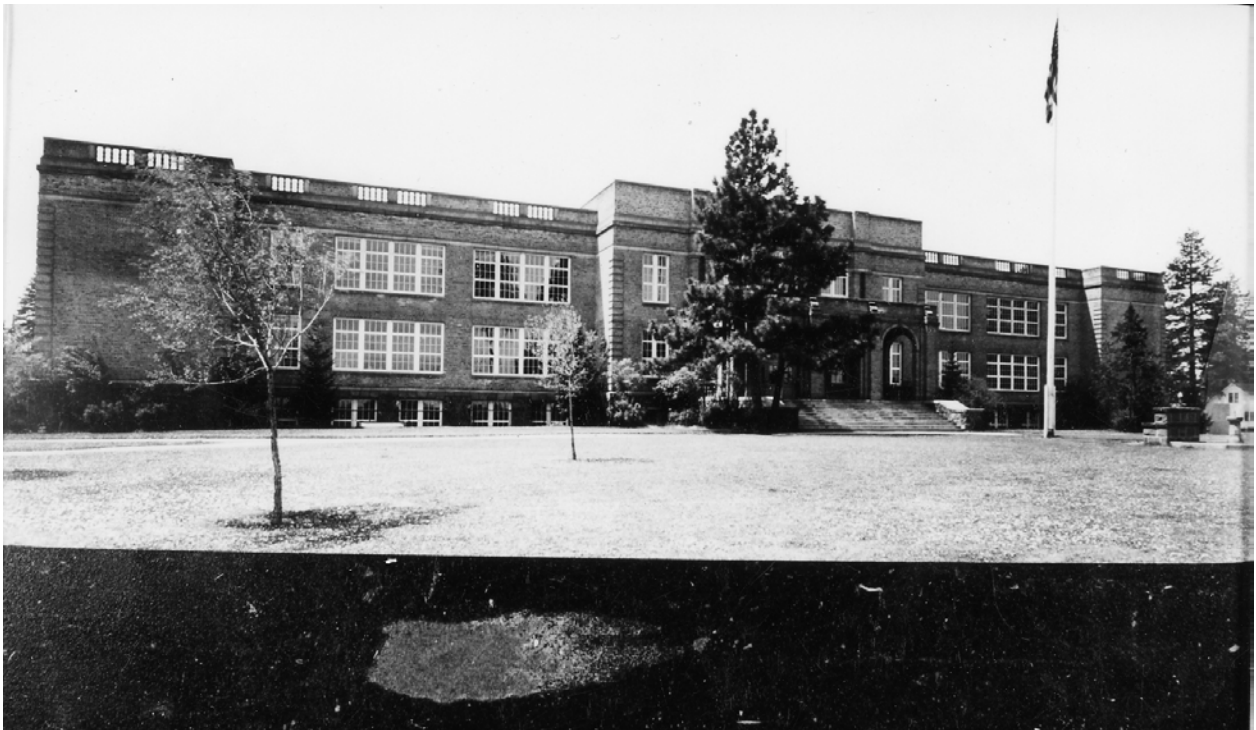
Administrative School District No. 1
Deschutes County, Oregon
Schedule of Future Debt Service by Issue - Bond Principal and Interest
June 30, 2013

Year of Maturity	July 15, 2002			October 31, 2002		April 21, 2003		February 19, 2004	
	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 22,402,185	\$ 1,200,000	\$ 33,000	\$ 1,425,000	\$ 1,536,139	\$ 1,235,000	\$ 760,237	\$ 135,000	\$ 300,009
2015	23,324,065			1,590,000	1,536,139	1,340,000	760,237	160,000	293,539
2016	24,273,763			1,760,000	1,536,139	1,445,000	760,237	190,000	285,662
2017	25,262,494			1,935,000	1,536,139	1,555,000	760,237	215,000	276,118
2018	19,295,680			2,120,000	1,536,139	1,670,000	760,237	250,000	265,104
2019	20,099,922			2,315,000	1,536,139	1,795,000	760,237	285,000	252,046
2020	20,926,502			2,515,000	1,536,139	1,920,000	760,237	320,000	236,876
2021	21,912,208			-	1,536,139	2,050,000	760,237	365,000	219,682
2022	22,768,514			3,095,000	1,536,139	2,185,000	760,237	410,000	199,888
2023	23,717,519			3,495,000	1,366,533	2,330,000	760,237	455,000	177,449
2024	24,701,991			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>\$ 283,117,376</u>	<u>\$ 1,200,000</u>	<u>\$ 33,000</u>	<u>\$ 41,415,000</u>	<u>\$ 18,618,632</u>	<u>\$ 30,940,000</u>	<u>\$ 9,827,479</u>	<u>\$ 5,540,000</u>	<u>\$ 2,954,140</u>

March 1, 2005		June 20, 2007		March 20, 2011		January 30, 2012		March 7, 2013	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 7,370,000	\$ 813,250	\$ 1,800,000	\$ 1,472,700	\$ 605,000	\$ 239,450	\$ -	\$ 78,100	-	3,399,300
6,140,000	444,750	5,365,000	1,400,700	595,000	221,300	-	78,100	-	3,399,300
2,755,000	137,750	9,970,000	1,171,100	585,000	200,475	-	78,100		3,399,300
		14,065,000	682,600	580,000	180,000	-	78,100		3,399,300
				575,000	156,800	-	78,100	8,485,000	3,399,300
				570,000	133,800	-	78,100	9,315,000	3,059,600
				565,000	111,000	-	78,100	10,290,000	2,594,150
				560,000	88,400	2,840,000	78,100	11,335,000	2,079,650
				555,000	66,000			12,335,000	1,626,250
				550,000	43,800			13,530,000	1,009,500
				545,000	21,800			14,800,000	333,000
<hr/>									
\$ 16,265,000	\$ 1,395,750	\$ 31,200,000	\$ 4,727,100	\$ 6,285,000	\$ 1,462,825	\$ 2,840,000	\$ 624,800	\$80,090,000	\$27,698,650

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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 Trends70-79

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity80-83

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

Debt Capacity84-87

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 Information88-89

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

Operating Information90-96

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

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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)**

	Fiscal Year			
	2004*	2005*	2006*	2007
Governmental activities				
Net Investment in Capital Assets	\$ 28,357	\$ 42,204	\$ 54,018	\$ 61,745
Restricted	3,175	3,521	4,033	5,019
Unrestricted	<u>12,113</u>	<u>3,151</u>	<u>114</u>	<u>2,658</u>
Total governmental activities net position	<u>\$ 43,645</u>	<u>\$ 48,876</u>	<u>\$ 58,165</u>	<u>\$ 69,422</u>

* Net position was restated due to change in bond accretion calculation

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 70,806	\$75,762	\$87,553	\$ 96,467	\$ 106,451	\$ 99,681
10,808	12,380	9,902	8,996	6,050	7,686
<u>1,513</u>	<u>2,497</u>	<u>1,773</u>	<u>3,149</u>	<u>1,857</u>	<u>(3,640)</u>
<u>\$ 83,127</u>	<u>\$90,639</u>	<u>\$99,228</u>	<u>\$ 108,612</u>	<u>\$ 114,358</u>	<u>\$ 103,727</u>

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

Expenses	Fiscal Year			
	2004*	2005*	2006*	2007
Governmental activities				
Regular instruction	\$ 42,788	\$ 44,867	\$ 49,966	\$ 58,094
Special programs including summer school	17,267	17,409	18,883	19,348
Students	4,168	5,872	6,168	6,881
Instructional staff	2,355	2,980	3,005	3,407
General administration	679	570	627	660
School administration	6,248	6,607	7,291	7,862
Business, transportation and maintenance	15,807	17,146	17,968	18,074
Central activities	2,911	3,177	3,946	4,350
Supplemental retirement program	141	401	2,279	2,352
Food services	3,454	3,899	4,252	4,533
Other enterprise and community services	92	155	179	206
Facilities acquisition and construction	-	-	-	-
Loss on impairment of capital assets	-	-	-	-
Interest on long-term liabilities	9,548	7,345	9,052	8,705
Total governmental activities	<u>105,458</u>	<u>110,428</u>	<u>123,616</u>	<u>134,472</u>
Program revenues				
Governmental activities				
Charges for services				
Regular instruction	2,180	3,485	3,658	3,834
Special programs including summer school	94	96	132	104
Business, transportation and maintenance	211	616	784	1,014
Central activities	289	-	-	-
Food services	1,674	1,694	1,798	1,867
Other enterprise and community services	52	218	254	314
Operating grants and contributions	10,475	10,296	12,304	11,740
Capital grants and contributions	213	406	300	268
Total governmental activities program revenues	<u>15,188</u>	<u>16,811</u>	<u>19,230</u>	<u>19,141</u>
Total governmental net expense	<u>(90,270)</u>	<u>(93,617)</u>	<u>(104,386)</u>	<u>(115,331)</u>
General revenues and other changes in net position				
Governmental activities				
Property taxes levied for:				
General purposes	36,280	39,287	43,169	47,278
Debt service	13,417	14,002	14,987	16,179
Federal aid not restricted to specific purposes	680	659	673	682
State aid not restricted to specific purposes	47,794	42,450	48,118	55,956
Intermediate aid not restricted to specific purposes	627	983	1,345	1,467
Earnings on investments	1,038	863	1,584	2,151
Other local revenue	1,077	1,204	3,703	2,875
Total governmental activities	<u>100,913</u>	<u>99,448</u>	<u>113,579</u>	<u>126,588</u>
Change in net position				
Governmental activities	<u>\$ 10,643</u>	<u>\$ 5,831</u>	<u>\$ 9,193</u>	<u>\$ 11,257</u>

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 62,788	\$ 64,627	\$ 60,911	\$ 62,037	\$ 62,873	\$ 65,480
21,262	22,407	22,741	23,071	23,295	24,177
8,227	9,298	9,457	9,463	9,834	10,256
3,768	4,286	4,428	4,222	4,743	5,004
618	577	610	625	673	655
8,357	8,768	8,356	8,615	8,703	9,002
20,289	21,119	19,907	20,659	20,837	21,944
4,668	5,133	5,016	4,832	5,465	4,634
2,459	2,504	2,618	2,592	2,571	2,527
4,814	4,923	4,840	5,225	5,626	5,560
456	643	651	686	783	1,252
-	-	-	-	-	-
-	1,219	-	-	-	-
<u>13,222</u>	<u>13,066</u>	<u>13,004</u>	<u>12,340</u>	<u>11,659</u>	<u>22,465</u>
<u>150,928</u>	<u>158,570</u>	<u>152,539</u>	<u>154,367</u>	<u>157,062</u>	<u>172,956</u>
3,540	3,437	3,519	3,272	3,289	3,447
-	-	-	-	-	-
1,122	1,069	796	767	755	819
-	-	-	-	-	-
1,833	1,661	1,477	1,358	1,340	1,369
353	274	264	234	254	316
14,053	22,008	20,906	20,650	20,398	17,267
4,152	446	488	489	429	707
<u>25,053</u>	<u>28,895</u>	<u>27,450</u>	<u>26,770</u>	<u>26,465</u>	<u>23,925</u>
<u>(125,875)</u>	<u>(129,675)</u>	<u>(125,089)</u>	<u>(127,597)</u>	<u>(130,597)</u>	<u>(149,031)</u>
50,844	54,576	56,571	56,293	55,824	55,777
16,730	17,813	20,806	21,857	19,292	18,498
678	610	547	2,165	293	286
58,754	57,735	50,449	51,280	56,639	59,337
1,990	2,062	1,865	1,699	1,492	1,411
7,802	2,355	631	315	274	208
2,782	2,037	2,809	3,372	2,528	2,882
<u>139,580</u>	<u>137,188</u>	<u>133,678</u>	<u>136,981</u>	<u>136,342</u>	<u>138,399</u>
<u>\$ 13,705</u>	<u>\$ 7,513</u>	<u>\$ 8,589</u>	<u>\$ 9,384</u>	<u>\$ 5,745</u>	<u>\$ (10,632)</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			
	2004	2005	2006	2007
General fund				
Reserved	\$ 304	\$ 200	\$ 92	\$ 53
Unreserved	3,561	2,847	6,062	8,276
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>3,865</u>	<u>3,047</u>	<u>6,154</u>	<u>8,329</u>
All other governmental funds				
Reserved	1,764	1,968	1,983	5,585
Unreserved, reported in:				
Special revenue fund	2,389	2,577	3,102	3,546
Capital project fund	13,746	6,389	2,153	116,583
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>\$ 17,899</u>	<u>\$ 10,934</u>	<u>\$ 7,238</u>	<u>\$ 125,714</u>

In 2010, the Districted 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					
2008	2009	2010	2011	2012	2013
\$ 73	\$ -	\$ -	\$ -	\$ -	\$ -
7,121	-	-	-	-	-
-	146	225	198	202	167
-	2,426	420	343	206	312
-	9,989	7,847	8,676	8,466	4,954
-	1,504	4,499	4,863	5,091	5,949
<u>7,194</u>	<u>14,065</u>	<u>12,991</u>	<u>14,080</u>	<u>13,965</u>	<u>11,382</u>
1,752	-	-	-	-	-
3,618	-	-	-	-	-
77,233	-	-	-	-	-
-	348	378	432	416	406
-	1,073	1,408	1,523	2,250	2,356
-	367	1,575	2,476	1,756	3,701
-	44,752	17,218	3,594	1,188	955
-	1,244	2,406	2,645	2,601	1,698
<u>\$ 82,603</u>	<u>\$ 47,784</u>	<u>\$ 22,985</u>	<u>\$ 10,670</u>	<u>\$ 8,211</u>	<u>\$ 9,116</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		
	2004	2005	2006
Revenues			
Property taxes	\$ 49,861	\$ 53,413	\$ 58,385
Tuition	119	102	143
Revenue from local governments	-	-	-
Investment earnings	1,030	863	1,531
Other Local sources (including indirect cost allocation)	6,749	8,854	11,224
Intermediate sources	1,285	985	2,270
State sources	48,291	43,071	49,359
Federal sources	9,376	9,962	10,835
Total revenues	116,711	117,250	133,747
Expenditures			
Current			
Instruction	56,731	58,061	64,931
Support services (including indirect cost allocation)	31,696	36,701	39,852
Community services (including indirect cost allocation)	95	158	180
Nutrition Services (including indirect cost allocation)	3,405	3,963	4,288
Debt service:			
Principal	8,379	10,507	11,819
Interest	8,558	7,404	7,754
Capital outlay	22,705	8,614	6,027
PERS UAL payment	5,642	-	-
Total expenditures	137,211	125,408	134,851
Revenues over (under) expenditures	(20,500)	(8,158)	(1,104)
Other Financing Sources (Uses)			
Refunding bonds issued	-	63,045	-
Payment to refunded bond escrow agent	-	(67,744)	-
Premium on bonds issued	-	5,073	53
General obligation bonds issued	-	-	-
PERS UAL limited tax pension bonds issued	5,818	-	-
Discount on limited tax pension bonds issued	-	-	-
Transfers	-	-	-
Sale of capital assets	-	-	462
Lease purchase / long term loan proceeds	-	-	-
Total Other Financing Sources (uses)	5,818	374	515
Net change in fund balances	\$ (14,682)	\$ (7,784)	\$ (589)
Ratio of total debt service to noncapital expenditures	18%	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						
2007	2008	2009	2010	2011	2012	2013
\$ 62,894	\$ 66,235	\$ 70,667	\$ 77,167	\$ 78,352	\$ 76,013	\$ 75,662
251	149	153	472	542	636	731
-	3,819	-	-	-	-	-
2,151	7,802	2,355	631	315	274	208
11,209	10,679	10,691	11,363	10,682	11,538	11,321
1,602	1,991	2,095	1,932	1,699	1,597	1,525
56,903	62,930	64,123	52,536	54,051	61,067	60,668
<u>10,448</u>	<u>10,009</u>	<u>14,626</u>	<u>17,231</u>	<u>18,783</u>	<u>13,677</u>	<u>14,749</u>
145,458	163,614	164,710	161,331	164,424	164,802	164,864
73,309	79,793	80,991	76,830	78,506	79,519	82,921
42,956	47,030	49,243	48,899	49,029	51,236	51,678
4,641	5,150	5,396	5,381	5,952	6,581	6,987
-	-	-	-	-	-	-
15,537	12,418	11,301	13,864	15,778	18,004	13,588
7,227	12,214	11,942	12,225	11,787	11,023	24,360
6,155	51,256	45,784	30,004	14,767	3,855	4,611
-	-	-	-	-	-	-
<u>149,825</u>	<u>207,860</u>	<u>204,657</u>	<u>187,204</u>	<u>175,819</u>	<u>170,218</u>	<u>184,145</u>
(4,367)	(44,247)	(39,947)	(25,873)	(11,395)	(5,416)	(19,281)
-	-	-	-	7,585	2,840	-
-	-	-	-	(7,868)	-	-
3,769	-	-	-	452	-	14,404
119,000	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,250</u>	-	<u>12,000</u>	-	-	-	<u>3,200</u>
<u>125,019</u>	-	<u>12,000</u>	-	<u>169</u>	<u>2,840</u>	<u>17,604</u>
<u>\$ 120,652</u>	<u>\$ (44,247)</u>	<u>\$ (27,947)</u>	<u>\$ (25,873)</u>	<u>\$ (11,226)</u>	<u>\$ (2,576)</u>	<u>\$ (1,677)</u>
16%	16%	15%	17%	17%	17%	21%

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
2013	17,006,004	20,134,879	376,567	376,567	42,964	45,308
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

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
Assessed Value	Estimated Actual Value	Assessed Value	Taxable Assessed Value	Estimated Actual Value		Actual Value
429,361	445,442	34,370	17,820,526	21,002,196	2.9121-6.2710	85.014%
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%

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

Fiscal Year	Administrative		High		Central								
Ended June 30,	School District	Deschutes	Desert	City of	Community	Bend Parks &		La Pine Park &	Sunriver	LaPine	Sunriver		Total
	No. 1	County	ESD	Bend	College	Recreation	City of La Pine	Recreation	Service District	RFPD	Library CSD		
2013	6.23	4.86	0.10	3.07	0.75	1.46	1.90	0.30	3.31	2.37	0.05		24.40
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

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	2013				2004			
		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	\$ 85,135,000	\$ 1,251,342	1	0.48%	n/a	\$ 701,341	3	0.43%
Gas Transmission NW Corp.	Natural Gas Utility	70,223,300	869,527	2	0.33%	n/a	796,442	2	0.49%
Cascade Natural Gas Corp.	Natural Gas Utility	49,908,000	746,888	3	0.29%	n/a	403,585	6	0.25%
Bend Cable Communications	Cable Company	41,122,000	617,299	4	0.24%	n/a			
Deschutes Brewery Inc.	Restaurant	36,391,130	539,005	5	0.21%	n/a			
Touchmark at Mount Bachelor Village, LLC	Resort Retirement Community	34,656,120	512,556	6	0.20%	n/a			
CVSC LLC	Shopping Center	32,140,290	473,414	7	0.18%	n/a			
Century Link	Cable Company	31,111,300	455,965	8	0.18%	n/a			
Suterria LLC	Biorational Company	33,736,566	451,735	9	0.17%	n/a			
Sunriver Resort Limited Partnership	Real Estate Development	33,117,930	447,473	10	0.17%	n/a	423,506	5	0.26%
Quest Corporation	Telephone Company					n/a	1,086,217	1	0.67%
Eagle Crest Inc	Destination Resort	-	-			n/a	503,135	4	0.31%
Mt Bachelor	Ski Resort	-	-			n/a	373,819	7	0.23%
Brooks Resources Corp	Real Estate Development	-	-			n/a	275,846	8	0.17%
Bend Millwork Systems	Manufacturing					n/a	256,182	9	0.16%
Bend River Mall LLC	Business Properties	-	-			n/a	242,075	10	0.15%
		<u>\$ 447,541,636</u>	<u>\$ 6,365,204</u>		<u>2.45%</u>		<u>\$ 5,062,148</u>		<u>3.11%</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, 2013

Jurisdiction	Gross Bonded Debt Outstanding	Percentage Applicable to ASD No. 1	Amount Applicable to ASD No. 1
Bend Library Service District	\$ 855,000	99.80%	\$ 853,275
Bend Metro Park & Rec District	33,965,000	100.00%	33,965,000
Central Oregon Community College	54,520,916	59.04%	32,191,821
City of Bend	90,505,000	100.00%	90,505,000
City of La Pine	495,000	100.00%	495,000
Deschutes County	75,845,387	71.28%	54,059,178
Deschutes Cty RFPD 2 (Bend)	1,525,000	72.78%	1,109,909
Deschutes Public Library District	1,095,000	71.28%	780,467
High Desert ESD	10,813,651	65.15%	7,044,596
La Pine Parks & Recreation District	490,000	100.00%	490,000
LaPine RFPD	200,000	97.76%	195,521
LaPine Special Sewer District	143,606	100.00%	143,606
Lazy River Special Road District	20,000	100.00%	20,000
Sunriver Library District	255,000	100.00%	<u>255,000</u>
Subtotal, overlapping debt			222,108,373
Administrative School Dist No. 1 direct debt			<u>128,755,000</u>
Total direct and overlapping debt			<u><u>\$ 350,863,373</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		Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2013	\$ 76,044,654	\$ 72,106,750	94.8%	\$ -	\$ 72,106,750 94.8%
2012	76,472,977	72,081,257	94.3%	1,480,217	73,561,474 96.2%
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%

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					Percentage of	
	General Obligation Bonds	Full Faith & Credit Obligations	Loans	Capital Leases	Total	Personal Income	Per Capita
2013	\$ 128,755,000	\$ 78,846,876	\$ 4,731,544	\$ -	\$ 212,333,420	N/A	1,326
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

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:	2013	2012	2011	2010	2009
Real market value	\$15,123,058	\$15,382,464	\$16,728,771	\$23,471,846	\$26,716,128
Debt limit = Real market value X .0795 =	1,202,283	1,222,906	1,329,937	1,866,012	2,123,932

Computation of debt margin:

Total General obligation bonds	128,755	139,585	152,475	166,015	177,755
Less assets available in debt service fund	<u>(3,701)</u>	<u>(1,756)</u>	<u>(2,476)</u>	<u>(1,575)</u>	<u>(367)</u>
Total amount of debt subject to debt limit	<u>125,054</u>	<u>137,829</u>	<u>149,999</u>	<u>164,440</u>	<u>177,388</u>
Legal debt margin	<u>\$ 1,077,229</u>	<u>\$ 1,085,077</u>	<u>\$ 1,179,938</u>	<u>\$ 1,701,571</u>	<u>\$ 1,946,544</u>
Ratio of legal debt margin to the debt limit	90%	89%	89%	91%	92%

Source:

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

Real market value was obtained from Deschutes County

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$26,299,093	\$20,269,952	\$14,833,121	\$12,534,806	\$ 11,149,505
2,090,778	1,611,461	1,179,233	996,517	886,386
187,880	199,230	92,410	111,615	111,615
<u>(1,428)</u>	<u>(5,192)</u>	<u>(1,873)</u>	<u>(1,860)</u>	<u>(1,632)</u>
<u>186,452</u>	<u>194,038</u>	<u>90,537</u>	<u>109,755</u>	<u>109,983</u>
<u>\$ 1,904,326</u>	<u>\$ 1,417,423</u>	<u>\$ 1,088,696</u>	<u>\$ 886,762</u>	<u>\$ 776,403</u>
91%	88%	92%	89%	88%

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

Fiscal Year Ended June 30,	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Real Market Value	Net Bonded Debt Per Capita
2013	\$ 128,755,000	\$ 3,701,248	\$ 125,053,752	0.53%	\$ 781
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

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		Unemployment	Per capita	Total Personal	Civilian	Average Daily	Annual Cost
Year	Population	Rate	Income	Income	Labor Force	Membership	Per ADM
2013	160,140	10.8%	Not Available	Not Available	84,505	15,763	\$ 10,973
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

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

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employees	Employees	Rank	Percentage of Total County Employees
St Charles Medical Center	2,627	1	4.08%	2,224	1	3.31%
Administrative School District No. 1	1,686	2	2.62%	1,537	2	2.29%
Deschutes County	1,057	3	1.64%	706	5	1.05%
Sunriver Resort	900	4	1.40%	870	3	1.30%
Walmart	787	5	1.22%			
Mt Bachelor	743	6	1.15%	800	4	1.19%
Redmond School District	742	7	1.15%	615	8	0.92%
IBEX (formerly TRG Solutions & ISKY	650	8	1.01%	700	6	1.04%
Central Oregon Community College	628	9	0.98%			
Bend Memorial Clinic	582	10	0.90%			
Northview Hotel Group (formerly Eagle Crest)	-		0.00%	660	7	0.98%
Beaver Motor Coaches	-		0.00%	600	9	0.89%
Pozzi Windows				470	10	0.70%
	<u>10,402</u>		<u>16.15%</u>	<u>9,182</u>		<u>13.67%</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function:					
Regular instruction	558.61	570.59	602.33	639.80	687.54
Special programs including summer school	286.88	282.90	279.08	294.11	310.15
Student services	65.67	96.44	90.16	100.10	113.55
Instructional staff	30.04	30.22	29.48	36.83	37.03
General administration	2.00	2.00	2.00	2.00	2.00
School administration	98.94	100.71	100.10	105.82	105.76
Business, transportation and maintenance	194.37	198.92	206.75	208.84	211.91
Central activities	33.42	33.40	30.95	33.81	36.43
Food services	52.59	55.72	54.76	55.93	59.33
Other enterprise and community services	0.50	0.61	1.00	0.78	7.27
Facilities acquisition and construction	<u>3.10</u>	<u>2.25</u>	<u>2.00</u>	<u>7.20</u>	<u>7.20</u>
Total	<u>1,326.12</u>	<u>1,373.76</u>	<u>1,398.61</u>	<u>1,485.22</u>	<u>1,578.17</u>

Source

Information was obtained from District's payroll records

Note:

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
695.60	639.05	630.59	618.49	623.15
300.97	304.61	304.18	285.02	285.22
119.38	125.62	122.78	119.06	122.17
38.81	41.42	40.52	40.26	42.08
2.00	2.23	2.23	2.23	2.00
105.53	104.36	107.14	105.30	105.99
211.59	216.63	218.19	202.56	206.52
36.15	34.03	32.66	32.52	31.11
59.06	57.65	62.99	65.53	64.12
10.49	10.05	10.60	10.89	12.60
<u>7.20</u>	<u>6.45</u>	<u>4.20</u>	<u>2.70</u>	<u>2.50</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>	<u><u>1,497.46</u></u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function:					
Instruction					
Enrollment	13,729	14,065	14,648	15,077	15,607
Transportation					
Number of busses	99	112	113	116	116
Miles driven per year	1,475,012	1,494,549	1,545,026	1,639,986	1,696,668
Cost per mile	2.80	3.52	3.47	3.60	3.89
Students transported to school daily	6,995	7,028	7,033	7,170	7,255
Food services					
Free lunch participants	3,661	3,927	3,956	3,889	4,156
Reduced lunch participants	1,144	1,135	1,133	1,288	1,265
Percent free/reduced of total enrollment	35%	36%	35%	34%	35%

Source

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

Enrollment is as of October 1 of each fiscal year

2009	2010	2011	2012	2013
15,951	15,834	16,161	16,300	16,600
117	118	121	133	133
1,753,574	1,705,606	1,716,585	1,535,703	1,636,654
3.91	3.92	3.95	4.40	4.06
7,563	6,648	6,824	5,221	5,232
4,398	5,876	6,184	6,504	6,427
1,267	1,162	990	1,117	1,021
36%	44%	44%	47%	45%

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function:				
Instruction				
Number of elementary schools	12	14	14	14
Number of middle schools	5	5	5	5
Number of high schools schools	5	5	5	5
Elementary school enrollment	6,057	6,247	6,586	6,734
Middle school enrollment	3,176	3,139	3,115	3,294
High school enrollment	4,496	4,679	4,947	5,049
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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
14	15	16	17	17	17
5	5	5	5	5	5
5	5	5	5	5	5
7,085	7,004	6,967	7,214	7,301	7,522
3,344	3,637	3,640	3,679	3,669	3,713
5,178	5,300	5,227	5,268	5,330	5,365
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, 2013

Building	Enrollment	Capacity without modular classrooms	Percent of Capacity	Year of Building Construction
Elementary Schools:				
Amity Creek	178	150	119%	1948
Bear Creek	604	600	101%	1963
Buckingham	481	600	80%	1980
Ensworth	233	300	78%	2005
Elk Meadow	526	600	88%	1993
Highland	392	375	105%	1918
High Lakes	604	600	101%	2000
Jewell	589	600	98%	1974
Juniper	569	560	102%	1965
LaPine	390	600	65%	1993
Lava Ridge	564	600	94%	1994
Pine Ridge	608	600	101%	2004
Ponderosa	582	600	97%	2008
Rosland	181	300	60%	2010
Westside Village (K-8)	271	382	71%	1949
William E Miller	596	600	99%	2009
Three Rivers (K-8)	356	450	79%	1989
Total	7,724	8,517	91%	
Middle Schools:				
Cascade	874	800	109%	1978
High Desert	758	800	95%	1993
Pilot Butte	656	825	80%	1967
LaPine	297	550	54%	1978
Skyview	788	800	99%	2000
Total	3,373	3,775	89%	
High Schools:				
Bend	1,610	1,550	104%	1956
LaPine	485	550	88%	1961
Marshall	220	200	110%	1948
Mountain View	1,352	1,500	90%	1978
Summit	1,393	1,500	93%	2000
Total	5,060	5,300	95%	

Note:

Enrollment is as of October 1, 2012

Many buildings have undergone remodels since original construction

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

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
 Deschutes County, Oregon
 Certified Employee Salary Schedule with Full-time Equivalent
 Fiscal Year 2012-13

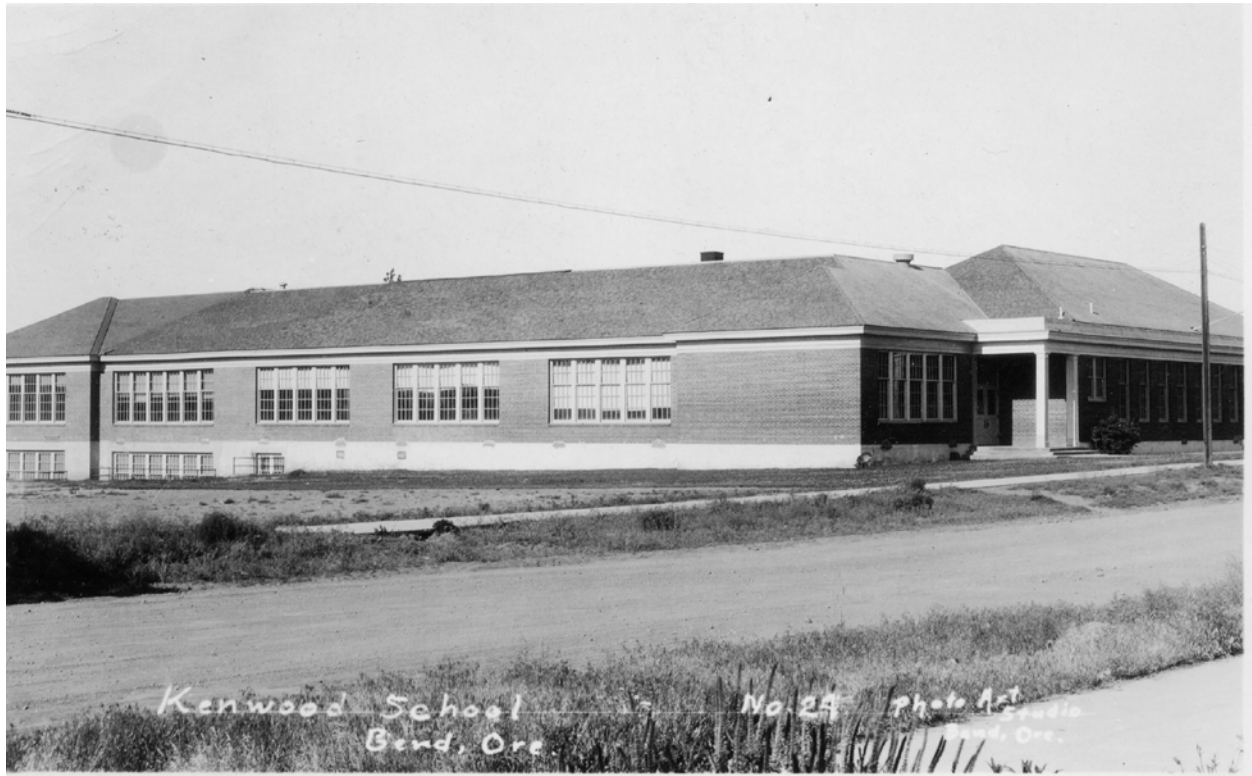
STEP	A BA	B BA+15	C BA+30	D BA+45	E BA+60	F BA+75/ MA	G BA+90/ MA+15	H BA+105/ MA+30	I BA+120/ MA+45
0	1.000	1.0250	1.0500	1.0750	1.1000	1.1250	1.1500	1.1750	1.2000
FTE	\$33,423	\$34,258	\$35,094	\$35,930	\$36,765	\$37,601	\$38,436	\$39,272	\$40,107
Total \$	\$74,634	\$34,258	\$5,861	\$0	\$0	\$645,083	\$38,436	\$0	\$93,570
1	1.041	1.0664	1.0914	1.1167	1.1420	1.1706	1.1961	1.2248	1.2510
FTE	\$34,793	\$35,642	\$36,478	\$37,323	\$38,169	\$39,125	\$39,977	\$40,936	\$41,811
Total \$	\$34,793	\$0	\$0	\$0	\$0	\$722,521	\$39,977	\$0	\$97,545
2	1.082	1.1078	1.1328	1.1584	1.1840	1.2162	1.2422	1.2746	1.3020
FTE	\$36,163	\$37,026	\$37,861	\$38,717	\$39,573	\$40,649	\$41,518	\$42,601	\$43,516
Total \$	\$0	\$0	\$0	\$0	\$0	\$782,493	\$41,518	\$55,914	\$43,516
3	1.123	1.1492	1.1742	1.2001	1.2260	1.2618	1.2883	1.3244	1.3530
FTE	\$37,534	\$38,409	\$39,245	\$40,111	\$40,976	\$42,173	\$43,059	\$44,265	\$45,221
Total \$	\$112,602	\$44,823	\$26,176	\$36,100	\$40,976	\$168,692	\$0	\$0	\$0
4	1.164	1.1906	1.2156	1.2418	1.2680	1.3074	1.3344	1.3742	1.4040
FTE	\$38,904	\$39,793	\$40,628	\$41,504	\$42,380	\$43,697	\$44,599	\$45,930	\$46,926
Total \$	\$38,904	\$0	\$40,628	\$27,683	\$0	\$655,455	\$312,193	\$45,930	\$40,356
5	1.205	1.2320	1.2570	1.2835	1.3100	1.3530	1.3805	1.4240	1.4550
FTE	\$40,274	\$41,177	\$42,012	\$42,898	\$43,784	\$45,221	\$46,140	\$47,594	\$48,630
Total \$	\$80,548	\$41,177	\$0	\$0	\$43,784	\$524,564	\$343,743	\$95,188	\$194,520
6	1.246	1.2734	1.2984	1.3252	1.3520	1.3986	1.4266	1.4738	1.5060
FTE	\$41,645	\$42,561	\$43,396	\$44,292	\$45,187	\$46,745	\$47,681	\$49,259	\$50,335
Total \$	\$83,290	\$42,561	\$0	\$66,438	\$45,187	\$818,038	\$309,927	\$98,518	\$402,680
7	1.287	1.3148	1.3398	1.3669	1.3940	1.4442	1.4727	1.5236	1.5570
FTE	\$43,015	\$43,944	\$44,780	\$45,685	\$46,591	\$48,269	\$49,222	\$50,923	\$52,039
Total \$	\$86,030	\$21,972	\$71,648	\$68,528	\$0	\$795,956	\$324,865	\$280,077	\$187,340
8	1.328	1.3562	1.3812	1.4086	1.4360	1.4898	1.5188	1.5734	1.6080
FTE	\$44,385	\$45,328	\$46,164	\$47,079	\$47,995	\$49,793	\$50,763	\$52,587	\$53,744
Total \$	\$0	\$22,664	\$0	\$47,079	\$80,008	\$1,068,906	\$555,855	\$473,283	\$607,307
9	1.369	1.3976	1.4226	1.4503	1.4780	1.5354	1.5649	1.6232	1.6590
FTE	\$45,756	\$46,712	\$47,547	\$48,473	\$49,399	\$51,317	\$52,303	\$54,252	\$55,448
Total \$	\$0	\$0	\$47,547	\$48,473	\$0	\$581,576	\$496,879	\$222,433	\$563,740
10	1.410	1.4390	1.4640	1.4920	1.5200	1.5810	1.6110	1.6730	1.7100
FTE	\$47,126	\$48,095	\$48,931	\$49,867	\$50,803	\$52,841	\$53,844	\$55,916	\$57,152
Total \$	\$274,886	\$48,095	\$48,931	\$49,867	\$0	\$375,171	\$378,685	\$447,328	\$285,760
11		1.4804	1.5054	1.5337	1.5620	1.6266	1.6571	1.7228	1.7610
FTE		\$49,479	\$50,315	\$51,261	\$52,206	\$54,366	\$55,384	\$57,581	\$58,858
Total \$		\$331,509	\$914,073	\$51,261	\$146,177	\$330,545	\$387,688	\$125,527	\$527,780
12				1.5754	1.6040	1.6722	1.7032	1.7726	1.8120
FTE				\$52,654	\$53,610	\$55,890	\$56,926	\$59,245	\$60,562
Total \$				\$842,464	\$53,610	\$454,106	\$426,945	\$715,857	\$916,106
13				1.6460	1.7178	1.7493	1.8224	1.8630	
FTE				\$55,013	\$57,414	\$58,467	\$60,910	\$62,267	
Total \$					\$877,457	\$488,019	\$210,481	\$204,049	\$918,438
14						1.7634	1.7954	1.8722	1.9140
FTE						\$58,938	\$60,007	\$62,574	\$63,971
Total \$						\$3,587,379	\$165,019	\$375,444	\$223,899
15							1.8415	1.9220	1.9650
FTE							\$61,548	\$64,239	\$65,675
Total \$							\$2,114,728	\$4,351,100	\$459,725
16									2.0160
FTE									\$67,380
Total \$									\$9,220,414

Doctorate receives \$500 extra.
 National Board Certification for teacher receives \$2,500 extra
 National Board Certification for Psychologists receive \$1,500 extra
 BA+120 column granted only to those having a Master's degree.

Total Salary 45,471,486.58
 Total FTE 819.73
 Avg Sal 55,471.15

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OTHER INFORMATION



**Kenwood School, built 1918
Currently houses Highland Magnet School.**

SUPPLEMENTARY INFORMATION

SCHEDULES REQUIRED BY

OREGON DEPARTMENT OF EDUCATION

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues (Budgetary Basis)
Year Ended June 30, 2013

	Fund 100	Fund 200	Fund 300
Revenue from Local Sources			
1110 - Current Year's Taxes	\$ 57,164,594	\$ -	\$ 18,497,750
1311 - Tuition From Individuals	-	728,811	-
1330 - Summer Sch Tuition-Individuals	2,450	-	-
1500 - Interest on Investments	158,471	7,675	38,774
1600 - Meal Tickets Sales	-	1,369,101	-
1700 - Extracurricular Activities	456,088	2,986,323	-
1910 - Scheduling Fee	315,593	-	-
1920 - Contributions/Donations	5,700	317,095	-
1960 - Recovery of Pr Yr Expenditures	1,053	-	-
1970 - Services Provided Other Funds	567,529	934,402	-
1980 - Fees Charged to Grants	599,692	-	-
1990 - Miscellaneous	1,766,530	1,055,696	524,235
Total Revenue from Local Sources	61,037,700	7,399,103	19,060,759
Revenue from Intermediate Sources			
2101 - County School Funds	175,183	-	-
2102 - ESD Apportionment	1,235,749	114,251	-
Total Revenue from Intermediate Source	1,410,932	114,251	-
Revenue from State Sources			
3101 - State School Fund	52,642,791	-	5,183,782
3102 - State School Fund-Lunch Match	-	52,955	-
3103 - Common School Fund	1,457,357	-	-
3222 - State School Fund Trans Equip	707,189	-	-
3299 - Other Restricted Grants In Aid	436,456	187,149	-
Total Revenue from State Sources	55,243,793	240,104	5,183,782
Revenue from Federal Sources			
4300 - Restricted Fed Revenue Direct	-	43,606	-
4500 - Restricted Fed Rev Thru State	16,715	14,402,834	-
4801 - Federal Forest Fees	285,508	-	-
Total Revenue from Federal Sources	302,223	14,446,440	-
Revenue from Other Sources			
5100 - Bond Proceeds	3,200,000	-	95,454,376
5200 - Interfund Transfers	350,000	-	869,736
5300 - Sale of Fixed Asset	920	-	-
5400 - Reserved Fund Balance	13,964,532	5,266,347	1,756,057
Total Revenue from Other Sources	17,515,452	5,266,347	98,080,169
Total Revenues	\$ 135,510,100	\$ 27,466,245	\$ 122,324,710

Fund 400	Fund 500	Fund 600	Fund 700	Total
\$ -	\$ -	\$ -	\$ -	\$ 75,662,344
-	-	-	-	728,811
-	-	-	-	2,450
2,875	-	-	110	207,905
-	-	-	-	1,369,101
-	-	-	-	3,442,411
-	-	-	-	315,593
-	-	-	1,245	324,040
-	-	-	-	1,053
-	-	-	-	1,501,931
-	-	-	-	599,692
<u>421,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,767,708</u>
424,122	-	-	1,355	87,923,039
-	-	-	-	175,183
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350,000</u>
-	-	-	-	1,525,183
-	-	-	-	57,826,573
-	-	-	-	52,955
-	-	-	-	1,457,357
-	-	-	-	707,189
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>623,605</u>
-	-	-	-	60,667,679
-	-	-	-	43,606
-	-	-	-	14,419,549
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,508</u>
-	-	-	-	14,748,663
-	-	-	-	98,654,376
-	-	-	-	1,219,736
-	-	-	-	920
<u>1,188,232</u>	<u>-</u>	<u>-</u>	<u>35,741</u>	<u>22,210,909</u>
1,188,232	-	-	35,741	122,085,941
<u>\$ 1,612,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,096</u>	<u>\$ 286,950,505</u>

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Expenditures (Budgetary Basis) - General Fund
Year Ended June 30, 2013

	Object 100	Object 200	Object 300
Instruction			
1111 - Primary, K-3 Programs	\$ 16,058,518	\$ 8,139,044	\$ 945,097
1113 - Elementary Extracurricular	-	-	-
1121 - Middle School Programs	7,328,865	3,575,099	431,515
1122 - Middle School Extracurricular	315,853	71,113	19,062
1131 - High School Programs	8,569,020	4,134,836	566,808
1132 - High School Extracurricular	1,307,168	328,058	352,845
1210 - Talented and Gifted Programs	180,646	87,984	28,808
1220 - Restrictive Prog Fr Disability	3,967,162	2,343,162	379,175
1250 - Less Restrictive Prog Disabled	2,150,868	1,249,947	180,910
1260 - Early Intervention	-	-	68
1280 - Alternative Education	961,004	479,381	4,131,578
1291 - English Second Language	907,381	444,614	32,523
1292 - Teen Parent Programs	159,892	78,359	7,020
1400 - Summer School Programs	45,370	11,826	1,526
Total Instruction	41,951,747	20,943,423	7,076,935
Support Services			
2110 - Attendance and Social Work	80,856	50,653	205,424
2120 - Guidance Services	2,472,675	1,199,556	72,313
2130 - Health Services	700,361	349,142	10,812
2140 - Psychological Services	726,893	348,829	55,089
2150 - Speech Pathology and Audiology	1,385,671	712,686	118,964
2190 - Service Dir, Stu Support Svcs	781,145	399,204	209,778
2210 - Improvement of Instruction Svc	669,101	277,259	102,781
2220 - Educational Media Services	872,323	479,945	34,998
2230 - Assessment and Testing	44,969	20,187	126,713
2240 - Instructional Staff Developmnt	56,782	13,731	206,834
2310 - Board of Education Services	17,558	8,769	227,902
2320 - Executive Administration Svcs	211,550	76,108	23,789
2410 - Office of the Principal Svcs	5,795,741	2,738,185	182,363
2510 - Business Support Services	125,965	56,621	14,866
2520 - Fiscal Services	566,937	286,468	48,751
2540 - Oper/Maint of Plant Services	4,197,879	2,278,382	3,687,240
2550 - Student Transportation Svcs	2,943,084	1,877,698	554,536
2570 - Internal Services	337,365	181,190	267,519
2620 - R&D, Eval, Grant Writing Svcs	54,715	25,334	618
2630 - Information Services	91,319	35,994	7,509
2640 - Staff Services	470,669	490,244	110,406
2660 - Technology Services	1,268,321	555,840	496,420
Total Support Services	23,871,879	12,462,025	6,765,625
Enterprise and Community Services			
3300 - Community Services	167,254	79,205	-
Total Enterprise and Community Services	167,254	79,205	-
Other Uses			
5100 - Debt Service	-	-	-
Total Other Uses	-	-	-
Total General Fund	\$ 65,990,880	\$ 33,484,653	\$ 13,842,560

Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$ 687,743	\$ -	\$ 727	\$ -	\$ -	\$ 25,831,129
3,350	-	-	-	-	3,350
368,137	-	11,928	-	-	11,715,544
37,422	7,595	458	-	-	451,503
518,873	-	12,967	-	-	13,802,504
94,197	61,898	12,265	-	-	2,156,431
785	-	-	-	-	298,223
34,635	-	894	-	-	6,725,028
42,769	-	50	-	-	3,624,544
-	-	-	-	-	68
45,171	-	-	-	-	5,617,134
16,088	-	-	-	-	1,400,606
3,487	-	218	-	-	248,976
136	-	-	-	-	58,858
1,852,793	69,493	39,507	-	-	71,933,898
3,157	-	-	-	-	340,090
4,099	-	50	-	-	3,748,693
5,108	-	1,688	-	-	1,067,111
14,811	-	130	-	-	1,145,752
9,829	-	730	-	-	2,227,880
14,996	-	698	-	-	1,405,821
11,307	-	129	-	-	1,060,577
211,352	-	565	-	-	1,599,183
1,924	-	-	-	-	193,793
10,376	-	650	-	-	288,373
59,289	-	24,312	-	-	337,830
589	-	379	-	-	312,415
76,264	-	9,063	-	-	8,801,616
2,765	-	5,123	-	-	205,340
18,725	265,484	646,940	-	-	1,833,305
831,869	320,386	643	-	-	11,316,399
1,168,723	3,189,437	22,053	-	-	9,755,531
134,933	-	58,165	-	-	979,172
278	-	-	-	-	80,945
4,457	-	390	-	-	139,669
8,780	-	37,904	-	-	1,118,003
931,610	26,000	7,460	-	-	3,285,651
3,525,241	3,801,307	817,072	-	-	51,243,149
-	-	-	-	-	246,459
-	-	-	-	-	246,459
-	-	704,205	-	-	704,205
-	-	704,205	-	-	704,205
\$ 5,378,034	\$ 3,870,800	\$ 1,560,784	\$ -	\$ -	\$ 124,127,711

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Expenditures (Budgetary Basis) - Special Revenue Fund
Year Ended June 30, 2013

	Object 100	Object 200	Object 300
Instruction			
1111 - Primary, K-3 Programs	\$ 743,027	\$ 343,318	\$ 100,601
1113 - Elementary Extracurricular	583	103	63,636
1121 - Middle School Programs	83,122	26,363	59,618
1122 - Middle School Extracurricular	795	120	29,717
1131 - High School Programs	324,997	127,404	307,027
1132 - High School Extracurricular	33,933	10,944	352,636
1210 - Talented and Gifted Programs	1,284	431	-
1220 - Restrictive Prog Fr Disability	16,988	5,654	34,182
1250 - Less Restrictive Prog Disabled	1,598,111	888,290	3,816
1272 - Title I	1,936,080	1,114,487	170,737
1280 - Alternative Education	227,021	107,891	126,382
1291 - English Second Language	17,829	5,831	121
1292 - Teen Parent Programs	3,593	1,063	434
1299 - Other Special Ed Programs	2,271	23	56
1400 - Summer School Programs	218	68	5,038
Total Instruction	4,989,852	2,631,990	1,254,001
Support Services			
2110 - Attendance and Social Work	-	-	3,000
2120 - Guidance Services	140,623	63,213	29,999
2130 - Health Services	7,555	2,341	-
2140 - Psychological Services	9,933	3,210	-
2150 - Speech Pathology and Audiology	15,792	5,206	-
2190 - Service Dir, Stu Support Svcs	-	-	8,849
2210 - Improvement of Instruction Svc	455,732	186,155	71,266
2220 - Educational Media Services	10,455	5,027	420
2230 - Assessment and Testing	90,073	45,257	-
2240 - Instructional Staff Developmnt	344,407	137,191	453,743
2320 - Executive Administration Svcs	10,840	1,969	85
2410 - Office of the Principal Svcs	51,510	16,750	4,914
2490 - Other Support Services	50,465	20,645	4,321
2510 - Business Support Services	-	-	-
2540 - Oper/Maint of Plant Services	-	-	440
2550 - Student Transportation Svcs	-	-	76,713
2620 - R&D, Eval, Grant Writing Svcs	13,679	7,235	-
2640 - Staff Services	-	21	-
2660 - Technology Services	-	-	1,282
2700 - Supplemental Retirement Program	978,703	26,129	-
Total Support Services	2,179,767	520,349	655,032
Enterprise and Community Services			
3100 - Food Services	1,840,188	963,919	164,350
3300 - Community Services	306,901	202,060	449,871
Total Enterprise and Community Services	2,147,089	1,165,979	614,221
Facilities Acquisition and Construction			
4190 - Other Facilities Constr Svcs	-	-	-
Total Facilities Acquisition and Construction	-	-	-
Other Uses			
5200 - Transfers of Funds	-	-	-
Total Other Uses	-	-	-
Total Special Revenue Fund	\$ 9,316,708	\$ 4,318,318	\$ 2,523,248

Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$ 219,567	\$ -	\$ 17,633	\$ 136	\$ -	\$ 1,424,282
243,039	-	50	(504)	-	306,907
174,409	-	2,130	5,811	-	351,453
134,019	9,300	1,674	(6,511)	-	169,114
363,992	-	12,542	(5,398)	-	1,130,564
814,345	-	12,355	5,460	-	1,229,673
-	-	-	-	-	1,715
36,122	-	100	(866)	-	92,180
12,572	-	-	-	-	2,502,789
56,863	-	798	-	-	3,278,965
71,487	-	-	-	-	532,781
348	-	-	-	-	24,129
4,063	-	-	-	-	9,153
1,795	-	-	-	-	4,145
2,422	-	-	-	-	7,746
2,135,043	9,300	47,282	(1,872)	-	11,065,596
-	-	-	-	-	3,000
333	-	1,007	-	-	235,175
1	-	-	-	-	9,897
-	-	-	-	-	13,143
772	-	-	-	-	21,770
816	-	-	-	-	9,665
34,173	-	49	-	-	747,375
42,782	-	25	1,848	-	60,557
-	-	-	-	-	135,330
34,477	-	323	-	-	970,141
-	-	-	-	-	12,894
26,601	-	-	-	-	99,775
-	-	-	-	-	75,431
-	-	394,692	-	-	394,692
3,464	60,366	-	-	-	64,270
58	-	-	25	-	76,796
-	-	-	-	-	20,914
-	-	-	-	-	21
10,031	-	-	-	-	11,313
-	-	-	-	-	1,004,832
153,508	60,366	396,096	1,873	-	3,966,991
2,597,181	13,300	152,359	-	-	5,731,297
63,814	-	-	-	-	1,022,646
2,660,995	13,300	152,359	-	-	6,753,943
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,219,736	-	1,219,736
-	-	-	1,219,736	-	1,219,736
\$ 4,949,552	\$ 82,966	\$ 595,737	\$ 1,219,737	\$ -	\$ 23,006,266

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Expenditures (Budgetary Basis) - Debt Service Fund
Year Ended June 30, 2013

	Object 100	Object 200	Object 300
Support Services			
2520 - Fiscal Services	\$ -	\$ -	\$ 329,963
Total Support Services	-	-	329,963
Other Uses			
5100 - Debt Service	-	-	-
Total Other Uses	-	-	-
Total Debt Service Fund	\$ -	\$ -	\$ 329,963

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Object 800</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,963
-	-	-	-	-	329,963
-	-	118,293,498	-	-	118,293,498
-	-	118,293,498	-	-	118,293,498
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,293,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,623,461</u>

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Expenditures (Budgetary Basis) - Capital Projects Fund
Year Ended June 30, 2013

	Object 100	Object 200	Object 300
Facilities Acquisition and Construction			
4110 - Constr Service Area Direction	\$ 196,817	\$ 94,984	\$ 550
4120 - Site Acquisition and Develop	-	-	-
4150 - Building Acquisition, Improv	-	-	8,028
4190 - Other Facilities Constr Svcs	-	-	-
Total Facilities Acquisition and Construction	196,817	94,984	8,578
Total Capital Projects Fund	<u>\$ 196,817</u>	<u>\$ 94,984</u>	<u>\$ 8,578</u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Object 800</u>	<u>Totals</u>
\$ 1,362	\$ -	\$ 125	\$ -	\$ -	\$ 293,838
-	-	-	-	-	-
-	355,357	-	-	-	363,385
-	-	-	-	-	-
1,362	355,357	125	-	-	657,223
<u>\$ 1,362</u>	<u>\$ 355,357</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,223</u>

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Expenditures (Budgetary Basis) -Trust and Agency Fund
Year Ended June 30, 2013

	Object 100	Object 200	Object 300
Support Services			
2510 - Business Support Services	\$ -	\$ -	\$ -
Total Support Services	-	-	-
Enterprise and Community Services			
3300 - Community Services	-	-	500
Total Enterprise and Community Services	-	-	500
Total Trust and Agency Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>
 Total Expenditures - All Funds	 <u>\$ 75,504,402</u>	 <u>\$ 37,897,956</u>	 <u>\$ 16,704,849</u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Object 800</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	500
-	-	-	-	-	500
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>
<u>\$ 10,328,950</u>	<u>\$ 4,309,123</u>	<u>\$ 120,450,147</u>	<u>\$ 1,219,736</u>	<u>\$ -</u>	<u>\$ 266,415,161</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, 2013

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 & 326</u>
	2540	\$ 2,213,417
	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.**



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December 12, 2013

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Administrative School District No. 1 as of and for the year ended June 30, 2013, and have issued our report thereon dated December 12, 2013. 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 basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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


1. We noted an instance where less than three quotes were obtained for a purchase over \$5,000.

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.

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which is noted in the schedule of findings and questioned costs on page 118.

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.


Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

GRANT COMPLIANCE REVIEW SECTION



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



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December 12, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Administrative School District No. 1 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 12, 2013.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Purpose of this Report

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



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.



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December 12, 2013

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

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

Report on Compliance for Each Major Federal Program

We have audited Administrative School District No. 1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2013. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, Administrative School District No. 1, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on each major federal program is not modified with respect to this matter.

Administrative School District No. 1's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

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



Roy R. Rogers, CPA
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, 2013

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

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

☐ yes ☒ none reported

Noncompliance material to 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:

Unmodified

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**

84.027 and 84.173 Special Education Cluster (IDEA)
84.388 School Improvement Grant Cluster
84.385A Teacher Incentive Fund Cluster

Dollar threshold used to distinguish between type A and type B programs: \$442,460

Auditee qualified as low-risk auditee?

☒ yes ☐ no

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
DESCHUTES COUNTY, OREGON

SCHEDULE FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2013-001

Condition: Bi-annual certifications and time and effort logs were not completed by numerous employees who worked on multiple activities or cost objectives, including IDEA and the School Improvement Grant.

Criteria: Allowable Costs/Cost Principles: Documentation of Employee Time and Effort (Consolidated Administrative Funds and Schoolwide Programs): Schoolwide Programs – An employee who works solely on a single cost objective must furnish a semi-annual certification that he/she has been engaged solely in activities that support the single cost objective. The certification must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

Effect: Without detailed time and effort logs, it is possible that either too much or too little in payroll expenses will be charged to the program. The bi-annual certifications ensure that those employees have worked on specific cost objectives for one program rather than another and that their payroll expense is properly charged to the appropriate program.

Cause: This was caused by employees not responding to requests for the necessary documentation.

Recommendations: We recommend that management communicate the importance of completing the required bi-annual certifications and time and effort logs to employees. Management should monitor the completion of this requirement.

Management's Response: The District has instigated a process for requesting bi-annual certifications and time and effort logs. After a certain number of requests have been sent to the employees, the supervisors and finance managers will be involved in the communication with the employee to ensure the proper documentation is obtained.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. 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.

