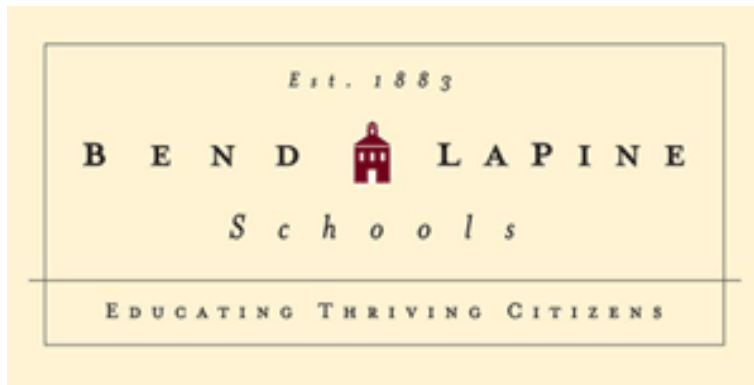


**ADMINISTRATIVE SCHOOL DISTRICT NO. 1
(BEND – LA PINE SCHOOLS)
DESCHUTES COUNTY, OREGON**

520 NW Wall St
Bend, OR 97701



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2014

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

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



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

November 30, 2014

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, 2014, 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 16,800 pupils in grades kindergarten through 12 during fiscal year 2013-14. As of this writing, enrollment has increased to approximately 17,100. We provide many programs that fall under the headings of general education, special education and alternative education. Many of our school buildings have been constructed in the last fifteen years, but we also utilize buildings constructed as far back as 1918.

We are an independent entity, with a Board of Directors composed of seven elected members. All management staff members are hired by the School Board. In 2013-14, we employed approximately 1,756 permanent staff including 902 teachers, counselors and licensed specialists, and 781 support staff, such as instructional assistants, secretaries, clerks and various technical positions. During the 2013-14 fiscal year, we operated with a management team of 73 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 2014 population of approximately 162,525 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 2013-14 fiscal year, the taxable assessed value of property in Deschutes County increased by approximately 4.7%. 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 St. Charles Medical Center, 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 162,525. 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 showed signs of stabilizing as notices of default in Deschutes County declined, the first annual decline since 2007. In 2012, the numbers of home sales reaches a six-year high in the third quarter. In 2014, the housing market continues the strong growth. The region has seen job gains from construction, tourist and service industry. 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 40% of the state's general

fund budget.

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

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 was \$6.65 billion, a great improvement from 2011-13. As the state continues to climb out of the depths of the worst recession in recent history, the Legislature found ways to begin reinvest in K-12 education. While the increased funding and partial relief from PERS increases that were provided by the 2013 Legislature do not allow a return to pre-recession staffing and programming levels, they have put us in a position of positive pro-active planning for the future.

For the 2015-17 biennium, we are advocating for continued investment in education and funding for full-day kindergarten programs.

Major Initiatives

In August 2013, we sold \$91 million general obligation bonds, which are used to add a middle school and an elementary level. 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 2014-15 adopted budget includes a budgeted ending fund balance equal to 4.75% of resources.

Relevant Financial Policies and Information

Fiscal Year

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

Debt Administration

We have been very active in managing our debt over the last 25 years. Many general obligation issues have been “refunded” (refinanced), saving millions for taxpayers by locking in lower interest rates and shortening the maturity of the bonds. On March 15, 2005 we issued general obligation refunding bonds to partially refund our 1998 and 2001 general obligation bonds. The aggregate principal amount of the refunding was \$63.0 million. In June, 2007 we issued \$119 million in general obligation bonds to fund new construction and capital improvements. These bonds are payable over the next 17 years. In the spring of 2011 we issued Full Faith and Credit bonds to refinance a 2008 issue, keeping the term the same but lowering the interest rate by approximately two percentage points. In February 2013, we issued \$81 million general obligations refunding bonds to refund 2007 GO bonds. This saves tax payers approximately \$3.8 million in debt service payments. In August 2013, we issued \$91 million in general obligation bonds to fund new construction and capital improvements. These bonds are payable over the next 19 years

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, 2014 our net bonded debt is \$986,918,365 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 Auditors’ 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, 2013. 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-one 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, 2013. 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 thirty 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

In October 2014, our Superintendent Ron Wilkinson announced his retirement with a retirement date of June 30th, 2015. We want to thank Superintendent Wilkinson for his leadership and vision. The Board is leading a comprehensive search to fill this critical position. 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, 2013*

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



A handwritten signature in black ink, reading 'Terrie S. Simmons'.

Terrie S. Simmons, RSBA, CSBO
President

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

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

Administrative School District No. 1

(Bend - La Pine Schools)

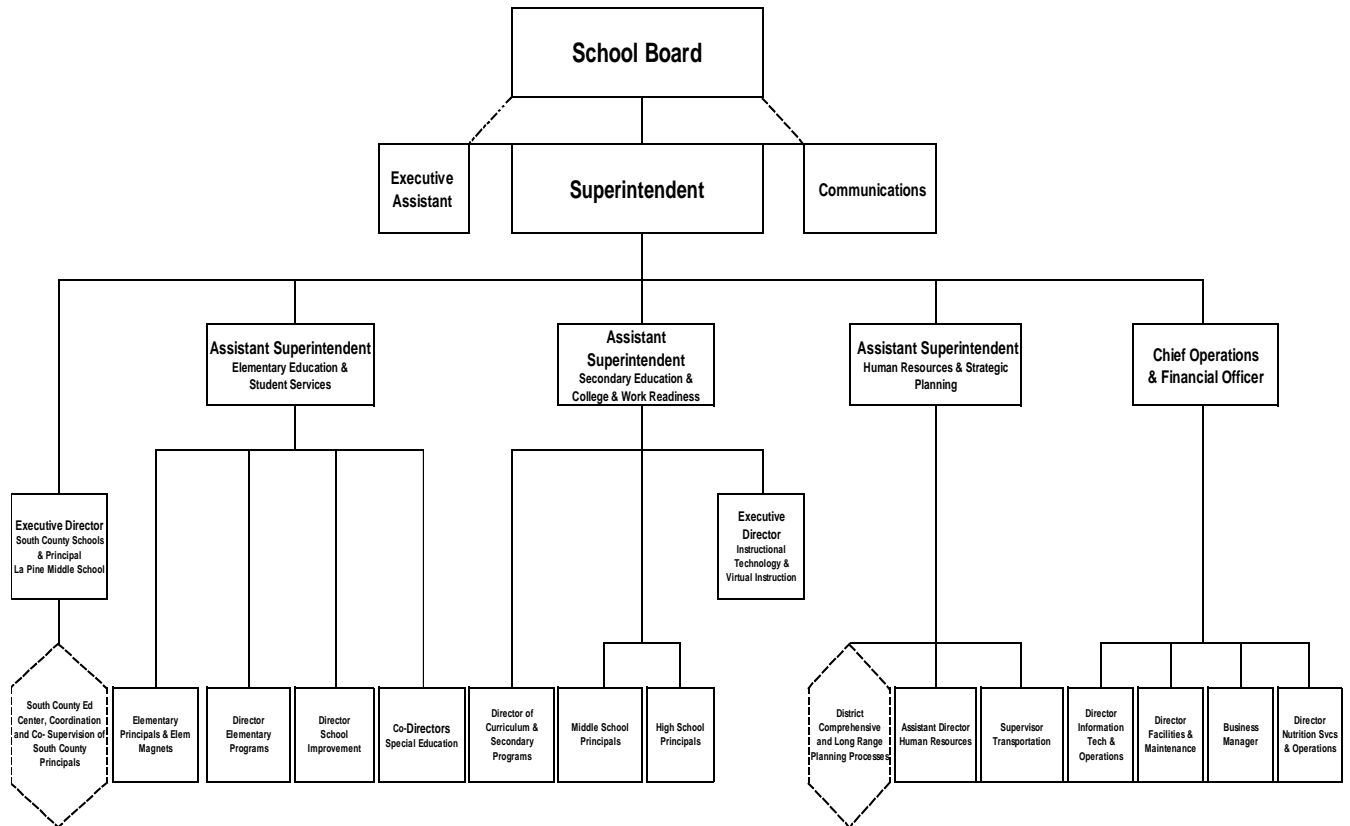
Deschutes County, Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**Administrative School District No. 1
Deschutes County, Oregon
Organizational Chart
June 30, 2014**



**Administrative School District No. 1
Deschutes County, Oregon
Principal Officials
June 30, 2014**

BOARD OF DIRECTORS

Cheri Helt – Co-Chair Bend, Oregon	June 30, 2017
Nori Juba – Co-Chair Bend, Oregon	June 30, 2017
Ron Gallinat Bend, Oregon	June 30, 2015
Peggy Kinkade Bend, Oregon	June 30, 2015
Andy High Bend, Oregon	June 30, 2015
Mike Jensen La Pine, Oregon	June 30, 2014
Julie Craig Bend, Oregon	June 30, 2017

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.paulyrogersandcocpas.com

November 30, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the Administrative School District No. 1's financial statements and, in our report dated December 12, 2013, we expressed opinions on the respective financial statements of the governmental activities, each major fund and aggregate remaining fund information.

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, 2014, and the respective changes in financial position and budgetary comparisons for the general fund and special revenue fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. 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 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

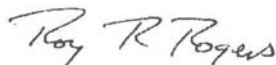
Other Information

The introductory, statistical and the other information sections, 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 November 30, 2014 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 November 30, 2014, 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, 2014**

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, 2014. 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, 2014 by \$106.6 million. Of this amount, \$104 million is net investment in capital assets, and the balance is restricted for transportation, grants, debt service, and capital projects, or is unrestricted.
- Our total net position increased by \$3 million, with unrestricted net position decreasing by \$2 million.
- In August 2013, we sold \$91 million general obligation bonds for the construction of two new schools and 140 construction projects.
- Our General Fund ended the 2013-14 fiscal year with a fund balance of \$10.1million, which is 7.6% 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, 2014**

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 \$37,000 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. The notes to the basic financial statements can be found on pages 23-44 of this report.

**Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2014**

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 \$106.6 million at June 30, 2014.

Capital assets, which consist of our land, buildings, land improvements, construction in progress, vehicles, and equipment, represent about 59 percent of total assets. This percentage has decreased from the prior year, mainly due to our asset portfolio change. We sold \$91 million general obligation bonds, which increased our total assets. 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, 90 percent of total liabilities, is for the repayment of the long-term portion of general obligation bonds and other debt. Current liabilities, representing about 8.8 percent of our total liabilities, consist of payables on accounts, benefits, and the current portion of long-term debt. The remaining 1.2% 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 Fiscal 2013
	2014	2013	
	Current and other assets	\$ 178,237,240	\$ 96,049,426
Capital assets	259,748,529	253,895,030	5,853,499
Total assets	437,985,769	349,944,456	88,041,313
Current liabilities	31,213,234	26,366,051	4,847,183
Long-term liabilities	300,129,346	219,852,448	80,276,898
Total liabilities	331,342,580	246,218,499	85,124,081
Net Position:			
Net Investment in capital assets	103,831,797	99,680,822	4,150,975
Restricted	8,567,674	7,685,587	882,087
Unrestricted	(5,756,282)	(3,640,452)	(2,115,830)
Total net position	\$ 106,643,189	\$ 103,725,957	\$ 2,917,232

During the current fiscal year, our net position increased by \$3 million.

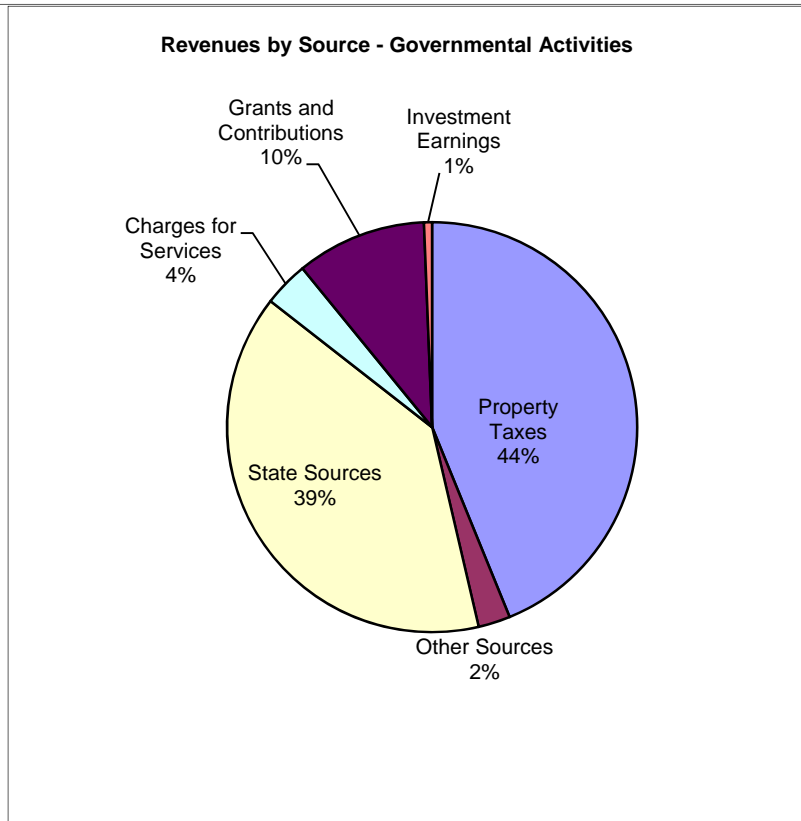
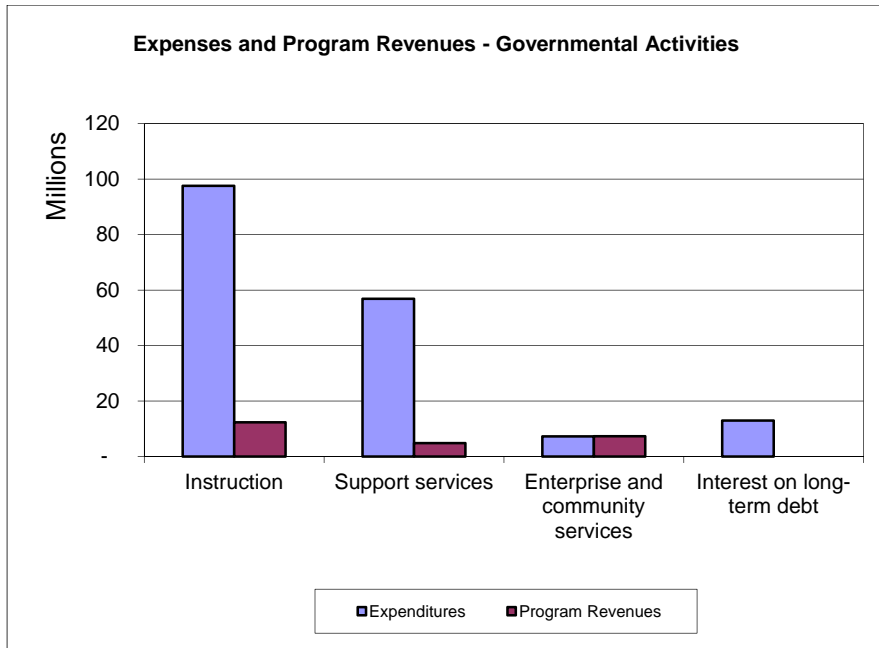
Governmental activities. As noted above, our net position increased by \$3 million in the current fiscal year. This represents an increase of about 3% from the prior year.

**Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2014**

The key elements of the change in our net position for the year ended June 30, 2014 as compared to the prior year are as follows:

Changes in Net Position, Fiscal Year Ended June 30	Governmental Activities		Increase (Decrease) from Fiscal 2013
	2014	2013	
Revenues:			
Programs revenues:			
Charges for services	\$ 6,318,750	\$ 5,950,607	\$ 368,143
Operating grants and contributions	17,538,149	17,267,426	270,723
Capital grants and contributions	670,353	707,189	(36,836)
General revenues:			
Property taxes	77,839,444	74,275,174	3,564,270
Federal aid not restricted to specific purposes	283,955	285,508	(1,553)
State aid not restricted to specific purposes	69,609,643	59,336,885	10,272,758
Intermediate aid not restricted to specific purposes	1,827,979	1,410,932	417,047
Earnings on investments	1,138,253	207,773	930,480
Other local revenue	<u>2,372,775</u>	<u>2,881,700</u>	<u>(508,925)</u>
Total revenues	177,599,301	162,323,194	15,276,107
Expenses:			
Instruction	97,549,991	89,657,634	7,892,357
Support services	56,867,927	54,021,024	2,846,903
Enterprise and community services	7,288,914	6,811,442	477,472
Interest on long-term debt	<u>12,975,237</u>	<u>22,464,833</u>	<u>(9,489,596)</u>
Total expenses	<u>174,682,069</u>	<u>172,954,933</u>	<u>1,727,136</u>
Increase (decrease) in net position	2,917,232	(10,631,739)	13,548,971
Net Position July 1	<u>103,725,957</u>	<u>114,357,696</u>	<u>(10,631,739)</u>
Net Position June 30	<u>\$ 106,643,189</u>	<u>\$ 103,725,957</u>	<u>\$ 2,917,232</u>

**Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2014**



**Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2014**

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, 2014, our governmental funds reported combined ending fund balances of \$102.6 million. About 83% of the ending fund balance constitutes capital projects, as authorized by voters. An additional 7.5% 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, 2014, the Balance Sheet for Governmental Funds shows that the District had a fund balance of \$10.1 million. This reflects the intent to use beginning fund balance as part of our resources to offset a one-time legislative funding in the second half of 2013-15 biennium. By doing so, we are managing our 2014-15 expenditures at a more sustainable level.

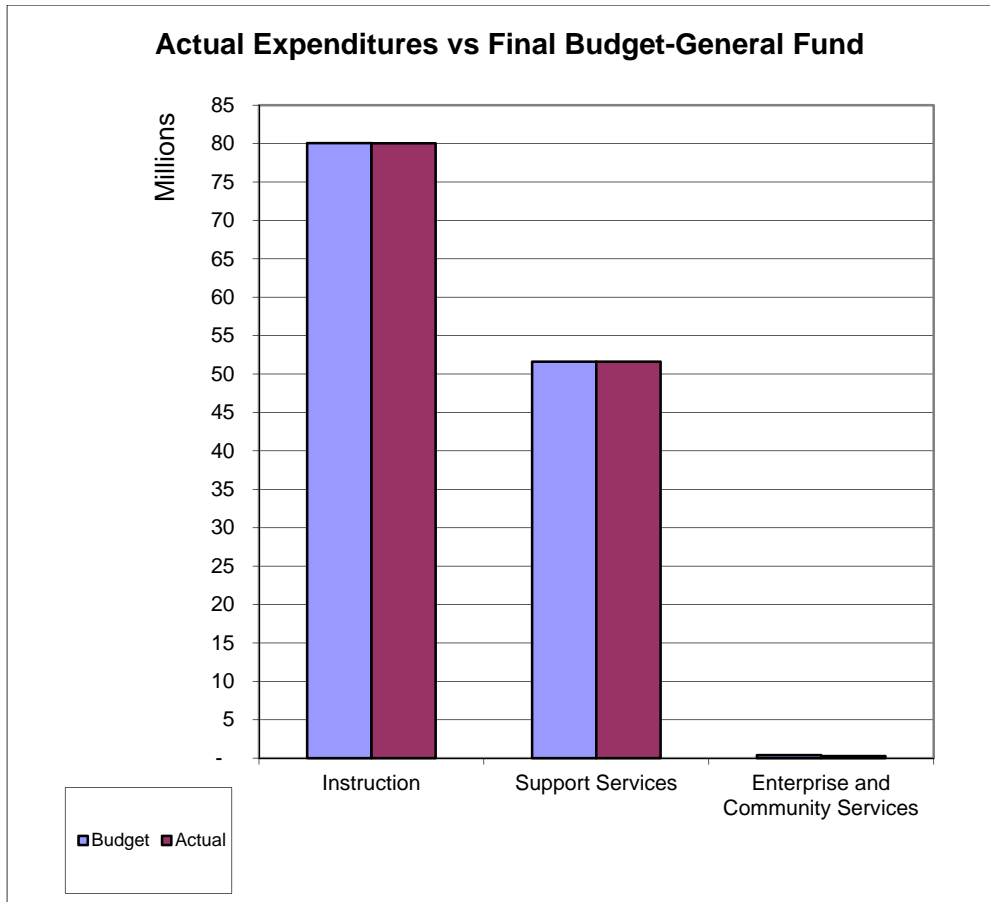
Debt Service Fund. The Debt Service Fund has a total fund balance of \$2.8 million, all of which is restricted for the payment of debt service. The decrease of approximately \$1 million in fund balance reflects the more stable trend of property tax collection, which allows us to forecast property tax collection more accurately.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$85 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 in August 2013. Total expenditures of \$13.6 million in the current year reflect the work related to the construction of two new schools, 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 additional resources made available by increased enrollment.

**Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2014**



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 increase in capital assets from 2013 to 2014 was approximately \$5.8 million. This increase is due to purchase of land parcels and ongoing construction projects funded by the 2013 General Obligation Bond.

**Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2014**

	Capital Assets as of June 30		Increase (Decrease) from Fiscal 2013
	Governmental Activities		
	2014	2013	
Land	\$ 32,251,174	\$ 28,801,796	\$ 3,449,378
Site Improvements	14,945,953	15,478,413	(532,460)
Buildings and Improvements	194,994,372	200,007,619	(5,013,247)
Vehicles and Equipment	7,822,602	8,510,222	(687,620)
Construction in Progress	9,734,428	1,096,980	8,637,448
Total	<u>\$ 259,748,529</u>	<u>\$ 253,895,030</u>	<u>\$ 5,853,499</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 \$291 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 \$2.6 million. The increase of \$78.8 million reflects the scheduled annual principal payments for 2013 general obligation bonds.

Debt Outstanding as of June 30

	Governmental Activities		Increase (Decrease) from Fiscal 2013
	Governmental Activities		
	2014	2013	
General Obligation Bonds	\$ 210,210,000	\$ 128,755,000	\$ 81,455,000
Limited Tax Pension Obligation Bonds	71,137,698	72,561,877	(1,424,179)
Other long-term debt	9,832,152	11,016,544	(1,184,392)
Total	<u>\$ 291,179,850</u>	<u>\$ 212,333,421</u>	<u>\$ 78,846,429</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, 2014**

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. 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.

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 a 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.

In 2013-14, our enrollment was approximately 16,800. In combination with the Legislature's Special Session, we have amended our budget to reflect the increase in resources and requirements.

As of this writing, 2014-15 enrollment has increased by more than 300 students from the 2013-14 level to be approximately 17,100.

**Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion And Analysis
June 30, 2014**

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, 2014, with Comparative Data

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments	\$ 109,920,090	\$ 25,373,398
Receivables:		
Property taxes	3,306,548	3,807,857
Accounts and other receivables	4,417,120	4,149,867
Prepaid items	753,110	54,662
Inventories	470,382	518,190
Prepaid pension UAL	59,369,990	60,959,252
Bond and long term debt issuance costs	-	1,186,200
Capital assets, net of depreciation		
Land	32,251,174	28,801,796
Construction in progress	9,734,428	1,096,980
Site improvements	14,945,953	15,478,413
Buildings and improvements	194,994,372	200,007,619
Vehicles and equipment	7,822,602	8,510,222
<i>Total Assets</i>	<u>437,985,769</u>	<u>349,944,456</u>
Liabilities		
Accounts payable	4,175,392	1,780,541
Accrued payroll and related charges	9,426,485	8,659,057
Accrued interest	532,995	399,140
Retainage payable	149,476	5,957
Accrued general liability claims and judgments	392,826	254,047
Long-term liabilities due within one year	16,536,060	15,267,309
Long-term liabilities due in more than one year	300,129,346	219,852,448
<i>Total Liabilities</i>	<u>331,342,580</u>	<u>246,218,499</u>
Net Position		
Net Investment in capital assets	103,831,797	99,680,822
Restricted for:		
Transportation	310,970	312,240
Federal, state and local programs	2,656,874	2,355,977
Debt service	2,859,532	4,062,239
Capital projects	2,740,298	955,131
Unrestricted	(5,756,282)	(3,640,452)
<i>Total Net Position</i>	<u>\$ 106,643,189</u>	<u>\$ 103,725,957</u>

See Notes to Financial Statements

Administrative School District No. 1
 Deschutes County, Oregon
 Statement of Activities
 Year Ended June 30, 2014, with Comparative Data

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2014	2013
Governmental Activities						
Instruction						
Regular instruction	\$ 72,460,635	\$ 3,588,352	\$ 3,185,877	\$ -	\$ (65,686,406)	\$ (59,537,185)
Special programs including summer school	25,089,357	-	5,560,873	-	(19,528,484)	(17,768,178)
Total direct classroom services	97,549,991	3,588,352	8,746,750	-	(85,214,890)	(77,305,363)
Support Services						
Students	10,541,127	-	94,154	-	(10,446,973)	(9,967,059)
Instructional staff	5,800,079	-	2,226,296	-	(3,573,783)	(3,098,948)
General administration	661,118	-	-	-	(661,118)	(655,241)
School administration	9,764,652	-	164,429	-	(9,600,223)	(8,825,102)
Business, transportation and maintenance	22,667,025	977,240	681,418	670,353	(20,338,014)	(19,780,710)
Central activities	4,941,296	-	40,064	-	(4,901,232)	(4,603,335)
Supplemental retirement program	2,492,630	-	-	-	(2,492,630)	(2,526,914)
Total classroom support services	56,867,927	977,240	3,206,361	670,353	(52,013,973)	(49,457,309)
Enterprise and Community Services						
Food services	5,764,354	1,400,563	4,295,956	-	(67,835)	235,214
Other enterprise and community services	1,524,559	352,595	1,289,082	-	117,118	(37,420)
Total enterprise and community services	7,288,914	1,753,158	5,585,038	-	49,283	197,794
Interest on long-term liabilities	12,975,237	-	-	-	(12,975,237)	(22,464,833)
Total school district	\$ 174,682,069	\$ 6,318,750	\$ 17,538,149	\$ 670,353	(150,154,817)	(149,029,711)
General revenues:						
Property taxes levied for:						
General purposes					59,048,422	55,777,424
Debt service					18,791,022	18,497,750
Federal aid not restricted to specific purposes					283,955	285,508
State aid not restricted to specific purposes					69,609,643	59,336,885
Intermediate aid not restricted to specific purposes					1,827,979	1,410,932
Earnings on investments					1,138,253	207,773
Other local revenue					2,372,775	2,881,700
Total general revenues					153,072,049	138,397,972
Change in net position					2,917,232	(10,631,739)
Net assets - beginning					103,725,957	114,357,696
Net assets - ending					\$ 106,643,189	\$ 103,725,957

See Notes to Financial Statements

Administrative School District No. 1
 Deschutes County, Oregon
 Balance Sheet
 Governmental Funds
 June 30, 2014, with Comparative Data

	General	Special			Totals	
		Revenues	Debt Service	Capital Projects	2014	2013
Assets						
Cash and investments	\$ 21,331,269	\$ 1,600,818	\$ 2,584,403	\$ 84,403,600	\$ 109,920,090	\$ 25,373,398
Receivables						
Property taxes	2,498,421	-	808,127	-	3,306,548	3,807,857
Accounts and other receivables	896,267	2,944,106	-	576,747	4,417,120	4,149,867
Prepaid items	753,110	-	-	-	753,110	54,662
Inventories	103,984	366,398	-	-	470,382	518,190
Total Assets	\$ 25,583,051	\$ 4,911,322	\$ 3,392,530	\$ 84,980,347	\$ 118,867,250	\$ 33,903,974
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts and interest payable	\$ 4,175,392	\$ -	\$ -	\$ -	\$ 4,175,392	\$ 1,780,541
Accrued payroll and related charges	9,395,887	-	-	-	9,395,887	8,622,418
Retainage payable	-	-	-	149,476	149,476	5,957
Total Liabilities	13,571,279	-	-	149,476	13,720,755	13,405,225
Deferred Inflows of Resources						
Unavailable Revenue-Property Taxes	1,881,543	-	608,577	-	2,490,120	2,996,309
Fund Balances						
Nonspendable	857,094	366,398	-	-	1,223,492	572,852
Restricted	310,970	2,656,874	2,783,953	84,830,871	90,582,668	7,324,596
Assigned	3,629,230	1,888,050	-	-	5,517,280	6,652,532
Unassigned	5,332,935	-	-	-	5,332,935	5,948,769
Total fund balances	10,130,229	4,911,322	2,783,953	84,830,871	102,656,375	20,498,749
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 25,583,051	\$ 4,911,322	\$ 3,392,530	\$ 84,980,347	\$ 118,867,250	\$ 33,903,974

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, 2014

Total Fund Balances, June 30, 2014 (page 15) \$ 102,656,375

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

Cost	\$ 371,253,463	
Accumulated depreciation	<u>(111,504,934)</u>	259,748,529

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. 59,369,990

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. 2,490,120

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	(4,152,152)	
Accrued interest payable	(532,995)	
Bonds payable	(287,027,698)	
Unamortized portion of bond issuance premium	(17,932,655)	
OPEB annual required contribution	(4,937,128)	
Compensated absences	(30,598)	
Accrued claims and judgments	(392,826)	
Early retirement benefits payable	<u>(2,615,773)</u>	<u>(317,621,825)</u>

Total Net Position (page 13) \$ 106,643,189

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, 2014, with Comparative Data

					Totals	
	General Fund	Special Revenues	Debt Service	Capital Projects	2014	2013
Revenues						
Property taxes	\$ 59,554,611	\$ -	\$ 18,791,022	\$ -	\$ 78,345,633	\$ 75,662,344
Tuition	4,750	837,417	-	-	842,167	731,261
Investment earnings	124,249	7,524	39,727	966,768	1,138,268	207,795
Other local sources	4,258,285	7,503,129	505,632	2,439	12,269,485	11,321,206
Intermediate sources	1,827,979	100,976	-	-	1,928,955	1,525,183
State sources	65,220,630	492,588	5,455,340	-	71,168,558	60,667,679
Federal sources	310,562	13,395,931	-	-	13,706,493	14,748,663
Total revenues	131,301,066	22,337,565	24,791,721	969,207	179,399,559	164,864,131
Expenditures						
Current						
Instruction	80,047,285	10,619,808	-	-	90,667,093	82,920,701
Support services	50,956,189	3,938,676	650	-	54,895,515	51,678,431
Community services	261,969	7,209,871	-	-	7,471,840	6,987,102
Facilities acquisition and construction	-	-	-	1,091,316	1,091,316	301,867
Debt service						
Principal	579,391	-	12,564,262	-	13,143,653	13,587,718
Interest	124,815	-	13,144,104	-	13,268,919	24,359,986
Capital outlay	668,997	32,449	-	12,559,184	13,260,630	4,309,121
Total expenditures	132,638,646	21,800,804	25,709,016	13,650,500	193,798,966	184,144,926
Revenues over (under) expenditures	(1,337,580)	536,761	(917,295)	(12,681,293)	(14,399,407)	(19,280,795)
Other Financing Sources (Uses)						
General obligation bonds issued	-	-	-	91,825,000	91,825,000	81,050,000
Payments to Escrow Agent on Advance Refunding	-	-	-	-	-	(81,050,000)
Proceeds from lease financing	-	-	-	-	-	3,200,000
Transfers	85,418	(85,418)	-	-	-	-
Premium on issuance of bonds	-	-	-	4,732,033	4,732,033	14,404,376
Total Other Financing Sources (Uses)	85,418	(85,418)	-	96,557,033	96,557,033	17,604,376
Net change in fund balances	(1,252,162)	451,343	(917,295)	83,875,740	82,157,626	(1,676,419)
Fund balances, beginning of year	11,382,391	4,459,979	3,701,248	955,131	20,498,749	22,175,168
Fund balances, end of year	<u>\$ 10,130,229</u>	<u>\$ 4,911,322</u>	<u>\$ 2,783,953</u>	<u>\$ 84,830,871</u>	<u>\$ 102,656,375</u>	<u>\$ 20,498,749</u>

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, 2014

Net Change in Fund Balance (page 17) \$ 82,157,626

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	\$ 14,308,463	
Less current year depreciation	<u>(8,454,964)</u>	5,853,499

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	(91,825,000)	
Debt principal repaid	<u>14,349,392</u>	(77,475,608)

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 (1,589,262)

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	(4,732,033)	
Amortization of premiums, net of discount amortization	1,822,305	
Expense of issuance costs	<u>(1,186,200)</u>	(4,095,928)

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	(1,370,822)	
Accrued interest on general obligation bonds and other long term debt	<u>(133,855)</u>	(1,504,677)

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. (506,189)

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. 6,041

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	622,965	
OPEB annual required contribution	(412,456)	
Estimated claims and judgments	<u>(138,779)</u>	<u>71,730</u>

Change in Net Position (page 14) \$ 2,917,232

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, 2014

	General Fund					
	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 57,220,977	\$ 58,120,977	\$ 1,433,634	\$ 59,554,611	\$ -	\$ 59,554,611
Tuition	-	-	4,750	4,750	-	4,750
Investment earnings	183,000	183,000	(58,751)	124,249	-	124,249
Other Local sources	4,267,500	4,667,500	(409,216)	4,258,284	-	4,258,284
Intermediate sources	1,910,000	1,910,000	(82,022)	1,827,978	-	1,827,978
State sources	65,249,135	65,899,135	(678,504)	65,220,631	-	65,220,631
Federal sources	28,000	28,000	282,562	310,562	-	310,562
Total revenues	128,858,612	130,808,612	492,453	131,301,065	-	131,301,065
Expenditures						
Current						
Instruction	78,654,161	80,054,161	(1) 1,857	80,052,304	(5,043)	80,047,260
Support services	51,321,186	51,621,186	(1) 1,019	51,620,167	(663,955)	50,956,212
Community services	294,651	394,651	(1) 132,681	261,970	-	261,970
Debt service	704,205	704,205	(1) -	704,205	(704,205)	-
Principal	-	-	-	-	579,391	579,391
Interest	-	-	-	-	124,816	124,816
Capital outlay	-	-	-	-	668,996	668,996
Total expenditures	130,974,203	132,774,203	135,557	132,638,645	-	132,638,645
Revenues over (under) expenditures	(2,115,591)	(1,965,591)	628,009	(1,337,579)	-	(1,337,580)
Other financing sources (uses)						
Transfer from operating sub-fund	2,547,986	2,547,986	-	2,547,986	-	2,547,986
Transfer to other sub-funds	(2,547,986)	(2,547,986)	(1) -	(2,547,986)	-	(2,547,986)
Transfer from special revenue fund	250,000	100,000	(14,582)	85,418	-	85,418
Total other financing sources (uses)	250,000	100,000	(14,582)	85,418	-	85,418
Net change in fund balances	(1,865,591)	(1,865,591)	613,427	(1,252,161)	-	(1,252,162)
Fund balances, beginning of year	9,372,806	9,372,806	2,009,585	11,382,391	-	11,382,391
Fund balances, end of year	\$ 7,507,215	\$ 7,507,215	\$ 2,623,012	\$ 10,130,229	\$ -	\$ 10,130,229

(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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	837,417	837,417	-	837,417
15,000	15,000	(7,476)	7,524	-	7,524
7,830,000	7,830,000	(326,871)	7,503,129	-	7,503,129
-	-	100,976	100,976	-	100,976
729,000	729,000	(236,412)	492,588	(2)	492,588
13,000,000	13,000,000	395,930	13,395,931	-	13,395,931
21,574,000	21,574,000	763,564	22,337,565	-	22,337,565
10,527,000	11,127,000	(1) 479,326	10,647,674	(27,866)	10,619,808
4,537,000	4,237,000	(1) 293,740	3,943,260	(4,583)	3,938,676
7,416,000	7,266,000	(1) 56,129	7,209,871	-	7,209,871
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	32,449	32,449
22,480,000	22,630,000	829,196	21,800,804	-	21,800,804
(906,000)	(1,056,000)	1,592,761	536,761	-	536,761
-	-	-	-	-	-
(250,000)	(100,000)	14,582	(85,418)	-	(85,418)
-	-	-	-	-	-
(250,000)	(100,000)	(1) 14,582	(85,418)	-	(85,418)
(1,156,000)	(1,156,000)	1,607,343	451,343	-	451,343
4,050,000	4,050,000	409,979	4,459,979	-	4,459,979
\$ 2,894,000	\$ 2,894,000	\$ 2,017,322	\$ 4,911,322	\$ -	\$ 4,911,322

(1) Appropriation level

(2) Included in this State Revenue is the required match of \$53,585 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, 2014, with Comparative Data

	<u>Totals</u>	
	<u>2014</u>	<u>2013</u>
Assets		
Cash and investments	<u>\$ 37,244</u>	<u>\$ 36,596</u>
Liabilities		
Other liabilities	<u>-</u>	<u>-</u>
Net Position, June 30	<u><u>\$ 37,244</u></u>	<u><u>\$ 36,596</u></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, 2014, with Comparative Data

	Totals	
	2014	2013
Additions:		
Donations	\$ 1,646	\$ 1,245
Investment earnings	<u>102</u>	<u>110</u>
Total revenues	1,748	1,355
Deductions:		
Scholarships	<u>1,100</u>	<u>500</u>
Change in net position	648	855
Net Position, July 1	<u>36,596</u>	<u>35,741</u>
Net Position, June 30	<u><u>\$ 37,244</u></u>	<u><u>\$ 36,596</u></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, 2014**

I. Summary of significant accounting policies

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

A. Reporting entity

Administrative School District No. 1, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 and provides education services to children from grades K-12 located in Bend and La Pine and surrounding areas. The District has five high schools, five middle schools, and seventeen elementary schools with an approximate total enrollment of 17,100 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, 2014

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, 2014**

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 unearned 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, 2014.

**Administrative School District No. 1
Deschutes County, Oregon
Notes To Financial Statements
June 30, 2014**

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, 2014**

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 is closed to new retirees effective 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.

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 are deferred and amortized over the life of the bonds using the straight-line method. Beginning with 2013-14, per new requirements in GASB 65, bond issuance costs are recognized when incurred and not deferred. 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, 2014**

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, 2014**

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, 2014, the expenditures did not exceed appropriations in all funds.

III. Detailed notes on all funds

A. Deposits and investments

Deposits

At June 30, 2014 the District held cash of \$32,410,797 with a bank balance of \$33,381,314. 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, 2014

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, 2014 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	\$ 45,616,511	\$ 45,616,511	\$ -
Certificates of Deposit	N/A	5,014,228	3,000	5,011,228
Farmer Mac Disc Note	AAA	4,995,236	4,995,236	-
Federal Agricultural Mortgage Corp	AAA	4,830,016	4,830,016	-
Private Export Funding Corporation	AAA	1,249,295	1,249,295	-
Federal Farm Credit Bank Bonds	AAA	499,051	-	499,051
Federal Farm Credit Bank Bonds	AAA	203,547	-	203,547
Federal Home Loan Bank Bonds	AAA	5,134,872	-	5,134,872
Federal Home Loan Mortgage Bonds	AAA	5,005,953	-	5,005,953
Federal Home Loan Bank Bonds	AAA	676,227	-	676,227
United States Treasury Note	AA+	1,493,521	-	1,493,521
Federal Farm Credit Bank Bonds	AAA	1,427,249	-	1,427,249
Private Export Funding Corporation	AAA	1,400,828	-	1,400,828
Total		<u>\$ 77,546,536</u>	<u>\$ 56,694,059</u>	<u>\$ 20,852,477</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, 2014 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, 2014 the District’s investment holdings meet the requirement of this policy.

Administrative School District No. 1
Deschutes County, Oregon
Notes To Financial Statements
June 30, 2014

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	62,532,822	19,037,207
Farm land and open space taxes	109,234	33,100
Other adjustments	32,985	10,010
Truncation gain	687	827
Loss to compression	(2,035,589)	-
Levy as extended on tax rolls	<u>60,640,139</u>	<u>19,081,144</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, 2014:

	<u>Amount</u>
Grants	\$ 2,944,106
Common school fund	705,236
Other	<u>767,778</u>
Total	<u>\$ 4,417,120</u>

D. Capital assets

Capital asset activity for the year-ended June 30, 2014 was as follows:

	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Capital assets not being depreciated				
Land	\$ 28,801,796	\$ 3,449,378	\$ -	\$ 32,251,174
Construction in progress	<u>1,096,980</u>	<u>8,637,448</u>	<u>-</u>	<u>9,734,428</u>
Total non-depreciable assets	29,898,776	12,086,826	-	41,985,602
Capital assets being depreciated:				
Buildings and improvements	284,989,017	1,272,727	-	286,261,744
Site improvements	19,540,130	132,660	-	19,672,790
Vehicles and equipment	<u>22,517,077</u>	<u>816,250</u>	<u>-</u>	<u>23,333,327</u>
Total depreciable assets	327,046,224	2,221,637	-	329,267,861
Less accumulated depreciation for:				
Buildings and improvements	(84,981,398)	(6,285,974)	-	(91,267,372)
Site improvements	(4,061,717)	(665,120)	-	(4,726,837)
Vehicles and equipment	<u>(14,006,855)</u>	<u>(1,503,870)</u>	<u>-</u>	<u>(15,510,725)</u>
Total accumulated depreciation	<u>(103,049,970)</u>	<u>(8,454,964)</u>	<u>-</u>	<u>(111,504,934)</u>
Total depreciable assets, net	<u>223,996,254</u>	<u>(6,233,327)</u>	<u>-</u>	<u>217,762,927</u>
Total capital assets, net	<u>\$ 253,895,030</u>	<u>\$ 5,853,499</u>	<u>\$ -</u>	<u>\$ 259,748,529</u>

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

<u>Program</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Total</u>
Regular Instruction	\$ 6,036,341	\$ 624,204	\$ 295,732	\$ 6,956,277
Business Services	239,849	40,916	1,125,067	1,405,832
Food Services	8,999	-	78,586	87,585
Central Activities	785	-	4,485	5,270
	<u>\$ 6,285,974</u>	<u>\$ 665,120</u>	<u>\$ 1,503,870</u>	<u>\$ 8,454,964</u>

E. Long-term liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

<u>Issue Date:</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
July 15, 2002	3.0-5.5%	\$ 10,215,000	\$ 1,200,000	\$ -	\$ 1,200,000	\$ -	\$ -
October 31, 2002	2.06-6.1%	40,926,719	38,415,290	626,109	1,425,000	37,616,399	1,590,000
April 21, 2003	1.5-6.27%	25,316,993	25,766,586	744,713	1,235,000	25,276,299	1,340,000
February 19, 2004	3.25-5.528%	5,930,000	5,540,000	-	135,000	5,405,000	160,000
March 15, 2005	3.0-5.0%	63,045,000	16,265,000	-	7,370,000	8,895,000	6,140,000
June 20, 2007	4.0-5.0%	119,000,000	31,200,000	-	1,800,000	29,400,000	5,365,000
March 20, 2011	2.0-4.0%	7,585,000	6,285,000	-	605,000	5,680,000	595,000
January 30, 2012	2.75%	2,840,000	2,840,000	-	-	2,840,000	-
March 7, 2013	2-5%	81,050,000	80,090,000	-	-	80,090,000	-
August 14, 2013	4-5%	91,825,000	-	91,825,000	-	91,825,000	-
Premiums on Bonds			15,022,927	4,732,033	1,822,305	17,932,655	-
Total Bonds Payable			<u>222,624,803</u>	<u>97,927,855</u>	<u>15,592,305</u>	<u>304,960,353</u>	<u>15,190,000</u>
June 15, 2009	4.00%	2,900,000	1,875,683	-	282,476	1,593,207	293,896
July 1, 2012	1.99%	3,200,000	2,855,861	-	296,916	2,558,945	298,055
Total Long-Term Loans			<u>4,731,544</u>	<u>-</u>	<u>579,392</u>	<u>4,152,152</u>	<u>591,951</u>
Other Post-Employment Benefits			<u>4,524,672</u>	<u>1,301,565</u>	<u>889,109</u>	<u>4,937,128</u>	<u>-</u>
Early Retirement			<u>3,238,738</u>	<u>263,151</u>	<u>886,114</u>	<u>2,615,773</u>	<u>754,109</u>
Total Long-Term Liabilities			<u>\$ 235,119,757</u>	<u>\$ 99,492,571</u>	<u>\$ 17,946,920</u>	<u>\$ 316,665,406</u>	<u>\$ 16,536,060</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, 2014, the District's net bonded debt is \$961,432,594 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

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Obligation Bonds. This refinancing will save approximately \$3.8 million over the life of the debt. In August 2013, we issued \$91 million in general obligation bonds to fund new construction and capital improvements.

Future maturities to service the general obligation bonds outstanding as of June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 11,505,000	\$ 9,199,063	\$ 20,704,063
2016	12,725,000	8,662,463	21,387,463
2017	14,065,000	8,036,213	22,101,213
2018	15,235,000	7,353,613	22,588,613
2019	16,815,000	6,743,913	23,558,913
2020-2024	64,925,000	24,477,113	89,402,113
2025-2029	48,910,000	11,365,863	60,275,863
2030-2033	26,030,000	2,106,384	28,136,384
	<u>\$ 210,210,000</u>	<u>\$ 77,944,625</u>	<u>\$ 288,154,625</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, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	3,587,826	3,433,696	7,021,522
2020-2024	27,520,358	13,467,826	40,988,184
2025-2028	<u>30,420,000</u>	<u>4,012,534</u>	<u>34,432,534</u>
	<u>\$ 71,137,698</u>	<u>\$ 36,152,868</u>	<u>\$ 107,290,566</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
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	570,000	133,800	703,800
2020-2024	<u>2,775,000</u>	<u>331,000</u>	<u>3,106,000</u>
	<u>\$ 5,680,000</u>	<u>\$ 1,223,375</u>	<u>\$ 6,903,375</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, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	667,116	37,090	704,206
2020-2023	<u>1,007,597</u>	<u>40,739</u>	<u>1,048,336</u>
	<u>\$ 4,152,152</u>	<u>\$ 417,212</u>	<u>\$ 4,569,364</u>

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Leases

The District leases facilities and equipment under non-cancelable operating leases. Total costs for such leases were \$250,554 for the year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2015	159,016
2016	98,183
2017	99,731
2018	101,819
2019	104,372
2020-2023	<u>420,023</u>
Total	<u>\$ 983,144</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	\$ 85,418	\$ -
Special Revenue Fund	<u>-</u>	<u>85,418</u>
Total	<u>\$ 85,418</u>	<u>\$ 85,418</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, 2014	June 30, 2013
Nonspendable:						
Inventory	\$ 103,984	\$ 366,398	\$ -	\$ -	\$ 470,382	\$ 518,190
Prepaid items	753,110	-	-	-	753,110	54,662
Restricted for:						
Capital projects	-	-	-	84,830,871	84,830,871	955,131
Debt service	-	-	2,783,953	-	2,783,953	3,701,248
Federal and state grants	-	1,783,219	-	-	1,783,219	1,666,160
Transportation equipment	310,970	-	-	-	310,970	312,240
Energy efficiency program	-	873,655	-	-	873,655	689,817
Assigned to:						
Appropriated fund balance	971,780	-	-	-	971,780	1,865,591
Athletics	188,779	-	-	-	188,779	103,111
Early retirement funding	-	189,195	-	-	189,195	162,313
Facility grant	-	-	-	-	-	50,206
Facility usage	127,100	-	-	-	127,100	297,617
Instructional materials	30,483	-	-	-	30,483	144,423
Insurance reserve	291,918	-	-	-	291,918	434,163
Kindergarten academic enrichment	-	20,556	-	-	20,556	59,952
Maintenance replacement	420,654	-	-	-	420,654	342,284
Print shop equipment	232,017	-	-	-	232,017	272,475
Student activities	-	1,678,299	-	-	1,678,299	1,425,752
Teacher exchange program	-	-	-	-	-	-
Technology	1,366,499	-	-	-	1,366,499	1,494,644
Unassigned:	<u>5,332,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,332,936</u>	<u>5,948,769</u>
	<u>\$ 10,130,229</u>	<u>\$ 4,911,322</u>	<u>\$ 2,783,953</u>	<u>\$ 84,830,871</u>	<u>\$ 102,656,375</u>	<u>\$ 20,498,749</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 \$886,116 and covered 205 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	Amount
June 30,	
2015	\$ 754,109
2016	568,740
2017	444,502
2018	333,999
2019	215,293
2020-2024	297,589
2025	1,541
	<u>\$ 2,615,773</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, 2014 was 13.65% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2014 was 11.65%. 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, 2014, 2013, and 2012 were \$9,674,212, \$7,580,587, and \$7,459,712, 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, 2014, 2013, and 2012 of \$4,543,774, \$4,266,694, and \$4,148,656, 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, 2014 of \$11,721,744. Annual amortization is being calculated on a straight-line basis over the life of the pension obligation bonds.

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' 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, 2014, 2013, and 2012, 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		
	2014	2013	2012
Normal cost at year end	\$ 689,831	\$ 688,954	\$ 629,212
Amortization of UAAL	681,436	680,559	602,991
	<u>\$ 1,371,266</u>	<u>\$ 1,369,513</u>	<u>\$ 1,232,203</u>

Determination of Net OPEB Obligation

Annual required contribution (ARC)	\$ 1,389,930	\$ 1,389,930	\$ 1,232,203
Interest on Net OPEB Obligation	135,740	121,535	132,840
Adjustment to ARC for Net OPEB Obligation	(224,105)	(200,652)	(202,384)
Annual OPEB cost	<u>1,301,565</u>	<u>1,310,813</u>	<u>1,162,659</u>
Expected contributions	<u>(889,109)</u>	<u>(837,310)</u>	<u>(906,920)</u>
Increase in net OPEB obligation	412,456	473,503	255,739
Net OPEB obligation, beginning of fiscal year	<u>4,524,672</u>	<u>4,051,169</u>	<u>3,795,430</u>
Net OPEB obligation, end of fiscal year	<u>\$ 4,937,128</u>	<u>\$ 4,524,672</u>	<u>\$ 4,051,169</u>

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

Fiscal Year	Annual OPEB cost	Percentage of Annual OPEB	
		Cost Contributed	Net OPEB 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
2014	1,301,565	68.45%	4,937,128

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

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

The key actuarial assumptions used in the valuation as of June 30, 2014 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, 2014, the AAL for benefits was \$13,877,918, and the actuarial value of assets was \$0, resulting in an unfunded AAL of \$13,877,918. 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, 2014 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.

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June 30, 2014

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 2013-14 that were unpaid as of June 30, 2014. The estimate was calculated based on district experience and actual claims paid after June 30, 2014. A reconciliation of the claims liability is as follows:

Unemployment:

	Year Ending June 30	
	2014	2013
Beginning balance	\$ 59,646	\$ 104,720
Claims incurred	61,767	80,443
Claims paid	(89,383)	(125,517)
Ending balance	<u>\$ 32,030</u>	<u>\$ 59,646</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 2013-14 that were unpaid as of June 30, 2014. The liability was calculated using actual claims settled and paid after June 30, 2014. A reconciliation of the claims liability is as follows:

	Year Ending June 30	
	2014	2013
Beginning balance	\$ 209,312	\$ 166,863
Claims incurred	151,484	42,449
Claims paid	-	-
Ending balance	<u>\$ 360,796</u>	<u>\$ 209,312</u>

F. Commitments and contingencies

As of June 30, 2014, the District has 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.

**Administrative School District No. 1
Deschutes County, Oregon
Notes To Financial Statements
June 30, 2014**

Accordingly, management does not anticipate any material adverse consequences arising from such actions.

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

In August 2013, the District sold \$91 million general obligation bonds. The District started construction of two new schools and other construction projects throughout the district. These projects will be completed over the next three 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, 2014

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%
6/30/2014	\$ -	13,877,918	13,877,918	0.0%	70,869,788	19.6%

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 August 2013, we sold \$91 million general obligation bonds. We started construction of two new schools and other construction projects throughout the district. These projects will be completed over the next three years.

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, 2014, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
Assets				
Cash and investments	\$ 18,391,335	\$ 188,779	\$ 30,483	\$ 310,970
Receivables				
Property taxes	2,498,421	-	-	-
Accounts and other receivables	867,781	-	-	-
Prepaid items	753,110	-	-	-
Inventories	25,943	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 22,536,590</u>	<u>\$ 188,779</u>	<u>\$ 30,483</u>	<u>\$ 310,970</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and interest payable	\$ 4,175,392	\$ -	\$ -	\$ -
Accrued payroll and related charges	9,395,887	-	-	-
Retainage	-	-	-	-
Deferred Inflows of Resources	1,881,543	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>15,452,822</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	779,053	-	-	-
Restricted	-	-	-	310,970
Assigned	971,780	188,779	30,483	-
Unassigned	5,332,935	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>7,083,768</u>	<u>188,779</u>	<u>30,483</u>	<u>310,970</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 22,536,590</u>	<u>\$ 188,779</u>	<u>\$ 30,483</u>	<u>\$ 310,970</u>

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2014	2013
\$ 230,804	\$ 99,827	\$ 1,366,499	\$ 420,654	\$ 291,918	\$ 21,331,269	\$ 20,138,391
-	-	-	-	-	2,498,421	2,840,089
1,213	27,273	-	-	-	896,267	881,930
-	-	-	-	-	753,110	54,662
78,041	-	-	-	-	103,984	112,412
<u>\$ 310,059</u>	<u>\$ 127,100</u>	<u>\$ 1,366,499</u>	<u>\$ 420,654</u>	<u>\$ 291,918</u>	<u>\$ 25,583,051</u>	<u>\$ 24,027,484</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,175,392	\$ 1,780,541
-	-	-	-	-	9,395,887	8,622,418
-	-	-	-	-	-	5,957
-	-	-	-	-	1,881,543	2,236,177
-	-	-	-	-	15,452,822	12,645,093
78,041	-	-	-	-	857,094	167,074
-	-	-	-	-	310,970	312,240
232,018	127,100	1,366,499	420,654	291,918	3,629,230	4,954,308
-	-	-	-	-	5,332,935	5,948,769
<u>310,059</u>	<u>127,100</u>	<u>1,366,499</u>	<u>420,654</u>	<u>291,918</u>	<u>10,130,229</u>	<u>11,382,391</u>
<u>\$ 310,059</u>	<u>\$ 127,100</u>	<u>\$ 1,366,499</u>	<u>\$ 420,654</u>	<u>\$ 291,918</u>	<u>\$ 25,583,051</u>	<u>\$ 24,027,484</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, 2014, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
Revenues				
Property taxes	\$ 59,554,611	\$ -	\$ -	\$ -
Tuition	4,750	-	-	-
Investment earnings	122,896	-	-	250
Other local sources	2,127,255	438,506	-	-
Intermediate sources	1,827,978	-	-	-
State sources	64,550,278	-	-	670,353
Federal sources	310,562	-	-	-
	<u>128,498,330</u>	<u>438,506</u>	<u>-</u>	<u>670,603</u>
Total revenues	128,498,330	438,506	-	670,603
Expenditures				
Current				
Instruction	76,891,776	1,747,304	938,940	-
Support services	49,438,471	257,020	-	-
Community services	124,729	-	-	-
Debt service				
Principal	-	-	-	579,391
Interest	-	-	-	124,816
Capital outlay	318,859	-	-	39,167
	<u>126,773,835</u>	<u>2,004,324</u>	<u>938,940</u>	<u>743,374</u>
Total expenditures	126,773,835	2,004,324	938,940	743,374
Revenues over (under) expenditures	1,724,495	(1,565,818)	(938,940)	(72,771)
Other financing sources (uses)				
Proceeds from lease financing	-	-	-	-
Transfers	(2,547,986)	1,651,486	825,000	71,500
	<u>(2,547,986)</u>	<u>1,651,486</u>	<u>825,000</u>	<u>71,500</u>
Total other financing sources (uses)	(2,547,986)	1,651,486	825,000	71,500
Net change in fund balances	(823,491)	85,668	(113,940)	(1,271)
Fund balances, beginning of year	7,907,261	103,111	144,423	312,240
Fund balances, end of year	\$ 7,083,770	\$ 188,779	\$ 30,483	\$ 310,969

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2014	2013
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,554,611	\$ 57,164,594
-	-	-	-	-	4,750	2,450
-	-	-	-	1,103	124,249	158,471
963,137	358,020	328,353	2,000	41,013	4,258,284	3,713,107
-	-	-	-	-	1,827,978	1,410,932
-	-	-	-	-	65,220,631	55,243,793
-	-	-	-	-	310,562	302,223
963,137	358,020	328,353	2,000	42,116	131,301,065	117,995,570
-	4,599	456,498	-	8,143	80,047,260	71,864,405
999,727	80,727	-	9,049	171,218	50,956,212	47,441,843
-	137,241	-	-	-	261,970	246,459
-	-	-	-	-	579,391	615,637
-	-	-	-	-	124,816	88,568
-	305,970	-	-	5,000	668,996	3,870,799
999,727	528,538	456,498	9,049	184,361	132,638,645	124,127,711
(36,590)	(170,517)	(128,145)	(7,049)	(142,245)	(1,337,580)	(6,132,141)
-	-	-	-	-	-	3,200,000
-	-	-	85,418	-	85,418	350,000
-	-	-	85,418	-	85,418	3,550,000
(36,590)	(170,517)	(128,145)	78,369	(142,245)	(1,252,162)	(2,582,141)
346,648	297,617	1,494,644	342,284	434,163	11,382,391	13,964,532
<u>\$ 310,058</u>	<u>\$ 127,100</u>	<u>\$ 1,366,499</u>	<u>\$ 420,654</u>	<u>\$ 291,918</u>	<u>\$ 10,130,229</u>	<u>\$ 11,382,391</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, 2014

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 57,220,977	\$ 58,120,977	\$ 1,433,634	\$ 59,554,611	\$ -	\$ 59,554,611
Tuition	-	-	4,750	4,750	-	4,750
Investment earnings	180,000	180,000	(57,104)	122,896	-	122,896
Other Local sources	1,812,500	2,112,500	14,755	2,127,255	-	2,127,255
Intermediate sources	1,910,000	1,910,000	(82,022)	1,827,978	-	1,827,978
State sources	64,555,135	65,205,135	(654,857)	64,550,278	-	64,550,278
Federal sources	28,000	28,000	282,562	310,562	-	310,562
Total revenues	125,706,612	127,556,612	941,718	128,498,330	-	128,498,330
Expenditures						
Current						
Instruction	75,387,640	76,787,640	(109,155)	76,896,795	(5,019)	76,891,776
Support services	48,671,221	49,121,221	(631,090)	49,752,311	(313,840)	49,438,471
Community services	127,967	127,967	3,238	124,729	-	124,729
Capital outlay	-	-	-	-	318,859	318,859
Total expenditures	124,186,828	126,036,828	(737,007)	126,773,835	-	126,773,835
Revenues over (under) expenditures	1,519,784	1,519,784	204,711	1,724,495	-	1,724,495
Other financing sources (uses)						
Transfers	(2,547,986)	(2,547,986)	-	(2,547,986)	-	(2,547,986)
Net change in fund balances	(1,028,202)	(1,028,202)	204,711	(823,491)	-	(823,491)
Fund balances, beginning of year	7,000,000	7,000,000	907,262	7,907,261	-	7,907,261
Fund balances, end of year	\$ 5,971,798	\$ 5,971,798	\$ 1,111,973	\$ 7,083,770	\$ -	\$ 7,083,770

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, 2014

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 420,000	\$ 420,000	\$ 18,506	\$ 438,506	\$ -	\$ 438,506
Expenditures						
Current						
Instruction	1,695,492	1,695,492	(51,812)	1,747,304	-	1,747,304
Support services	375,994	375,994	118,974	257,020	-	257,020
Total expenditures	<u>2,071,486</u>	<u>2,071,486</u>	<u>67,162</u>	<u>2,004,324</u>	<u>-</u>	<u>2,004,324</u>
Revenues over (under) expenditures	(1,651,486)	(1,651,486)	85,668	(1,565,818)	-	(1,565,818)
Other financing sources						
Transfers	<u>1,651,486</u>	<u>1,651,486</u>	<u>-</u>	<u>1,651,486</u>	<u>-</u>	<u>1,651,486</u>
Net change in fund balances	-	-	85,668	85,668	-	85,668
Fund balances, beginning of year	<u>40,000</u>	<u>40,000</u>	<u>63,111</u>	<u>103,111</u>	<u>-</u>	<u>103,111</u>
Fund balances, end of year	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 148,779</u>	<u>\$ 188,779</u>	<u>\$ -</u>	<u>\$ 188,779</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, 2014

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Expenditures						
Current						
Instruction	\$ 845,000	\$ 845,000	\$ (93,940)	\$ 938,940	\$ -	\$ 938,940
Revenues over (under) expenditures	(845,000)	(845,000)	(93,940)	(938,940)	-	(938,940)
Other financing sources						
Transfers	825,000	825,000	-	825,000	-	825,000
Net change in fund balances	(20,000)	(20,000)	(93,940)	(113,940)	-	(113,940)
Fund balances, beginning of year	20,000	20,000	124,423	144,423	-	144,423
Fund balances, end of year	\$ -	\$ -	\$ 30,483	\$ 30,483	\$ -	\$ 30,483

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, 2014

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 250	\$ 250	\$ -	\$ 250
State sources	694,000	694,000	(23,647)	670,353	-	670,353
Total revenues	694,000	694,000	(23,397)	670,603	-	670,603
Expenditures						
Current						
Support services	-	-	(39,167)	39,167	(39,167)	-
Debt service	704,206	704,206	-	704,206	(704,206)	-
Principal	-	-	-	-	579,391	579,391
Interest	-	-	-	-	124,816	124,816
Capital Outlay	-	-	-	-	39,167	39,167
Total expenditures	704,206	704,206	(39,167)	743,373	-	743,373
Revenues over (under) expenditures	(10,206)	(10,206)	15,770	(72,771)	-	(72,771)
Other financing sources (uses)						
Proceeds from lease financing	-	-	-	-	-	-
Transfers	71,500	71,500	-	71,500	-	71,500
Total other financing sources	71,500	71,500	(23,397)	71,500	-	71,500
Net change in fund balance	61,294	61,294	(7,627)	(1,271)	-	(1,271)
Fund balances, beginning of year	257,806	257,806	54,434	312,240	-	312,240
Fund balances, end of year	\$ 319,100	\$ 319,100	\$ 46,807	\$ 310,969	\$ -	\$ 310,969

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, 2014

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 1,040,000	\$ 1,040,000	\$ (76,863)	\$ 963,137	\$ -	\$ 963,137
Expenditures						
Current						
Support services	1,137,000	1,137,000	137,273	999,727	-	999,727
Net change in fund balance	(97,000)	(97,000)	60,410	(36,590)	-	(36,590)
Fund balances, beginning of year	300,000	300,000	46,648	346,648	-	346,648
Fund balances, end of year	\$ 203,000	\$ 203,000	\$ 107,058	\$ 310,058	\$ -	\$ 310,058

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, 2014

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 395,000	\$ 495,000	\$ (136,980)	\$ 358,020	\$ -	\$ 358,020
Expenditures						
Current						
Instruction	50,000	50,000	45,401	4,599	-	4,599
Support services	160,000	160,000	(226,698)	386,698	(305,970)	80,727
Community services	166,684	266,684	129,443	137,241	-	137,241
Capital outlay	-	-	-	-	305,970	305,970
Total expenditures	376,684	476,684	(51,854)	528,538	-	528,538
Net change in fund balance	18,316	18,316	(188,833)	(170,517)	-	(170,517)
Fund balances, beginning of year	180,000	180,000	117,617	297,617	-	297,617
Fund balances, end of year	\$ 198,316	\$ 198,316	\$ (71,216)	\$ 127,100	\$ -	\$ 127,100

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, 2014

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 350,000	\$ 350,000	\$ (21,647)	\$ 328,353	\$ -	\$ 328,353
Expenditures						
Current						
Instruction	676,029	676,029	219,531	456,498	-	456,498
Support services	373,971	373,971	373,971	-	-	-
Total expenditures	373,971	373,971	373,971	456,498	-	456,498
Net change in fund balance	(23,971)	(23,971)	(104,174)	(128,145)	-	(128,145)
Fund balances, beginning of year	1,000,000	1,000,000	494,644	1,494,644	-	1,494,644
Fund balances, end of year	\$ 976,029	\$ 976,029	\$ 390,470	\$ 1,366,499	\$ -	\$ 1,366,499

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, 2014

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 50,000	\$ 50,000	\$ (48,000)	\$ 2,000	\$ -	\$ 2,000
Expenditures						
Current						
Support services	400,000	250,000	240,951	9,049	-	9,049
Revenues over (under) expenditures	(350,000)	(200,000)	192,951	(7,049)	-	(7,049)
Other financing sources						
Transfers	250,000	100,000	(14,582)	85,418	-	85,418
Net change in fund balance	(100,000)	(100,000)	178,369	78,369	-	78,369
Fund balances, beginning of year	300,000	300,000	42,284	342,284	-	342,284
Fund balances, end of year	\$ 200,000	\$ 200,000	\$ 220,654	\$ 420,654	\$ -	\$ 420,654

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, 2014

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 3,000	\$ 3,000	\$ (1,897)	\$ 1,103	\$ -	\$ 1,103
Other local sources	200,000	200,000	(158,987)	41,013	-	41,013
Total Revenues	203,000	203,000	(160,884)	42,116	-	42,116
Expenditures						
Current						
Instruction	-	-	(8,143)	8,143	-	8,143
Support services	203,000	203,000	26,782	176,218	(5,000)	171,218
Capital outlay	-	-	-	-	5,000	5,000
Total Expenditures	203,000	203,000	18,639	184,361	-	184,361
Net change in fund balance	-	-	(142,245)	(142,245)	-	(142,245)
Fund balances, beginning of year	275,000	275,000	159,163	434,163	-	434,163
Fund balances, end of year	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 159,163</u>	<u>\$ 291,918</u>	<u>\$ -</u>	<u>\$ 291,918</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, 2014

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 19,070,250	\$ 19,070,250	\$ (279,228)	\$ 18,791,022	\$ -	\$ 18,791,022
Investment earnings	30,000	30,000	9,727	39,727	-	39,727
Other Local sources	-	-	505,632	505,632	-	505,632
Intermediate sources	-	-	-	-	-	-
State sources	<u>5,450,485</u>	<u>5,450,485</u>	<u>4,855</u>	<u>5,455,340</u>	<u>-</u>	<u>5,455,340</u>
Total revenues	24,550,735	24,550,735	240,986	24,791,721	-	24,791,721
Expenditures						
Current:						
Support Services	3,000	3,000	(1) 2,350	650	-	650
Debt service	25,902,185	25,902,185	(1) 193,819	25,708,366	(25,708,366)	-
Principal	-	-	-	-	12,564,262	12,564,262
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,144,104</u>	<u>13,144,104</u>
Total expenditures	<u>25,905,185</u>	<u>25,905,185</u>	<u>196,168</u>	<u>25,709,016</u>	<u>-</u>	<u>25,709,016</u>
Net change in fund balance	(1,354,450)	(1,354,450)	437,153	(917,295)	-	(917,295)
Fund balances, beginning of year	<u>2,112,000</u>	<u>2,112,000</u>	<u>1,589,248</u>	<u>3,701,248</u>	<u>-</u>	<u>3,701,248</u>
Fund balances, end of year	<u>\$ 757,550</u>	<u>\$ 757,550</u>	<u>\$ 2,026,401</u>	<u>\$ 2,783,953</u>	<u>\$ -</u>	<u>\$ 2,783,953</u>

(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, 2014

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 1,000,500	\$ 1,000,500	\$ (33,732)	\$ 966,768	\$ -	\$ 966,768
Other Local sources	-	-	2,439	2,439	-	2,439
Total revenues	1,000,500	1,000,500	(31,293)	969,207	-	969,207
Expenditures						
Current						
Facilities acquisition and construction	13,650,500	13,650,500	(1) -	13,650,500	(12,559,184)	1,091,316
Capital outlay	-	-	-	-	12,559,184	12,559,184
Total expenditures	13,650,500	13,650,500	-	13,650,500	-	13,650,500
Revenues over (under) expenditures	(12,650,000)	(12,650,000)	(31,293)	(12,681,293)	-	(12,681,293)
Other Financing Uses						
General obligation bonds issued	96,000,000	96,000,000	4,175,000	91,825,000	-	91,825,000
Premium on general obligation bonds	-	-	(4,732,033)	4,732,033	-	4,732,033
Total other financing uses	96,000,000	96,000,000	(557,033)	96,557,033	-	96,557,033
Net change in fund balance	83,350,000	83,350,000	(588,326)	83,875,740	-	83,875,740
Fund balances, beginning of year	750,000	750,000	205,131	955,131	-	955,131
Fund balances, end of year	<u>\$ 84,100,000</u>	<u>\$ 84,100,000</u>	<u>\$ (383,195)</u>	<u>\$ 84,830,871</u>	<u>\$ -</u>	<u>\$ 84,830,871</u>

(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, 2014

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 5,000	\$ 5,000	\$ (4,898)	\$ 102	\$ -	\$ 102
Donations	-	-	1,646	1,646	-	1,646
Total revenues	5,000	5,000	(3,252)	1,748	-	1,748
Expenditures						
Current						
Enterprise and community	5,000	5,000	(1) 3,900	1,100	-	1,100
Net change in fund balance	-	-	648	648	-	648
Fund balances, beginning of year	35,000	35,000	1,596	36,596	-	36,596
Fund balances, end of year	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 2,244</u>	<u>\$ 37,244</u>	<u>\$ -</u>	<u>\$ 37,244</u>

(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, 2014

	<u>Tax Year</u>	<u>Current Levy and Uncollected July 1, 2013</u>	<u>Discounts and adjustments</u>	<u>Interest</u>	<u>Collections</u>	<u>Uncollected June 30, 2014</u>
<u>General Fund:</u>						
Current	2013-14	\$ 60,640,139	\$ 1,699,207	\$ 30,503	\$ 57,795,713	\$ 1,175,722
Prior	2012-2013	1,361,335	56,942	60,533	857,845	507,081
	2011-2012	645,472	3,769	75,802	426,015	291,489
	2010-2011	392,248	4,949	98,848	385,848	100,299
	2009-2010	138,184	5,978	43,166	144,632	30,740
	2008 and prior	<u>64,699</u>	<u>8,389</u>	<u>15,231</u>	<u>37,860</u>	<u>33,680</u>
Total Prior		<u>2,601,937</u>	<u>80,026</u>	<u>293,580</u>	<u>1,852,200</u>	<u>963,289</u>
Total General Fund		<u>\$ 63,242,077</u>	<u>\$ 1,779,233</u>	<u>\$ 324,082</u>	<u>\$ 59,647,913</u>	<u>\$ 2,139,012</u>
	July 2014 collections					<u>359,409</u>
	Total uncollected					<u>\$ 2,498,421</u>
Reconciliation to revenue:						
	Cash collections by county treasurer above				\$ 59,647,913	
	Additional collections for closed urban renewal					
	Land sales				15,006	
	Less taxes accrued June 30, 2013:				(365,698)	
	Add taxes accrued June 30, 2014:					
	Current year			133,956		
	Prior year			<u>123,433</u>	<u>257,389</u>	
	Total revenues - modified accrual basis				<u>\$ 59,554,611</u>	

Administrative School District No. 1
 Deschutes County, Oregon
 Schedule of Property Tax Transactions - Debt Service Fund
 Year Ended June 30, 2014

	Tax Year	Current Levy and Uncollected July 1, 2013	Discounts and adjustments	Interest	Collections	Uncollected June 30, 2014
<u>Debt Service Fund</u>						
Current	2013-14	\$ 19,081,144	\$ 534,676	\$ 9,598	\$ 18,186,111	\$ 369,955
Prior	2012-2013	437,970	18,303	19,475	275,986	163,156
	2011-2012	223,010	1,320	26,190	147,188	100,691
	2010-2011	152,418	1,923	38,410	149,932	38,973
	2009-2010	51,148	2,224	15,978	53,535	11,367
	2008 and prior	21,547	2,811	5,185	12,821	11,100
Total Prior		<u>886,093</u>	<u>26,580</u>	<u>105,237</u>	<u>639,462</u>	<u>325,288</u>
Total Debt Service Fund		<u>\$ 19,967,237</u>	<u>\$ 561,256</u>	<u>\$ 114,835</u>	<u>\$ 18,825,573</u>	<u>\$ 695,243</u>
	July 2014 collections					<u>112,884</u>
	Total uncollected					<u>\$ 808,127</u>
Reconciliation to revenue:						
	Cash collections by county treasurer above				\$ 18,825,573	
	Additional collections for closed urban renew al					
	Land sales				4,722	
	Less taxes accrued June 30, 2013:				(125,938)	
	Add taxes accrued June 30, 2014:					
	Current year			42,151		
	Prior year			44,513	86,664	
Total revenues					<u>\$ 18,791,022</u>	

**Administrative School District No. 1
Deschutes County, Oregon
Schedule Of Expenditures Of Federal Awards
For the Fiscal Year Ended June 30, 2014**

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	1,103,467 (1)
	National School Lunch Program	10.555	902001	2,829,513 (1)
	Child and Adult Care Food Program	10.558	902001	207,719
	Summer Food Service Program for Children	10.559	902001	137,603 (1)
	Fresh Fruit and Vegetable Program	10.582	902001	<u>108,128</u>
	Subtotal Passed Through Oregon Department of Education			4,386,430
Direct Programs:				
	Schools and Roads - Grants to Counties	10.666		283,955
	HealthierUS School Challenge	10.587		<u>17,500</u>
	Total U.S. Department of Agriculture			<u>4,687,885</u>
<u>U.S. Department of Education</u>				
Passed through Oregon Department of Education:				
	Title I Grants to Local Education Agencies	84.010	25171	49,094
		84.010	25203	844,866
		84.010	25627	1,977
		84.010	26876	17,294
		84.010	26877	12,090
		84.010	22572	2,982,300
		84.010	27245	2,500
		84.010	28335	<u>67,104</u>
				3,977,225
	Project School Emergency Response to Violence	84.184S		12,683
	Special Education - Grants to States	84.027	24936	6,300
		84.027	26415	13,614
		84.027	26638	2,503,710
		84.027	25686	7,313
		84.027	30073	1,204
	Special Education - Preschool Grants	84.173	24149&	
			26222	17,284
	Special Education - Grants to States	84.027	26000	<u>7,136</u>
				2,556,561 (1)
	Improving Teacher Quality State Grants	84.367	25425	28,346
		84.367	22754	<u>456,473</u>
				484,819
	English Language Acquisition State Grants	84.365	25107	68,936
	ARRA Early Childhood matters	93.708	27419	1,500
	School Improvement Grants	94.377	24901	90,157

(1) Major program

**Administrative School District No. 1
Deschutes County, Oregon
Schedule Of Expenditures Of Federal Awards
For the Fiscal Year Ended June 30, 2014**

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	5,452
Subtotal Passed Through Oregon Department of Education				7,197,333
Passed Through Oregon University System:				
	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		37,964
	College Access Challenge Grant Program	84.378		299
Subtotal Passed Through Oregon University System				38,263
Passed Through High Desert ESD:				
	Career and Technical Education - Basic Grants to States	84.048		39,932
	Education for Homeless Children and Youth	84.196		11,608
Subtotal Passed Through High Desert ESD				51,540
Passed Through Chalkboard Project:				
	Teacher Incentive Fund	84.385A		1,577,118
Subtotal Passed Through Chalkboard Project				1,577,118
Passed Through US Forest Service:				
	Wetlands Reserve Program	10.072		10,137
	Forest Legacy Program	10.676		3,541
Subtotal Passed Through US Forest Service				13,678
Direct Programs:				
	National Junior ROTC	12.000		84,483
	National Junior ROTC	12.000		11,933
Total U.S. Department of Education				8,974,348
<u>U.S. Department of Health and Human Services</u>				
Passed through Oregon Employment Department:				
	Child Care and Development Block Grant	93.575		26,607
Total U.S. Department of Education				26,607
Total Federal Financial Assistance				13,688,840
<u>U.S. Department of Agriculture</u>				
Passed through Oregon Department of Education:				
	Commodities from Private Schools	n/a	902001	17,653
Grand Total Federal Financial Assistance				13,706,493

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

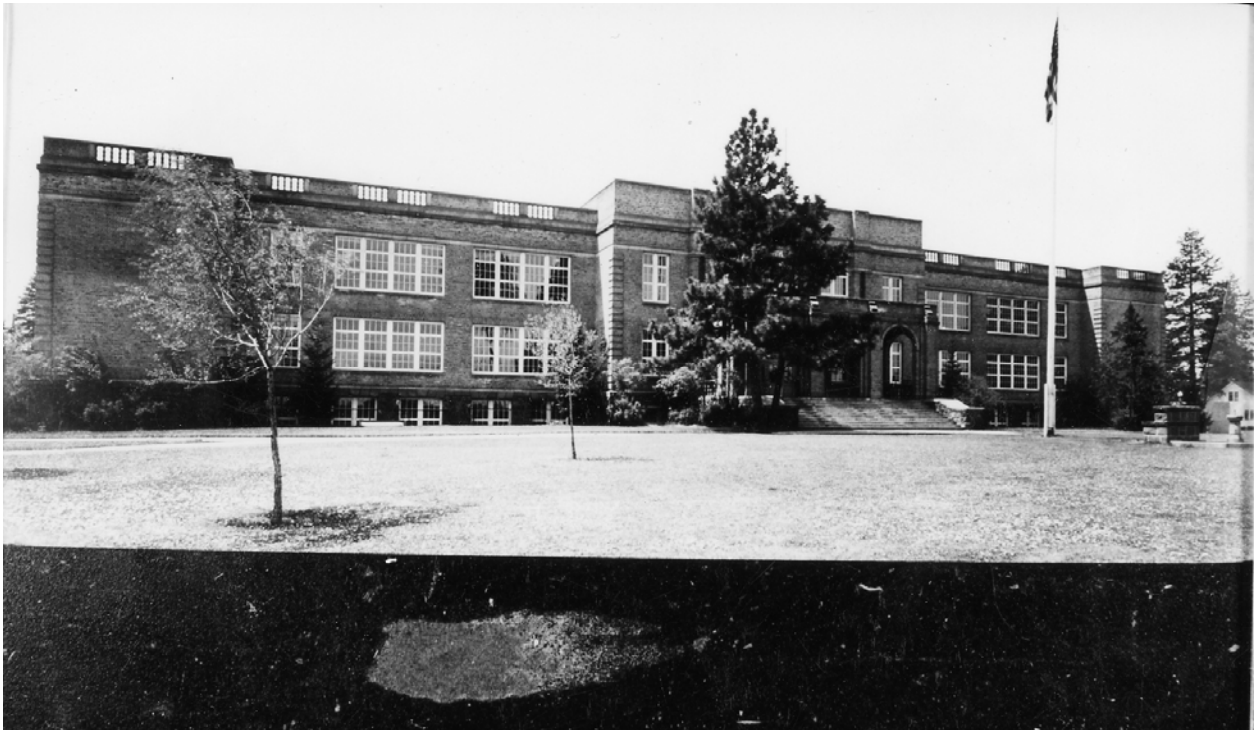
Administrative School District No. 1
 Deschutes County, Oregon
 Schedule of Future Debt Service by Issue - Bond Principal and Interest
 June 30, 2014

Year of Maturity	October 31, 2002		April 21, 2003		February 19, 2004		March 1, 2005		June 20, 2007		
	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 27,278,377	\$ 1,590,000	\$ 1,536,139	\$ 1,340,000	\$ 760,237	\$ 160,000	\$ 293,539	\$ 6,140,000	\$ 444,750	\$ 5,365,000	\$ 1,400,700
2016	28,228,075	1,760,000	1,536,139	1,445,000	760,237	190,000	285,662	2,755,000	137,750	9,970,000	1,171,100
2017	29,216,807	1,935,000	1,536,139	1,555,000	760,237	215,000	276,118			14,065,000	682,600
2018	29,999,992	2,120,000	1,536,139	1,670,000	760,237	250,000	265,104				
2019	31,284,235	2,315,000	1,536,139	1,795,000	760,237	285,000	252,046				
2020	24,310,814	2,515,000	1,536,139	1,920,000	760,237	320,000	236,876				
2021	25,296,521	-	1,536,139	2,050,000	760,237	365,000	219,682				
2022	26,802,827	3,095,000	1,536,139	2,185,000	760,237	410,000	199,888				
2023	27,950,831	3,495,000	1,366,533	2,330,000	760,237	455,000	177,449				
2024	29,135,303	3,925,000	1,174,658	2,480,000	760,237	510,000	152,296				
2025	28,334,844	4,390,000	956,820	2,775,000	621,108	565,000	124,104				
2026	19,580,596	4,890,000	713,175	3,095,000	463,488	625,000	92,870				
2027	20,460,255	5,430,000	441,780	3,435,000	287,692	690,000	58,320				
2028	15,328,839	2,530,000	140,415	1,630,000	92,584	365,000	20,177				
2029	11,003,863										
2030	11,476,388										
2031	11,971,725										
2032	2,713,225										
2033	1,975,050										
	<u>\$ 402,348,566</u>	<u>\$ 39,990,000</u>	<u>\$ 17,082,493</u>	<u>\$ 29,705,000</u>	<u>\$ 9,067,242</u>	<u>\$ 5,405,000</u>	<u>\$ 2,654,131</u>	<u>\$ 8,895,000</u>	<u>\$ 582,500</u>	<u>\$ 29,400,000</u>	<u>\$ 3,254,400</u>

March 20, 2011		January 30, 2012		March 7, 2013		August 14, 2013	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 595,000	\$ 221,300	\$ -	\$ 78,100	\$ -	\$ 3,399,300	\$ -	\$ 3,954,313
585,000	200,475	-	78,100	-	3,399,300	-	3,954,313
580,000	180,000	-	78,100	-	3,399,300	-	3,954,313
575,000	156,800	-	78,100	8,485,000	3,399,300	6,750,000	3,954,313
570,000	133,800	-	78,100	9,315,000	3,059,600	7,500,000	3,684,313
565,000	111,000	-	78,100	10,290,000	2,594,150	-	3,384,313
560,000	88,400	2,840,000	78,100	11,335,000	2,079,650	-	3,384,313
555,000	66,000	-	-	12,335,000	1,626,250	650,000	3,384,313
550,000	43,800	-	-	13,530,000	1,009,500	875,000	3,358,313
545,000	21,800	-	-	14,800,000	333,000	1,110,000	3,323,313
						15,635,000	3,267,813
						7,215,000	2,486,063
						7,920,000	2,197,463
						8,670,000	1,880,663
						9,470,000	1,533,863
						10,345,000	1,131,388
						11,280,000	691,725
						2,515,000	198,225
						1,890,000	85,050
\$ 5,680,000	\$ 1,223,375	\$ 2,840,000	\$ 546,700	\$ 80,090,000	\$ 24,299,350	\$ 91,825,000	\$ 49,808,375

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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 Capacity80-82

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

Debt Capacity83-87

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.

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Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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

	Fiscal Year			
	2005*	2006*	2007	2008
Governmental activities				
Net Investment in Capital Assets	\$ 42,204	\$ 54,018	\$ 61,745	\$ 70,806
Restricted	3,521	4,033	5,019	10,808
Unrestricted	<u>3,151</u>	<u>114</u>	<u>2,658</u>	<u>1,513</u>
Total governmental activities net position	<u>\$ 48,876</u>	<u>\$ 58,165</u>	<u>\$ 69,422</u>	<u>\$ 83,127</u>

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 75,762	\$87,553	\$ 96,467	\$ 106,451	\$ 99,681	\$103,831
12,380	9,902	8,996	6,050	7,685	8,568
<u>2,497</u>	<u>1,773</u>	<u>3,149</u>	<u>1,857</u>	<u>(3,640)</u>	<u>(5,756)</u>
<u>\$ 90,639</u>	<u>\$99,228</u>	<u>\$108,612</u>	<u>\$ 114,358</u>	<u>\$ 103,726</u>	<u>\$ 106,643</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			
	2005*	2006*	2007	2008
Governmental activities				
Regular instruction	\$ 44,867	\$ 49,966	\$ 58,094	\$ 62,788
Special programs including summer school	17,409	18,883	19,348	21,262
Students	5,872	6,168	6,881	8,227
Instructional staff	2,980	3,005	3,407	3,768
General administration	570	627	660	618
School administration	6,607	7,291	7,862	8,357
Business, transportation and maintenance	17,146	17,968	18,074	20,289
Central activities	3,177	3,946	4,350	4,668
Supplemental retirement program	401	2,279	2,352	2,459
Food services	3,899	4,252	4,533	4,814
Other enterprise and community services	155	179	206	456
Interest on long-term liabilities	7,345	9,052	8,705	13,222
Total governmental activities	<u>110,428</u>	<u>123,616</u>	<u>134,472</u>	<u>150,928</u>
Program revenues				
Governmental activities				
Charges for services				
Regular instruction	3,485	3,658	3,834	3,540
Special programs including summer school	96	132	104	-
Business, transportation and maintenance	616	784	1,014	1,122
Food services	1,694	1,798	1,867	1,833
Other enterprise and community services	218	254	314	353
Operating grants and contributions	10,296	12,304	11,740	14,053
Capital grants and contributions	406	300	268	4,152
Total governmental activities program revenues	<u>16,811</u>	<u>19,230</u>	<u>19,141</u>	<u>25,053</u>
Total governmental net expense	<u>(93,617)</u>	<u>(104,386)</u>	<u>(115,331)</u>	<u>(125,875)</u>
General revenues and other changes in net position				
Governmental activities				
Property taxes levied for:				
General purposes	39,287	43,169	47,278	50,844
Debt service	14,002	14,987	16,179	16,730
Federal aid not restricted to specific purposes	659	673	682	678
State aid not restricted to specific purposes	42,450	48,118	55,956	58,754
Intermediate aid not restricted to specific purposes	983	1,345	1,467	1,990
Earnings on investments	863	1,584	2,151	7,802
Other local revenue	1,204	3,703	2,875	2,782
Total governmental activities	<u>99,448</u>	<u>113,579</u>	<u>126,588</u>	<u>139,580</u>
Change in net position				
Governmental activities	<u>\$ 5,831</u>	<u>\$ 9,193</u>	<u>\$ 11,257</u>	<u>\$ 13,705</u>

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

Fiscal Year						
	2009	2010	2011	2012	2013	2014
\$	64,627	\$ 60,911	\$ 62,037	\$ 62,873	\$ 65,480	\$72,461
	22,407	22,741	23,071	23,295	24,177	25,089
	9,298	9,457	9,463	9,834	10,256	10,541
	4,286	4,428	4,222	4,743	5,004	5,800
	577	610	625	673	655	661
	8,768	8,356	8,615	8,703	9,002	9,765
	21,119	19,907	20,659	20,837	21,944	22,667
	5,133	5,016	4,832	5,465	4,634	4,941
	2,504	2,618	2,592	2,571	2,527	2,493
	4,923	4,840	5,225	5,626	5,560	5,764
	643	651	686	783	1,252	1,525
	<u>13,066</u>	<u>13,004</u>	<u>12,340</u>	<u>11,659</u>	<u>22,465</u>	<u>12,975</u>
	<u>158,570</u>	<u>152,539</u>	<u>154,367</u>	<u>157,062</u>	<u>172,956</u>	<u>174,682</u>
	3,437	3,519	3,272	3,289	3,447	3,588
	-	-	-	-	-	-
	1,069	796	767	755	819	977
	1,661	1,477	1,358	1,340	1,369	1,401
	274	264	234	254	316	353
	22,008	20,906	20,650	20,398	17,267	17,538
	446	488	489	429	707	670
	<u>28,895</u>	<u>27,450</u>	<u>26,770</u>	<u>26,465</u>	<u>23,925</u>	<u>24,527</u>
	<u>(129,675)</u>	<u>(125,089)</u>	<u>(127,597)</u>	<u>(130,597)</u>	<u>(149,031)</u>	<u>(150,155)</u>
	54,576	56,571	56,293	55,824	55,777	59,048
	17,813	20,806	21,857	19,292	18,498	18,791
	610	547	2,165	293	286	284
	57,735	50,449	51,280	56,639	59,337	69,610
	2,062	1,865	1,699	1,492	1,411	1,828
	2,355	631	315	274	208	1,138
	2,037	2,809	3,372	2,528	2,882	2,373
	<u>137,188</u>	<u>133,678</u>	<u>136,981</u>	<u>136,342</u>	<u>138,399</u>	<u>153,072</u>
\$	<u>7,513</u>	<u>\$ 8,589</u>	<u>\$ 9,384</u>	<u>\$ 5,745</u>	<u>\$ (10,632)</u>	<u>\$ 2,917</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			
	2005	2006	2007	2008
General fund				
Reserved	\$ 200	\$ 92	\$ 53	\$ 73
Unreserved	2,847	6,062	8,276	7,121
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>3,047</u>	<u>6,154</u>	<u>8,329</u>	<u>7,194</u>
All other governmental funds				
Reserved	1,968	1,983	5,585	1,752
Unreserved, reported in:				
Special revenue fund	2,577	3,102	3,546	3,618
Capital project fund	6,389	2,153	116,583	77,233
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>\$ 10,934</u>	<u>\$ 7,238</u>	<u>\$ 125,714</u>	<u>\$ 82,603</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					
2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
146	225	198	202	167	857
2,426	420	343	206	312	311
9,989	7,847	8,676	8,466	4,954	3,629
<u>1,504</u>	<u>4,499</u>	<u>4,863</u>	<u>5,091</u>	<u>5,949</u>	<u>5,332</u>
<u>14,065</u>	<u>12,991</u>	<u>14,080</u>	<u>13,965</u>	<u>11,382</u>	<u>10,130</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
348	378	432	416	406	366
1,073	1,408	1,523	2,250	2,356	2,657
367	1,575	2,476	1,756	3,701	2,784
44,752	17,218	3,594	1,188	955	84,831
<u>1,244</u>	<u>2,406</u>	<u>2,645</u>	<u>2,601</u>	<u>1,698</u>	<u>1,888</u>
<u>\$ 47,784</u>	<u>\$ 22,985</u>	<u>\$ 10,670</u>	<u>\$ 8,211</u>	<u>\$ 9,116</u>	<u>\$ 92,526</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		
	2005	2006	2007
Revenues			
Property taxes	\$ 53,413	\$ 58,385	\$ 62,894
Tuition	102	143	251
Revenue from local governments	-	-	-
Investment earnings	863	1,531	2,151
Other Local sources (including indirect cost allocation)	8,854	11,224	11,209
Intermediate sources	985	2,270	1,602
State sources	43,071	49,359	56,903
Federal sources	9,962	10,835	10,448
Total revenues	<u>117,250</u>	<u>133,747</u>	<u>145,458</u>
Expenditures			
Current			
Instruction	58,061	64,931	73,309
Support services (including indirect cost allocation)	36,701	39,852	42,956
Community services (including indirect cost allocation)	158	180	4,641
Nutrition Services (including indirect cost allocation)	3,963	4,288	-
Debt service:			
Principal	10,507	11,819	15,537
Interest	7,404	7,754	7,227
Capital outlay	8,614	6,027	6,155
PERS UAL payment	-	-	-
Total expenditures	<u>125,408</u>	<u>134,851</u>	<u>149,825</u>
Revenues over (under) expenditures	(8,158)	(1,104)	(4,367)
Other Financing Sources (Uses)			
Refunding bonds issued	63,045	-	-
Payment to refunded bond escrow agent	(67,744)	-	-
Premium on bonds issued	5,073	53	3,769
General obligation bonds issued	-	-	119,000
Sale of capital assets	-	462	-
Lease purchase / long term loan proceeds	-	-	2,250
Total Other Financing Sources (uses)	<u>374</u>	<u>515</u>	<u>125,019</u>
Net change in fund balances	<u>\$ (7,784)</u>	<u>\$ (589)</u>	<u>\$ 120,652</u>
Ratio of total debt service to noncapital expenditures	18%	18%	16%

Note: The figures in this chart include all funds presented on page 17 of the basic financial statements.
The Community Services line includes Nutrition Services expenditures beginning in 2007.

Fiscal year						
2008	2009	2010	2011	2012	2013	2014
\$ 66,235	\$ 70,667	\$ 77,167	\$ 78,352	\$ 76,013	\$ 75,662	\$78,346
149	153	472	542	636	731	842
3,819	-	-	-	-	-	-
7,802	2,355	631	315	274	208	1,138
10,679	10,691	11,363	10,682	11,538	11,321	12,269
1,991	2,095	1,932	1,699	1,597	1,525	1,929
62,930	64,123	52,536	54,051	61,067	60,668	71,169
10,009	14,626	17,231	18,783	13,677	14,749	13,706
<u>163,614</u>	<u>164,710</u>	<u>161,331</u>	<u>164,424</u>	<u>164,802</u>	<u>164,864</u>	<u>179,399</u>
79,793	80,991	76,830	78,506	79,519	82,921	90,667
47,030	49,243	48,899	49,029	51,236	51,678	54,895
5,150	5,396	5,381	5,952	6,581	6,987	7,472
-	-	-	-	-	-	-
12,418	11,301	13,864	15,778	18,004	13,588	13,143
12,214	11,942	12,225	11,787	11,023	24,360	13,269
51,256	45,784	30,004	14,767	3,855	4,611	14,352
-	-	-	-	-	-	-
<u>207,860</u>	<u>204,657</u>	<u>187,204</u>	<u>175,819</u>	<u>170,218</u>	<u>184,145</u>	<u>193,798</u>
(44,247)	(39,947)	(25,873)	(11,395)	(5,416)	(19,281)	(14,399)
-	-	-	7,585	2,840	-	91,825
-	-	-	(7,868)	-	-	-
-	-	-	452	-	14,404	4,732
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	12,000	-	-	-	3,200	-
-	<u>12,000</u>	-	<u>169</u>	<u>2,840</u>	<u>17,604</u>	<u>96,557</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>	<u>\$ 82,158</u>
16%	15%	17%	17%	17%	21%	15%

**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)**

Fiscal Year Ended June 30,	Real Property		Personal Property		Manufactured Homes	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2014	\$17,812,786	\$21,290,547	\$372,149	\$372,148	\$47,241	\$50,377
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

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
\$411,711	\$455,805	\$36,566	\$18,637,322	\$22,132,314	2.7919-6.2769	84.374%
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%

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

Fiscal Year Ended June 30,	Administrative School District No. 1	Deschutes County	High Desert ESD	City of Bend	Central Oregon Community College	Bend Parks & Recreation	City of La Pine	La Pine Park & Recreation	Sunriver Service District	LaPine RFPD	Sunriver Library CSD	Total
2014	\$6.20	\$4.96	\$0.10	\$3.03	\$0.75	\$1.67	\$1.93	\$0.30	\$3.31	\$2.37	\$0.05	\$24.67
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

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	2014				2005			
		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	\$ 84,889,000	\$ 1,257,051	1	0.46%	\$42,421,000	\$ 579,367	3	0.33%
Gas Transmission NW Corp.	Natural Gas Utility	70,935,300	862,245	2	0.32%	76,547,101	880,926	2	0.50%
Cascade Natural Gas Corp.	Natural Gas Utility	49,808,590	741,146	3	0.27%	32,122,580	464,460	6	0.26%
Bend Cable Communications	Cable Company	49,126,000	731,945	4	0.27%	n/a			
Touchmark at Mount Bachelor Village, LLC	Resort Retirement Community	48,272,780	570,468	5	0.18%	n/a			
CVSC LLC	Shopping Center	35,345,300	520,845	6	0.21%	n/a			
Deschutes Brewery Inc.	Restaurant	34,460,330	499,522	7	0.19%	21,700,976	327,161	10	
Century Link	Cable Company	33,839,770	482,606	8	0.18%	n/a			
Suterria LLC	Biorational Company	33,784,850	446,477	9	0.16%	n/a			
Wal-Mart Stores Inc	Retail Company	30,989,825	440,601	10	0.16%	n/a			
Sunriver Resort Limited Partnership	Real Estate Development					32,984,210	438,624	7	0.25%
Quest Corporation	Telephone Company					100,061,100	1,407,614	1	0.80%
Eagle Crest Inc	Destination Resort	-	-			38,353,238	526,075	5	0.30%
Mt Bachelor	Ski Resort	-	-			34,127,074	390,188	8	0.22%
High Desert Dev Co LLC	Real Estate Development	-	-			39,334,527	542,175	4	0.31%
Bend Millwork Systems	Manufacturing	-	-			22,037,480	333,002	9	0.19%
		<u>\$ 471,451,745</u>	<u>\$ 6,552,906</u>		<u>2.39%</u>		<u>\$ 5,889,592</u>		<u>3.17%</u>

Source:

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

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

Collected within the Fiscal Year of the Levy	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 79,721,283	\$ 76,157,930	95.5%		\$ 76,157,930	95.5%
2013	76,044,654	72,106,750	94.8%	947,513	73,054,263	96.1%
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%

Source:

Levy information was obtained from Deschutes County

**Administrative District No. 1
Deschutes County, Oregon
Computation of Direct and Overlapping Debt
June 30, 2014**

Jurisdiction	Gross Bonded Debt Outstanding	Percentage Applicable to ASD No. 1	Amount Applicable to ASD No. 1
Bend Juniper Ridge Urban Renewal Agency	\$ 3,529,048	100.00%	\$ 3,529,048
Bend Metro Park & Rec District	32,870,000	100.00%	32,870,000
Central Oregon Community College	73,982,912	59.71%	44,173,569
City of Bend	80,693,391	100.00%	80,693,391
City of La Pine	475,000	100.00%	475,000
Deschutes County	76,941,441	71.79%	55,239,492
Deschutes Cty RFPD 2 (Bend)	1,440,000	73.17%	1,053,667
Deschutes Public Library District	905,000	71.79%	649,738
High Desert ESD	10,460,030	65.61%	6,862,826
La Pine Parks & Recreation District	470,000	100.00%	470,000
LaPine Special Sewer District	126,340	100.00%	126,340
Lazy River Special Road District	15,000	100.00%	15,000
Sunriver Library District	175,000	100.00%	<u>175,000</u>
Subtotal, overlapping debt			226,333,071
Administrative School Dist No. 1 direct debt			<u>210,210,000</u>
Total direct and overlapping debt			<u><u>\$ 436,543,071</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
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Total	Percentage of	
	General Obligation Bonds	Full Faith & Credit Obligations	Loans	Capital Leases		Personal Income	Per Capita
2014	\$210,210,000	\$76,817,698	\$4,152,152	\$ -	\$291,179,850	N/A	\$1,792
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

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:	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Real market value	\$ 16,076,707	\$15,123,058	\$15,382,464	\$16,728,771	\$23,471,846
Debt limit = Real market value X .0795 =	1,278,098	1,202,283	1,222,906	1,329,937	1,866,012
Computation of debt margin:					
Total General obligation bonds	128,755	128,755	139,585	152,475	166,015
Less assets available in debt service fund	<u>(2,783)</u>	<u>(3,701)</u>	<u>(1,756)</u>	<u>(2,476)</u>	<u>(1,575)</u>
Total amount of debt subject to debt limit	<u>125,972</u>	<u>125,054</u>	<u>137,829</u>	<u>149,999</u>	<u>164,440</u>
Legal debt margin	<u>\$ 1,152,126</u>	<u>\$ 1,077,229</u>	<u>\$ 1,085,077</u>	<u>\$ 1,179,938</u>	<u>\$ 1,701,571</u>
Ratio of legal debt margin to the debt limit	90%	90%	89%	89%	91%

Source:

Debt limitation formula has been obtained from Oregon Revised Statutes 328.245 (1), (2).
Real market value was obtained from Deschutes County

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$26,716,128	\$26,299,093	\$20,269,952	\$14,833,121	\$ 12,534,806
2,123,932	2,090,778	1,611,461	1,179,233	996,517
177,755	187,880	199,230	92,410	111,615
<u>(367)</u>	<u>(1,428)</u>	<u>(5,192)</u>	<u>(1,873)</u>	<u>(1,860)</u>
<u>177,388</u>	<u>186,452</u>	<u>194,038</u>	<u>90,537</u>	<u>109,755</u>
<u>\$ 1,946,544</u>	<u>\$ 1,904,326</u>	<u>\$ 1,417,423</u>	<u>\$ 1,088,696</u>	<u>\$ 886,762</u>
92%	91%	88%	92%	89%

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

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Gross Bonded</u> <u>Debt</u>	<u>Debt Service</u> <u>Fund Balance</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net</u> <u>Bonded Debt to</u> <u>Real Market</u> <u>Value</u>	<u>Net Bonded</u> <u>Debt Per</u> <u>Capita</u>
2014	\$210,210,000	\$2,783,953	\$207,426,047	0.94%	\$1,276
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

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
2014	162,525	8.1%	Not Available	Not Available	77,925	16,051	\$ 10,775
2013	160,140	10.8%	Not Available	Not Available	80,505	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

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	<u>2014</u>			<u>2005</u>		
	Employees	Rank	Percentage of Total County Employees	Employees	Rank	Percentage of Total County Employees
St Charles Medical Center	2,740	1	3.91%	2,337	1	3.31%
Administrative School District No. 1	1,690	2	2.41%	1,130	2	2.29%
Deschutes County	1,050	3	1.50%	721	5	1.05%
Sunriver Resort	900	4	1.29%	870	3	1.30%
Mt Bachelor	756	5	1.08%	750	4	1.19%
Redmond School District	754	6	1.08%	623	9	0.92%
IBEX (formerly TRG Solutions & ISKY)	700	7	1.00%	625	8	1.04%
Walmart	686	8	0.98%			
Central Oregon Community College	650	9	0.93%			
Bright Wood Corporation	646	10	0.92%			
T-Mobile				674	6	0.98%
Beaver Motor Coaches				654	7	0.89%
Pozzi Windows				470	10	0.70%
	<u>10,572</u>		<u>15.10%</u>	<u>8,854</u>		<u>13.67%</u>

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function:					
Regular instruction	570.59	602.33	639.80	687.54	695.60
Special programs including summer school	282.90	279.08	294.11	310.15	300.97
Student services	96.44	90.16	100.10	113.55	119.38
Instructional staff	30.22	29.48	36.83	37.03	38.81
General administration	2.00	2.00	2.00	2.00	2.00
School administration	100.71	100.10	105.82	105.76	105.53
Business, transportation and maintenance	198.92	206.75	208.84	211.91	211.59
Central activities	33.40	30.95	33.81	36.43	36.15
Food services	55.72	54.76	55.93	59.33	59.06
Other enterprise and community services	0.61	1.00	0.78	7.27	10.49
Facilities acquisition and construction	<u>2.25</u>	<u>2.00</u>	<u>7.20</u>	<u>7.20</u>	<u>7.20</u>
Total	<u>1,373.76</u>	<u>1,398.61</u>	<u>1,485.22</u>	<u>1,578.17</u>	<u>1,586.78</u>

Source

Information was obtained from District's payroll records

Note:

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
639.05	630.59	618.49	623.15	661.80
304.61	304.18	285.02	285.22	285.56
125.62	122.78	119.06	122.17	120.27
41.42	40.52	40.26	42.08	48.25
2.23	2.23	2.23	2.00	2.00
104.36	107.14	105.30	105.99	111.14
216.63	218.19	202.56	206.52	210.97
34.03	32.66	32.52	31.11	31.26
57.65	62.99	65.53	64.12	63.65
10.05	10.60	10.89	12.60	13.53
6.45	4.20	2.70	2.50	3.80
<u>1,542.10</u>	<u>1,536.08</u>	<u>1,484.57</u>	<u>1,497.46</u>	<u>1,552.23</u>

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

	2005	2006	2007	2008	2009
Function:					
Instruction					
Enrollment	14,065	14,648	15,077	15,607	15,951
Transportation					
Number of busses	112	113	116	116	117
Miles driven per year	1,494,549	1,545,026	1,639,986	1,696,668	1,753,574
Cost per mile	3.52	3.47	3.60	3.89	3.91
Students transported to school daily	7,028	7,033	7,170	7,255	7,563
Food services					
Free lunch participants	3,927	3,956	3,889	4,156	4,398
Reduced lunch participants	1,135	1,133	1,288	1,265	1,267
Percent free/reduced of total enrollment	36%	35%	34%	35%	36%

Source

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

Enrollment is as of October 1 of each fiscal year

2010	2011	2012	2013	2014
15,834	16,161	16,300	16,600	16,863
118	121	133	133	133
1,705,606	1,716,585	1,535,703	1,636,654	1,679,498
3.92	3.95	4.40	4.06	4.31
6,648	6,824	5,221	5,232	5,361
5,876	6,184	6,504	6,427	6,404
1,162	990	1,117	1,021	992
44%	44%	47%	45%	44%

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function:				
Instruction				
Number of elementary schools	14	14	14	14
Number of middle schools	5	5	5	5
Number of high schools schools	5	5	5	5
Elementary school enrollment	6,247	6,586	6,734	7,085
Middle school enrollment	3,139	3,115	3,294	3,344
High school enrollment	4,679	4,947	5,049	5,178
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

2009	2010	2011	2012	2013	2014
15	16	17	17	17	17
5	5	5	5	5	5
5	5	5	5	5	5
7,004	6,967	7,214	7,301	7,522	7,719
3,637	3,640	3,679	3,669	3,713	3,785
5,300	5,227	5,268	5,330	5,365	5,359
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, 2014**

<u>Building</u>	<u>Enrollment</u>	Capacity without modular classrooms	Percent of Capacity	Year of Building Construction
Elementary Schools:				
Amity Creek	173	150	115%	1948
Bear Creek	681	600	114%	1963
Buckingham	485	600	81%	1980
Ensworth	235	300	78%	2005
Elk Meadow	510	600	85%	1993
Highland	394	375	105%	1918
High Lakes	638	600	106%	2000
Jewell	618	600	103%	1974
Juniper	618	560	110%	1965
LaPine	428	600	71%	1993
Lava Ridge	571	600	95%	1994
Pine Ridge	629	600	105%	2004
Ponderosa	575	600	96%	2008
Rosland	159	300	53%	2010
Westside Village (K-8)	279	382	73%	1949
William E Miller	586	600	98%	2009
Three Rivers (K-8)	<u>341</u>	<u>450</u>	<u>76%</u>	1989
Total	7,920	8,517	93%	
Middle Schools:				
Cascade	892	800	112%	1978
High Desert	778	800	97%	1993
Pilot Butte	665	825	81%	1967
LaPine	308	550	56%	1978
Skyview	<u>795</u>	<u>800</u>	<u>99%</u>	2000
Total	3,438	3,775	91%	
High Schools:				
Bend	1,659	1,550	107%	1956
LaPine	456	550	83%	1961
Marshall	164	200	82%	1948
Mountain View	1,328	1,500	89%	1978
Summit	<u>1,450</u>	<u>1,500</u>	<u>97%</u>	2000
Total	5,057	5,300	95%	

Note:

Enrollment is as of October 1, 2014

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 2013-14

STEP	A	B	C	D	E	F	G	H	I
	BA	BA+15	BA+30	BA+45	BA+60	BA+75/MA	BA+90/MA+15	BA+105/MA+30	BA+120/MA+45
0	1.000 \$34,118 1.41 Total \$ \$47,979	1.0250 \$34,971 1.00 Total \$ \$34,971	1.0500 \$35,824 0.00 Total \$ \$0	1.0750 \$36,677 0.00 Total \$ \$0	1.1000 \$37,530 0.00 Total \$ \$0	1.1250 \$38,383 18.94 Total \$ \$727,118	1.1500 \$39,236 0.60 Total \$ \$23,542	1.1750 \$40,089 0.00 Total \$ \$0	1.2000 \$40,942 2.20 Total \$ \$90,072
1	1.041 \$35,517 3.00 Total \$ \$106,551	1.0664 \$36,384 0.75 Total \$ \$27,288	1.0914 \$37,236 0.00 Total \$ \$0	1.1167 \$38,100 0.00 Total \$ \$0	1.1420 \$38,963 0.00 Total \$ \$0	1.1706 \$39,939 19.58 Total \$ \$782,125	1.1961 \$40,809 3.18 Total \$ \$129,773	1.2248 \$41,788 0.00 Total \$ \$0	1.2510 \$42,681 1.00 Total \$ \$42,681
2	1.082 \$36,916 1.00 Total \$ \$36,916	1.1078 \$37,796 0.00 Total \$ \$0	1.1328 \$38,649 0.00 Total \$ \$0	1.1584 \$39,522 0.00 Total \$ \$0	1.1840 \$40,396 0.00 Total \$ \$0	1.2162 \$41,494 22.27 Total \$ \$923,947	1.2422 \$42,381 2.50 Total \$ \$105,953	1.2746 \$43,487 0.00 Total \$ \$0	1.3020 \$44,422 2.67 Total \$ \$118,473
3	1.123 \$38,315 0.00 Total \$ \$0	1.1492 \$39,208 1.00 Total \$ \$39,208	1.1742 \$40,061 0.50 Total \$ \$20,031	1.2001 \$40,945 0.85 Total \$ \$34,803	1.2260 \$41,829 0.00 Total \$ \$0	1.2618 \$43,050 20.00 Total \$ \$861,000	1.2883 \$43,954 3.00 Total \$ \$131,862	1.3244 \$45,186 1.60 Total \$ \$72,298	1.3530 \$46,162 2.00 Total \$ \$92,324
4	1.164 \$39,713 2.00 Total \$ \$79,426	1.1906 \$40,620 1.17 Total \$ \$47,404	1.2156 \$41,473 0.83 Total \$ \$34,588	1.2418 \$42,368 0.00 Total \$ \$0	1.2680 \$43,262 1.00 Total \$ \$43,262	1.3074 \$44,606 6.50 Total \$ \$289,939	1.3344 \$45,527 0.00 Total \$ \$0	1.3742 \$46,885 0.00 Total \$ \$0	1.4040 \$47,902 2.00 Total \$ \$95,804
5	1.205 \$41,112 2.00 Total \$ \$82,224	1.2320 \$42,033 1.00 Total \$ \$42,033	1.2570 \$42,886 1.00 Total \$ \$42,886	1.2835 \$43,791 0.00 Total \$ \$0	1.3100 \$44,695 0.00 Total \$ \$0	1.3530 \$46,162 18.25 Total \$ \$842,457	1.3805 \$47,099 5.00 Total \$ \$235,495	1.4240 \$48,584 1.00 Total \$ \$48,584	1.4550 \$49,642 1.67 Total \$ \$82,753
6	1.246 \$42,511 1.00 Total \$ \$42,511	1.2734 \$43,446 1.00 Total \$ \$43,446	1.2984 \$44,299 0.00 Total \$ \$0	1.3252 \$45,213 0.00 Total \$ \$0	1.3520 \$46,127 0.00 Total \$ \$0	1.3986 \$47,717 10.16 Total \$ \$484,662	1.4266 \$48,673 9.40 Total \$ \$457,526	1.4738 \$50,283 4.00 Total \$ \$201,132	1.5060 \$51,382 5.00 Total \$ \$256,910
7	1.287 \$43,910 2.50 Total \$ \$109,775	1.3148 \$44,858 1.00 Total \$ \$44,858	1.3398 \$45,711 0.00 Total \$ \$0	1.3669 \$46,635 1.67 Total \$ \$77,741	1.3940 \$47,561 1.00 Total \$ \$47,561	1.4442 \$49,273 19.00 Total \$ \$936,187	1.4727 \$50,246 7.85 Total \$ \$394,180	1.5236 \$51,982 3.00 Total \$ \$155,946	1.5570 \$53,122 11.40 Total \$ \$605,591
8	1.328 \$45,308 1.00 Total \$ \$45,308	1.3562 \$46,271 3.00 Total \$ \$138,813	1.3812 \$47,124 1.77 Total \$ \$83,221	1.4086 \$48,059 1.67 Total \$ \$80,114	1.4360 \$48,994 0.00 Total \$ \$0	1.4898 \$50,829 14.50 Total \$ \$737,021	1.5188 \$51,819 7.68 Total \$ \$397,711	1.5734 \$53,681 4.80 Total \$ \$257,669	1.6080 \$54,862 3.00 Total \$ \$164,586
9	1.369 \$46,708 0.00 Total \$ \$0	1.3976 \$47,683 1.50 Total \$ \$71,525	1.4226 \$48,536 0.00 Total \$ \$0	1.4503 \$49,481 1.00 Total \$ \$49,481	1.4780 \$50,427 0.00 Total \$ \$0	1.5354 \$52,385 22.00 Total \$ \$1,152,470	1.5649 \$53,391 14.25 Total \$ \$760,822	1.6232 \$55,380 8.50 Total \$ \$470,730	1.6590 \$56,602 12.47 Total \$ \$705,657
10	1.410 \$48,106 5.00 Total \$ \$240,530	1.4390 \$49,096 0.00 Total \$ \$0	1.4640 \$49,949 1.00 Total \$ \$49,949	1.4920 \$50,904 0.00 Total \$ \$0	1.5200 \$51,859 0.00 Total \$ \$0	1.5810 \$53,941 14.44 Total \$ \$778,773	1.6110 \$54,964 11.00 Total \$ \$604,604	1.6730 \$57,080 1.50 Total \$ \$85,620	1.7100 \$58,341 12.27 Total \$ \$715,669
11		1.4804 \$50,508 3.69 Total \$ \$186,526	1.5054 \$51,361 19.75 Total \$ \$1,014,380	1.5337 \$52,327 1.00 Total \$ \$52,327	1.5620 \$53,292 0.00 Total \$ \$0	1.6266 \$55,496 8.50 Total \$ \$471,716	1.6571 \$56,537 7.68 Total \$ \$433,921	1.7228 \$58,779 6.00 Total \$ \$352,674	1.7610 \$60,082 5.00 Total \$ \$300,410
12				1.5754 \$53,750 15.00 Total \$ \$806,250	1.6040 \$54,725 2.00 Total \$ \$109,450	1.6722 \$57,052 4.08 Total \$ \$232,772	1.7032 \$58,110 10.00 Total \$ \$581,100	1.7726 \$60,478 1.00 Total \$ \$60,478	1.8120 \$61,822 9.18 Total \$ \$567,526
13					1.6460 \$56,158 13.40 Total \$ \$752,517	1.7178 \$58,608 9.97 Total \$ \$584,146	1.7493 \$59,683 7.00 Total \$ \$417,781	1.8224 \$62,177 8.25 Total \$ \$512,960	1.8630 \$63,562 18.92 Total \$ \$1,202,402
14						1.7634 \$60,164 69.57 Total \$ \$4,185,429	1.7954 \$61,256 3.67 Total \$ \$224,626	1.8722 \$63,876 3.91 Total \$ \$249,915	1.9140 \$65,302 14.00 Total \$ \$914,228
15							1.8415 \$62,828 36.70 Total \$ \$2,305,788	1.9220 \$65,575 60.93 Total \$ \$3,995,681	1.9650 \$67,042 7.40 Total \$ \$496,312
16									2.0160 \$68,782 135.98 Total \$ \$9,353,114

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

Total Salary 48,228,495.46
Total FTE 855.34
Avg Sal 56,385.17

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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, 2014

	Fund 100	Fund 200	Fund 300
Revenue from Local Sources			
1110 - Current Year's Taxes	\$ 59,554,611	\$ -	\$ 18,791,022
1311 - Tuition From Individuals	-	837,417	-
1330 - Summer Sch Tuition-Individuals	4,750	-	-
1500 - Interest on Investments	124,249	7,524	39,727
1600 - Meal Tickets Sales	-	1,400,563	-
1700 - Extracurricular Activities	443,931	3,111,790	-
1910 - Scheduling Fee	352,595	-	-
1920 - Contributions/Donations	310,394	302,483	-
1960 - Recovery of Pr Yr Expenditures	188,057	-	-
1970 - Services Provided Other Funds	566,488	930,251	-
1980 - Fees Charged to Grants	745,669	-	-
1990 - Miscellaneous	<u>1,650,978</u>	<u>1,758,045</u>	<u>505,632</u>
Total Revenue from Local Sources	63,941,722	8,348,070	19,336,381
Revenue from Intermediate Sources			
2101 - County School Funds	179,352	-	-
2102 - ESD Apportionment	<u>1,648,626</u>	<u>100,976</u>	<u>-</u>
Total Revenue from Intermediate Source	1,827,979	100,976	-
Revenue from State Sources			
3101 - State School Fund	62,690,245	-	5,455,340
3102 - State School Fund-Lunch Match	-	53,585	-
3103 - Common School Fund	1,410,473	-	-
3222 - State School Fund Trans Equip	670,353	-	-
3299 - Other Restricted Grants In Aid	<u>449,560</u>	<u>439,003</u>	<u>-</u>
Total Revenue from State Sources	65,220,630	492,588	5,455,340
Revenue from Federal Sources			
4300 - Restricted Fed Revenue Direct	-	122,777	-
4500 - Restricted Fed Rev Thru State	26,607	13,273,154	-
4801 - Federal Forest Fees	<u>283,955</u>	<u>-</u>	<u>-</u>
Total Revenue from Federal Sources	310,562	13,395,931	-
Revenue from Other Sources			
5100 - Bond Proceeds	-	-	-
5200 - Interfund Transfers	85,418	-	-
5300 - Sale of Fixed Asset	172	-	-
5400 - Reserved Fund Balance	<u>11,382,391</u>	<u>4,459,979</u>	<u>3,701,248</u>
Total Revenue from Other Sources	11,467,982	4,459,979	3,701,248
Total Revenues	<u>\$ 142,768,875</u>	<u>\$ 26,797,544</u>	<u>\$ 28,492,970</u>

	Fund 400	Fund 500	Fund 600	Fund 700	Total
\$	-	\$ -	\$ -	\$ -	\$ 78,345,632
	-	-	-	-	837,417
	-	-	-	-	4,750
	966,768	-	-	102	1,138,369
	-	-	-	-	1,400,563
	-	-	-	-	3,555,721
	-	-	-	-	352,595
	-	-	-	1,646	614,523
	-	-	-	-	188,057
	-	-	-	-	1,496,739
	-	-	-	-	745,669
	2,439	-	-	-	3,917,094
	969,207	-	-	1,748	92,597,129
	-	-	-	-	179,352
	-	-	-	-	1,749,602
	-	-	-	-	1,928,955
	-	-	-	-	68,145,584
	-	-	-	-	53,585
	-	-	-	-	1,410,473
	-	-	-	-	670,353
	-	-	-	-	888,563
	-	-	-	-	71,168,558
	-	-	-	-	122,777
	-	-	-	-	13,299,761
	-	-	-	-	283,955
	-	-	-	-	13,706,492
	96,557,033	-	-	-	96,557,033
	-	-	-	-	85,418
	-	-	-	-	172
	955,131	-	-	36,596	20,535,346
	97,512,164	-	-	36,596	117,177,970
\$	<u>98,481,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,344</u>	<u>\$ 296,579,104</u>

Administrative School District No. 1
 Deschutes County, Oregon
 Schedule of Expenditures (Budgetary Basis) - General Fund
 Year Ended June 30, 2014

	Object 100	Object 200	Object 300
Instruction			
1111 - Primary, K-3 Programs	\$ 17,471,783	\$ 9,086,832	\$ 1,184,641
1113 - Elementary Extracurricular	-	-	-
1121 - Middle School Programs	7,630,587	3,867,127	518,576
1122 - Middle School Extracurricular	309,312	72,296	19,484
1131 - High School Programs	9,403,840	4,704,691	489,514
1132 - High School Extracurricular	1,335,748	345,398	376,518
1210 - Talented and Gifted Programs	233,173	119,389	30,450
1220 - Restrictive Prog Fr Disability	4,146,587	2,531,770	358,933
1250 - Less Restrictive Prog Disabled	2,322,991	1,356,040	165,841
1280 - Alternative Education	1,097,910	581,510	4,755,871
1291 - English Second Language	1,000,079	490,447	61,377
1292 - Teen Parent Programs	169,201	87,744	4,153
1400 - Summer School Programs	<u>40,234</u>	<u>11,158</u>	<u>1,190</u>
Total Instruction	45,161,445	23,254,403	7,966,547
Support Services			
2110 - Attendance and Social Work	72,907	51,079	228,310
2120 - Guidance Services	2,647,800	1,386,102	28,036
2130 - Health Services	824,318	372,030	7,821
2140 - Psychological Services	748,834	373,765	11,477
2150 - Speech Pathology and Audiology	1,404,425	745,780	95,667
2190 - Service Dir, Stu Support Svcs	800,058	436,529	102,586
2210 - Improvement of Instruction Svc	763,096	324,856	88,093
2220 - Educational Media Services	875,347	497,798	22,787
2230 - Assessment and Testing	136,974	62,741	113,824
2240 - Instructional Staff Developmnt	56,809	16,633	385,831
2310 - Board of Education Services	19,036	10,009	213,118
2320 - Executive Administration Svcs	211,285	81,041	26,282
2410 - Office of the Principal Svcs	6,206,767	3,045,065	234,183
2510 - Business Support Services	119,487	56,418	1,396
2520 - Fiscal Services	586,094	313,537	91,409
2540 - Oper/Maint of Plant Services	4,369,668	2,472,623	3,881,857
2550 - Student Transportation Svcs	3,002,781	2,077,254	590,868
2570 - Internal Services	370,372	207,153	298,328
2620 - R&D, Eval, Grant Writing Svcs	55,771	27,031	750
2630 - Information Services	94,685	38,747	24,645
2640 - Staff Services	503,999	533,493	129,320
2660 - Technology Services	<u>1,451,574</u>	<u>661,362</u>	<u>558,136</u>
Total Support Services	25,322,086	13,791,045	7,134,723
Enterprise and Community Services			
3300 - Community Services	<u>179,411</u>	<u>80,074</u>	<u>-</u>
Total Enterprise and Community Services	179,411	80,074	-
Other Uses			
5100 - Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Uses	-	-	-
Total General Fund	<u>\$ 70,662,942</u>	<u>\$ 37,125,522</u>	<u>\$ 15,101,270</u>

	Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$	1,528,434	\$ -	\$ 1,405	\$ -	\$ -	\$ 29,273,094
	3,350	-	-	-	-	3,350
	853,747	-	12,236	-	-	12,882,274
	26,876	-	-	-	-	427,968
	929,187	5,019	20,022	-	-	15,552,273
	135,410	-	12,415	-	-	2,205,489
	1,707	-	-	-	-	384,719
	48,333	-	1,266	-	-	7,086,889
	42,394	-	104	-	-	3,887,370
	33,641	-	60	-	-	6,468,993
	11,374	-	-	-	-	1,563,277
	2,361	-	215	-	-	263,674
	262	-	92	-	-	52,936
	<u>3,617,076</u>	<u>5,019</u>	<u>47,815</u>	<u>-</u>	<u>-</u>	<u>80,052,304</u>
	2,176	-	-	-	-	354,472
	7,649	-	100	-	-	4,069,687
	8,050	-	1,827	-	-	1,214,045
	15,096	-	-	-	-	1,149,171
	24,181	-	5,805	-	-	2,275,858
	10,649	-	824	-	-	1,350,647
	13,425	-	79	-	-	1,189,549
	227,365	-	635	-	-	1,623,933
	9,932	-	-	-	-	323,472
	19,434	-	319	-	-	479,025
	68,344	-	16,505	-	-	327,011
	995	-	10,274	-	-	329,877
	84,134	-	9,582	-	-	9,579,731
	834	-	6,904	-	-	185,038
	23,787	-	641,802	-	-	1,656,628
	871,322	404,668	2,660	-	-	12,002,799
	1,365,920	192,081	145,523	-	-	7,374,427
	151,446	-	205,000	-	-	1,232,298
	-	-	-	-	-	83,553
	7,839	-	1,206	-	-	167,122
	13,958	-	39,072	-	-	1,219,842
	<u>693,682</u>	<u>67,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,431,983</u>
	<u>3,620,219</u>	<u>663,978</u>	<u>1,088,116</u>	<u>-</u>	<u>-</u>	<u>51,620,167</u>
	<u>2,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,969</u>
	<u>2,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,969</u>
	<u>-</u>	<u>-</u>	<u>704,206</u>	<u>-</u>	<u>-</u>	<u>704,206</u>
	<u>-</u>	<u>-</u>	<u>704,206</u>	<u>-</u>	<u>-</u>	<u>704,206</u>
\$	<u>7,239,779</u>	<u>\$ 668,997</u>	<u>\$ 1,840,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,638,646</u>

Administrative School District No. 1
 Deschutes County, Oregon
 Schedule of Expenditures (Budgetary Basis) - Special Revenue Fund
 Year Ended June 30, 2014

	Object 100	Object 200	Object 300
Instruction			
1111 - Primary, K-3 Programs	\$ 1,017,693	\$ 476,530	\$ 127,216
1113 - Elementary Extracurricular	1,037	376	114,330
1121 - Middle School Programs	126,425	43,572	72,724
1122 - Middle School Extracurricular	1,866	527	36,028
1131 - High School Programs	268,628	108,651	287,615
1132 - High School Extracurricular	46,245	15,653	427,944
1140 - Pre-kindergarten Programs	-	-	534
1220 - Restrictive Prog Fr Disability	-	-	11,743
1250 - Less Restrictive Prog Disabled	1,525,920	843,953	11,249
1271 - Remediation	29,561	13,957	1,880
1272 - Title I	1,751,390	1,007,731	101,213
1280 - Alternative Education	14,100	10,405	111,344
1291 - English Second Language	-	-	172
1292 - Teen Parent Programs	-	-	195
1299 - Other Special Ed Programs	-	-	232
Total Instruction	4,782,865	2,521,355	1,304,420
Support Services			
2110 - Attendance and Social Work			
2120 - Guidance Services	26,707	10,463	57,073
2130 - Health Services			
2140 - Psychological Services			
2150 - Speech Pathology and Audiology	-	-	-
2190 - Service Dir, Stu Support Svcs	-	-	2,081
2210 - Improvement of Instruction Svc	520,574	230,571	68,340
2220 - Educational Media Services	7,797	2,654	4,204
2230 - Assessment and Testing	-	-	1,500
2310 - Board of Education Services			
2240 - Instructional Staff Developmnt	605,635	308,009	402,791
2320 - Executive Administration Svcs	-	-	173
2410 - Office of the Principal Svcs	74,031	33,529	1,163
2490 - Other Support Services	32,219	16,246	3,356
2510 - Business Support Services	-	-	-
2540 - Oper/Maint of Plant Services	-	-	5,956
2550 - Student Transportation Svcs	38	14	60,523
2620 - R&D, Eval, Grant Writing Svcs	13,943	7,745	-
2640 - Staff Services			
2660 - Technology Services			
2700 - Supplemental Retirement Progrm	886,114	17,254	-
Total Support Services	2,167,058	626,484	607,159
Enterprise and Community Services			
3100 - Food Services	1,896,033	991,765	173,573
3300 - Community Services	342,280	246,519	658,445
Total Enterprise and Community Services	2,238,313	1,238,284	832,018
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	\$ 9,188,236	\$ 4,386,123	\$ 2,743,597

Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$ 194,213	\$ -	\$ -	\$ (2,877)	\$ -	\$ 1,812,775
198,743	3,560	2,593	930	-	321,568
154,630	-	542	382	-	398,275
105,517	-	492	(391)	-	144,041
360,371	10,986	10,871	(13,733)	-	1,033,389
837,124	13,320	11,301	14,464	-	1,366,051
-	-	-	-	-	534
37,164	-	103	432	-	49,441
6,619	-	-	(518)	-	2,387,222
23,922	-	-	-	-	69,320
39,338	-	-	-	-	2,899,673
24,233	-	54	-	-	160,136
466	-	-	(185)	-	453
1,767	-	-	-	-	1,962
<u>2,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,833</u>
1,986,708	27,866	25,956	(1,496)	-	10,647,674
(961)	-	-	(350)	-	92,931
229	-	-	34	-	264
-	-	-	-	-	2,081
14,084	-	25,189	-	-	858,759
49,948	-	170	519	-	65,292
-	-	-	-	-	1,500
16,175	-	588	-	-	1,333,198
464	-	-	-	-	636
3,121	-	-	-	-	111,845
-	-	-	-	-	51,821
-	-	388,169	-	-	388,169
25,292	4,583	-	30	-	35,861
178	-	632	1,263	-	62,647
13,200	-	-	-	-	34,888
-	-	-	-	-	-
-	-	-	-	-	<u>903,368</u>
121,731	4,583	414,748	1,496	-	3,943,260
2,708,052	-	157,343	-	-	5,926,766
<u>35,841</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>1,283,105</u>
2,743,893	-	157,363	-	-	7,209,871
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	85,418	-	85,418
-	-	-	85,418	-	85,418
<u>\$ 4,852,332</u>	<u>\$ 32,449</u>	<u>\$ 598,067</u>	<u>\$ 85,418</u>	<u>\$ -</u>	<u>\$ 21,886,222</u>

Administrative School District No. 1
 Deschutes County, Oregon
 Schedule of Expenditures (Budgetary Basis) - Debt Service Fund
 Year Ended June 30, 2014

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
Support Services			
2520 - Fiscal Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 650</u>
Total Support Services	-	-	650
Other Uses			
5100 - Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Uses	-	-	-
Total Debt Service Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 650</u></u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Object 800</u>	<u>Totals</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 650</u>
-	-	-	-	-	650
<u>-</u>	<u>-</u>	<u>25,708,366</u>	<u>-</u>	<u>-</u>	<u>25,708,366</u>
-	-	25,708,366	-	-	25,708,366
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,708,366</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,709,016</u></u>

Administrative School District No. 1
 Deschutes County, Oregon
 Schedule of Expenditures (Budgetary Basis) - Capital Projects Fund
 Year Ended June 30, 2014

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
Facilities Acquisition and Construction			
4110 - Constr Service Area Direction	\$ 314,802	\$ 133,311	\$ 250,450
4120 - Site Acquisition and Develop	-	-	-
4150 - Building Acquisition, Improv	936	231	-
4190 - Other Facilities Constr Svcs	<u>40</u>	<u>1</u>	<u>-</u>
 Total Facilities Acquisition and Construction	 315,778	 133,543	 250,450
 Total Capital Projects Fund	 <u>\$ 315,778</u>	 <u>\$ 133,543</u>	 <u>\$ 250,450</u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Object 800</u>	<u>Totals</u>
\$ 391,303	\$ -	\$ (1,363)	\$ -	\$ -	\$ 1,088,503
-	3,629,212	-	-	-	3,629,212
126	8,929,972	1,478	-	-	8,932,743
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>
391,429	12,559,184	115	-	-	13,650,500
<u>\$ 391,429</u>	<u>\$ 12,559,184</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,650,500</u>

Administrative School District No. 1
 Deschutes County, Oregon
 Schedule of Expenditures (Budgetary Basis) -Trust and Agency Fund
 Year Ended June 30, 2014

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
Support Services			
2510 - Business Support Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Support Services	-	-	-
Enterprise and Community Services			
3300 - Community Services	<u>-</u>	<u>-</u>	<u>1,100</u>
Total Enterprise and Community Services	-	-	1,100
Total Trust and Agency Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,100</u></u>
Total Expenditures - All Funds	<u><u>\$ 80,166,956</u></u>	<u><u>\$ 41,645,188</u></u>	<u><u>\$ 18,097,067</u></u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Object 800</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	1,100
-	-	-	-	-	1,100
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100</u>
<u>\$ 12,483,540</u>	<u>\$ 13,260,630</u>	<u>\$ 28,146,685</u>	<u>\$ 85,418</u>	<u>\$ -</u>	<u>\$ 193,885,483</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, 2014

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	\$ 2,317,501
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>
General	\$ -
1113, 1122, 1132 Co-curricular Activities	
1140 Pre-Kindergarten	
1300 Continuing Education	
1400 Summer School	
4150 Construction	
2550 Pupil Transportation	
3100 Food Service	
3300 Community Services	

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



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



PAULY, ROGERS AND CO., P.C.
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November 30, 2014

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, 2014, and have issued our report thereon dated November 30, 2014. 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:

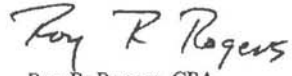
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized 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.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in cursive script that reads "Roy R. Rogers".

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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November 30, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 30, 2014.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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



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November 30, 2014

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, 2014. 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, 2014.

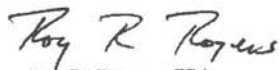
Report on Internal Control Over Compliance

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.

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, 2014

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

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
84.027 and 84.173	Special Education Cluster (IDEA)
10.553, 10.555 and 10.559	Children Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$410,665

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, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV – PRIOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2014-01

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.

Status of Finding: This finding has been corrected in the current year.

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
DESCHUTES COUNTY, OREGON

SCHEDULE FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.