

**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, 2011

Prepared by the Business Office
John M. Rexford – Deputy Superintendent
Brad Henry – Director of Fiscal Services
Brenda Bartlett – Accounting Supervisor, Fiscal Services

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
FINANCIAL STATEMENTS
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INTRODUCTORY SECTION



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

November 30, 2011

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, 2011, 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 16,100 pupils in grades kindergarten through 12 during fiscal year 2010-11. As of this writing, enrollment has increased to approximately 16,100. 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 2010-11, we employed approximately 1,550 permanent staff including 841 teachers, counselors and licensed specialists, and 645 support staff, such as instructional assistants, secretaries, clerks and various technical positions. During the 2010-11 fiscal year, we operated with a management team of 64 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 2011 population of approximately 175,000 people. Because of its varied topography, the County attracts many tourists, and one of its major industries is recreation. Mount Bachelor is a major ski area, and the surrounding mountains and lakes provide recreation for summer tourists. The heavily forested Cascades support lumber and wood products industries, while the major industries in the central and eastern parts of the county are agriculture and livestock. In recent years, the region's health care presence has grown significantly, and Cascade Health Corporation is now the largest employer in the area. Precipitation varies from 70 inches or more in the Cascades to ten inches in the plateau, where crop cultivation must rely on dry farming methods or irrigation.

In the 2010-11 fiscal year, the taxable assessed value of property in Deschutes County increased by approximately 1%. The area's economic base has diversified significantly since 1980, when the region was known for its wood products. Though the region still maintains a certain level of forest products related companies it is experiencing growth in the tourism and service industries. The top employers in the area are Cascade Health Corporation, a regional health service organization, Bend La Pine Schools, Deschutes County, Mt. Bachelor Ski Resort and Sunriver Resort.

Employment Outlook for Central Oregon

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

Population

Since the early 1990's, Deschutes County has experienced the most rapid population growth of any county in the state. More recent estimates, as referenced above, indicate a current population estimate of 175,000. Liveability continues to be a factor that draws new residents and businesses to Deschutes County. The term "liveability" includes such aspects as natural beauty, recreational opportunities, climate, personal security, and cost of living, among others. The central Oregon region has been featured recently in many national magazines as a top pick in the nation to live and work. With the recent downturn in the housing market home prices have dropped significantly from their highs of recent years, bringing the cost of living back in line with the Portland metro, Salem and the Eugene-Springfield areas of the state. As with much of the nation, the long-term impact of the recent economic downturn on our region is unknown.

Recent History of State Support

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

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

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

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

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

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

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

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

As we begin the 2011-13 biennium, the prospects for increased K-12 formula funding in the near future have not materialized. The legislature approved a biennial budget that provides to K-12 education roughly the same amount provided in the 2009-11 biennium, \$5.738 billion, while our pension costs have increased approximately 400%. At this level of funding, we are operating with less staff and providing a shortened school year. We have also chosen to reduce costs such as instructional materials, support to instructional technology and delaying equipment purchases.

Major Initiatives

With the explosive growth over the past ten years, many of our schools were at or over capacity. In November, 2006 the voters approved a bond levy that allowed the District to issue \$119 million in general obligation bonds. The proceeds from the issuance of the bonds have been used to build two elementary

schools in Bend, one elementary school in La Pine, and have funded 175 other additions and renovations across the District. Most of the work is now complete, with a few smaller projects scheduled for completion in the 2011-12 year.

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 unappropriated 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 unappropriated ending fund balance over the next five years. Our current plan shows the unappropriated 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.

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. During May, 1998 we issued \$70.5 million of general obligation bonds, the resources from which were used to refund an earlier issue and to finance the construction of three new schools and other capital additions. In December, 2001 \$47.8 million of general obligation bonds were issued for the construction of new schools, acquisition of school sites and the improvement of existing buildings. On March 15, 2005 we issued general obligation refunding bonds to partially refund the 1998 and 2001 general obligation bonds. The aggregate principal amount of the refunding was \$63.0 million. In June, 2007 we issued \$119 million in general obligation bonds to fund new construction and capital improvements. These bonds are payable over the next 17 years. In the spring of 2011 we issued Full Faith and Credit bonds to refinance a 2008 issue, keeping the term the same but lowering the interest rate by approximately two percentage points.

In November 2002, we joined a state-wide consortium and issued \$40.9 million of tax pension bonds to finance our estimated 2001 unfunded actuarial liability with the Oregon Public Employees Retirement System (PERS). In April 2003, we participated in the second state-wide effort to refund a portion of our 2002 unfunded actuarial liability by issuing \$25.3 million of tax pension bonds. And in February 2004 we participated in the third state-wide effort to refund a portion of our 2003 unfunded actuarial liability by issuing \$5.9 million of tax pension bonds. As a result of these pension bond issuances, we have avoided over \$10 million in pension related expenditures over the last 8 years, and our pension related expenditures will continue to 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, 2011 our net bonded debt is \$1,179,938,000 less than the statutory debt limit.

Other Information

Independent Audit

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

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

Awards

GFOA Certificate of Achievement of Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for our Comprehensive Annual Financial Report for the year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We have received a Certificate of Achievement for the last twenty-eight years (fiscal years ended June 30, 1983-2010). 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, 2010. Receiving this award is recognition that we have met the highest standards of excellence in school financial reporting as adopted by the Association of School Business Officials International.

We have received a Certificate of Excellence for the last twenty-seven years (fiscal years 1984-2010). We believe our current report continues to conform to the Certificate of excellence program requirements, and we are submitting it to ASBO for review.

Acknowledgments

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

Respectfully submitted,



Brad Henry
Executive Director of Fiscal Services

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

ADMINISTRATIVE SCHOOL DISTRICT NO. 1

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Administrative School District
No. 1 (Bend - La Pine Schools)

Oregon

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2010

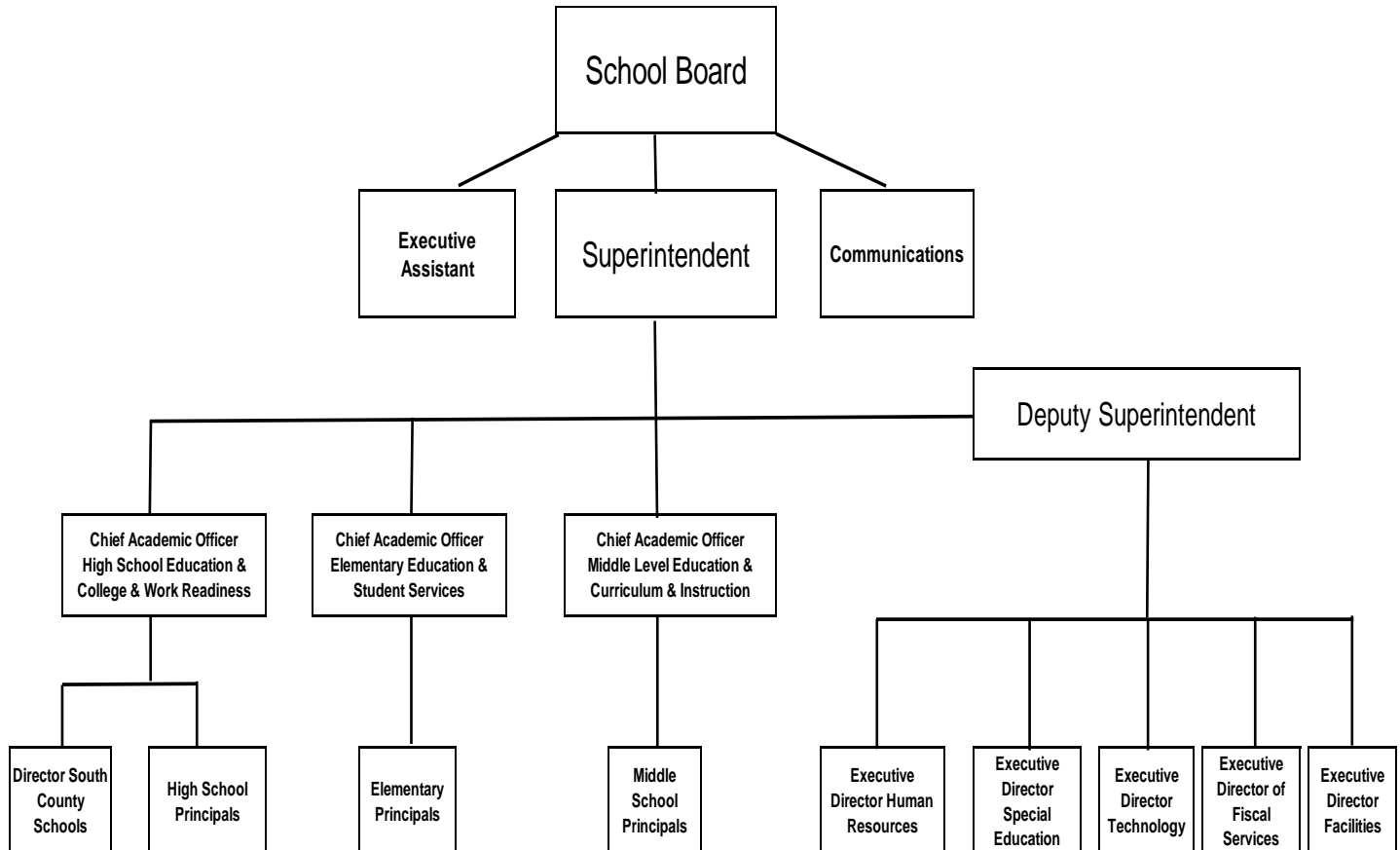
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
ORGANIZATIONAL CHART
JUNE 30, 2011



ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
PRINCIPAL OFFICIALS
JUNE 30, 2011

BOARD OF DIRECTORS

Peggy Kinkade - Chair Bend, Oregon	June 30, 2011
Ron Gallinat – Vice Chair Bend, Oregon	June 30, 2011
Cheri Helt Bend, Oregon	June 30, 2011
Kelly Goff Bend, Oregon	June 30, 2013
Nori Juba Bend, Oregon	June 30, 2013
Beth Bagley Bend, Oregon	June 30, 2011
Tom Wilson La Pine, Oregon	June 30, 2013

ADMINISTRATIVE STAFF

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

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

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FINANCIAL SECTION



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



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

November 30, 2011

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Administrative School District No. 1, Deschutes County, Oregon, (the District) as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the Administrative School District No. 1 as of June 30, 2010, and the prior year comparative information were audited by other auditors whose report dated December 1, 2010 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the Administrative School District No. 1, at June 30, 2011 and the respective changes in financial position thereof and respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 30, 2011, on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits, as listed in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

November 30, 2011
Board of Directors
Administrative School District No. 1

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards, as listed in the table of contents, 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 not a required part of the basic financial statements. The introductory section, supplementary information including budgetary comparisons, other financial schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, other financial schedules and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The schedule of detailed revenues and expenditures – budgetary basis – actual and budget and the supplemental information required by the Oregon Department of Education, as listed in the table of contents are presented for purposes of additional analysis as required by Oregon Department of Education, however, we did not audit the information and express no opinion on it

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pauly, Rogers and Co. P.C.

PAULY, ROGERS AND CO., P.C.

Management Discussion and Analysis

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

As management of Administrative School District No. 1, Deschutes County, Oregon (the District), we offer readers of the our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011. 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, 2011 by \$108.6 million. Of this amount, \$96.5 million is invested in capital assets, net of related debt, \$8.7 million is restricted for grants, debt service and capital projects, and \$3.1 million is unassigned and available for operations.
- Our total net assets increased by \$9.4 million, with unrestricted net assets increasing by \$.9 million.
- During 2010-11 we issued Full Faith and Credit Bonds to refinance a note issued to a financial institution in December, 2008.
- Our General Fund ended the 2010-11 fiscal year with a fund balance of \$14.1 million, which is 12.3% of expenditures.

Overview of the Financial Statements

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

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

These statements include:

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

The *Statement of Activities*. The statement of activities presents information showing how our net assets changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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 Assets and Activities.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support our own programs. We hold approximately \$33,000 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, 2011

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Our assets exceeded liabilities by \$108.6 million at June 30, 2011.

Capital assets, which consist of our land, buildings, land improvements, construction in progress, vehicles, and equipment, represent about 71.3 percent of total assets. This percentage has increased from the prior year, mainly due to the construction projects that are underway or were completed during the current year. These activities effectively transfer assets from the current category to the capital category. The remaining assets consist mainly of the prepaid PERS Unfunded Actuarial Liability (UAL), cash and investments and grants and property taxes receivable. Please refer to page 32 for more information on capital asset activities.

Our largest liability, 87.8 percent of total liabilities, is for the repayment of the long-term portion of general obligation bonds and other debt. Current liabilities, representing about 10.7 percent of our total liabilities, consist of payables on accounts, benefits, and the current portion of long-term debt. The remaining 1.5% of total liabilities is other post-employment benefit obligation. Please refer to pages 33-36 for more information on long-term debt activity.

Net Assets as of June 30	Governmental Activities		Increase (Decrease) from
	2011	2010	Fiscal 2010
Current and other assets	\$ 105,334,421	\$ 121,449,196	\$ (16,114,775)
Capital assets	261,469,617	254,557,643	6,911,974
Total assets	366,804,038	376,006,839	(9,202,801)
Current liabilities	27,880,694	31,628,494	(3,747,800)
Long-term liabilities	230,311,061	245,150,101	(14,839,040)
Total liabilities	258,191,755	276,778,595	(18,586,840)
Net Assets:			
Invested in capital assets net of related debt	96,467,053	87,553,465	8,913,588
Restricted	7,130,071	9,901,936	(2,771,865)
Unrestricted	5,015,159	1,772,843	3,242,316
Total net assets	<u>\$ 108,612,283</u>	<u>\$ 99,228,244</u>	<u>\$ 9,384,039</u>

During the current fiscal year, our net assets increased by \$9.4 million. The increase in net assets is due to levying property taxes to reduce our bonded debt and reducing expenditures (creating reserves) in anticipation of less revenue in the next fiscal year.

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

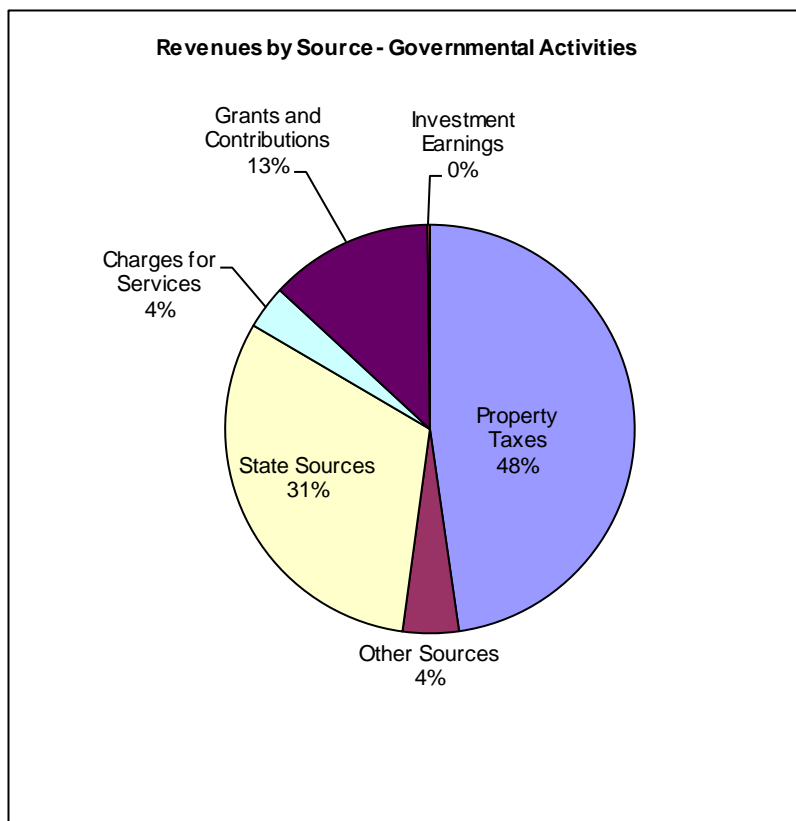
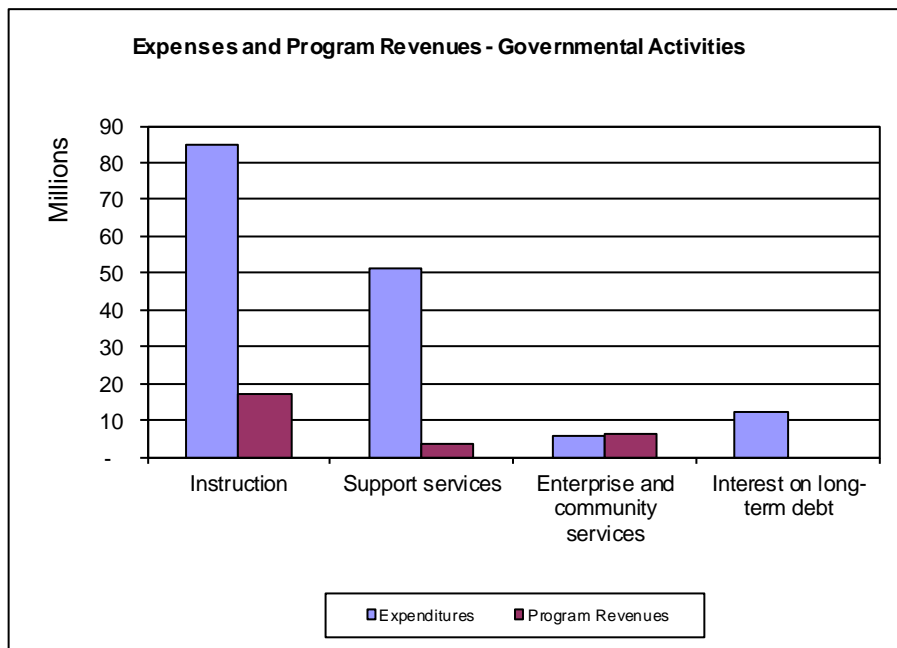
Governmental activities. As noted above, our net assets increased by \$9.4 million in the current fiscal year. This represents an increase of about 9.4% over the prior year. The key elements of the change in our net assets for the year ended June 30, 2011 as compared to the prior year are as follows:

- We levied property taxes to pay the principal (and interest) on our bonded debt.
- We reduced our service level in anticipation of lower revenue in the 2011-12 fiscal year.

Changes in Net Assets, Fiscal Year Ended June 30

	Governmental Activities		Increase (Decrease) from Fiscal 2010
	2011	2010	
Revenues:			
Programs revenues:			
Charges for services	\$ 5,631,495	\$ 6,055,080	\$ (423,585)
Operating grants and contributions	20,650,044	20,905,996	(255,952)
Capital grants and contributions	488,617	488,370	247
General revenues:			
Property taxes	78,149,436	77,377,075	772,361
Federal aid not restricted to specific purposes	2,164,603	547,060	1,617,543
State aid not restricted to specific purposes	51,280,609	50,449,128	831,481
Intermediate aid not restricted to specific purposes	1,698,986	1,864,915	(165,929)
Earnings on investments	314,978	630,618	(315,640)
Other local revenue	3,372,294	2,809,346	562,948
Total revenues	163,751,062	161,127,588	2,623,474
Expenses:			
Instruction	85,108,120	83,652,293	1,455,827
Support services	51,007,756	50,391,831	615,925
Enterprise and community services	5,910,834	5,490,472	420,362
Interest on long-term debt	12,340,313	13,004,130	(663,817)
Total expenses	154,367,023	152,538,726	1,828,297
Increase (decrease) in net assets	9,384,039	8,588,862	795,177
Net assets July 1	99,228,244	90,639,382	8,588,862
Net assets June 30	\$ 108,612,283	\$ 99,228,244	\$ 9,384,039

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011



ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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, 2011, our governmental funds reported combined ending fund balances of \$24.8 million. About 14.5% of the ending fund balance constitutes capital projects, as authorized by voters. An additional 28.6% 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, 2011, the Balance Sheet for Governmental Funds shows that the District had a fund balance of \$14.1 million. This reflects our intent to carry funds forward to help offset a significant decrease in revenues during the 2011-12 school year. We worked hard during the year to reduce our service level (and expenditures) where possible.

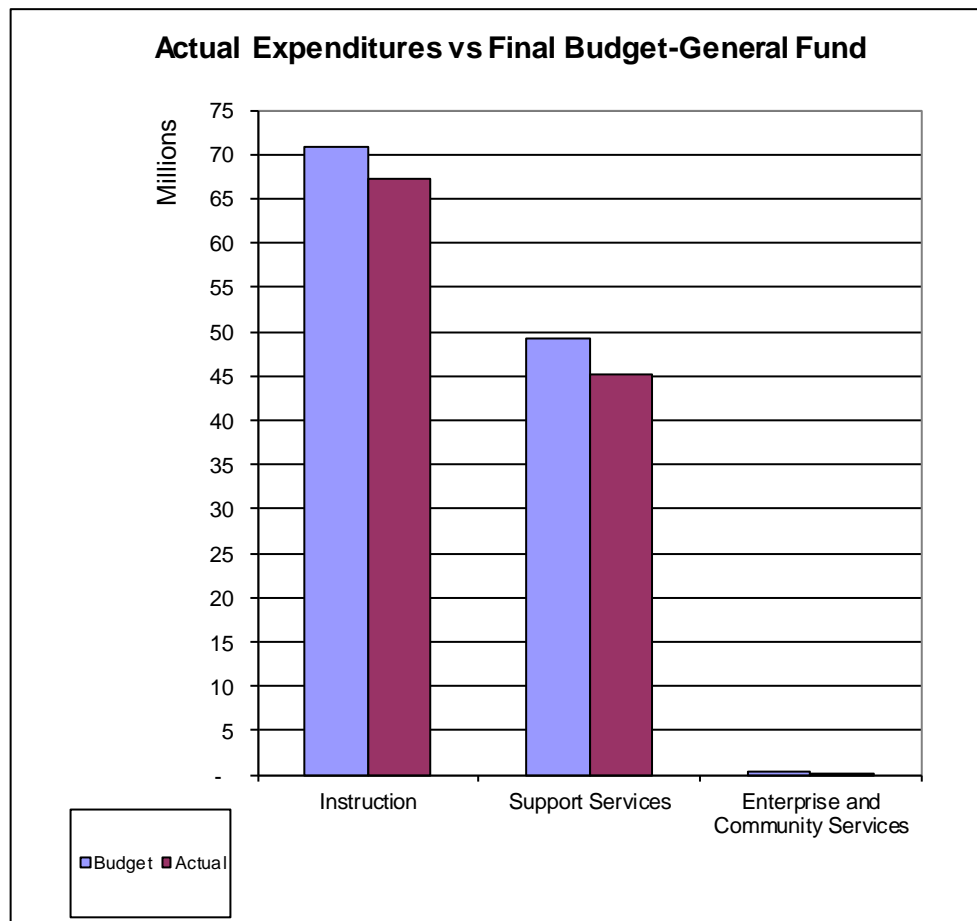
Debt Service Fund. The Debt Service Fund has a total fund balance of \$2.5 million, all of which is restricted for the payment of debt service. The increase of approximately \$.9 million in fund balance reflects our decision to set aside funds for debt payment in 2011-12 as well as a higher-than-expected collection rate on property taxes.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$3.6 million, all of which is restricted for ongoing capital projects. These available resources are a result of the issuance of the most recent general obligation bonds as authorized by District voters in the November 2006 election. Total expenditures of \$13.6 million in the current year reflect the work related to major additions and renovations to facilities across the district.

GENERAL FUND BUDGETARY HIGHLIGHTS

In the current fiscal year all expenditures in the General Fund were within the appropriations as approved by the Board of Directors. There were significant variances from budget in the State sources and Federal sources line items. During the year our State resources were reduced at the same time the Federal Ed Jobs funds became available. We also reduced our service level (and expenditures) during the year, as evidenced by the significant variance in the expenditure budget. This service level reduction was attained by reducing expenditures across the board in varying amounts.

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011



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 2010 to 2011 was approximately \$6.9 million. This reflects the fact that most projects identified in the most recent bond campaign are underway or completed.

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Capital Assets as of June 30

	Governmental Activities		Increase (Decrease) from
	2011	2010	Fiscal 2010
Land	\$ 28,801,796	\$ 28,782,705	\$ 19,091
Site Improvements	16,280,839	15,051,828	1,229,011
Buildings and Improvements	209,924,467	188,263,377	21,661,090
Vehicles and Equipment	5,988,449	6,203,253	(214,804)
Construction in Progress	474,066	16,256,480	(15,782,414)
Total	<u>\$ 261,469,617</u>	<u>\$ 254,557,643</u>	<u>\$ 6,911,974</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 \$236.8 million, consisting of general obligation bonded debt, limited tax pension obligation bonds and full faith and credit obligations, net of unamortized premium/discount. This does not include the liability for early retirement benefits of \$3.7 million. The decrease of \$18.3 million reflects the scheduled annual principal payments.

Debt Outstanding as of June 30

	Governmental Activities		Increase (Decrease) from
	2011	2010	Fiscal 2010
General Obligation Bonds	\$ 160,060,000	\$ 169,030,192	\$ (8,970,192)
Limited Tax Pension Obligation Bonds	74,360,640	74,910,931	(550,291)
Other long-term debt	2,408,130	11,152,271	(8,744,141)
Total	<u>\$ 236,828,770</u>	<u>\$ 268,254,978</u>	<u>\$ (18,264,624)</u>

In May, 2007, Moody's upgraded the District's bond rating in conjunction with the issuance of the new general obligation bonds. The rating increased from A1 to Aa3, a one step increase. State statutes limit the amount of general obligation debt a school district may issue to 7.95 percent of its total assessed valuation. The District is well within this limit. More detailed information on long-term debt activity can be found in the notes to the basic financial statements beginning on page 33.

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Economic Factors and Next Year's Budget

One of our most significant sources of revenue is the State of Oregon's State School Fund. For the year ended June 30, 2011, the State School Fund – General Support provided about 40 percent of our General Fund resources. During the State's legislative session of 2009 the legislators approved a \$5.8 billion K-12 budget for the 2009-11 biennium, a decrease of approximately 5.5% from the adjusted 2007-09 biennium. The State also allocated \$200 million in reserve to the K-12 budget with the contingency that the State's general fund revenues in June, 2010 are sufficient to allow the State's reserves to remain at a specified level. The additional resources would be made available in the 2010-11 year and would increase the total K-12 allocation to \$6.0 billion for the biennium. In the spring of 2010, the State legislature approved allocating the additional \$200 million for K12 funding, bringing the biennial allocation to \$6.0 billion. The June, 2010 state revenue forecast showed that the revenue picture had worsened, and left a hole in the State's budget of more than \$500 million. The Governor had no option but to reduce State appropriations across the board, including reducing the K-12 funding back to \$5.738 billion for the biennium. In August, 2010 the Federal Education Jobs Act was approved, sending additional funding to each state for education. The September, 2010 state revenue forecast once again projected less revenue for the current biennium, with K-12 education's share of the decrease exactly offset by the Federal Education Jobs Act resources. For the biennium 2009-11, K-12 education's final State funding was \$5.738 billion, which includes both the State Fiscal Stabilization Funds and the Federal Education Jobs Act.

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

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

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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.

Our enrollment increased by approximately 350 students in the 2010-11 school year, with a very small increase projected for the 2011-12 year. As of this writing, enrollment has increased by more than 100 students from the 2010-11 levels.

Requests for Information

This financial report is designed to present the user with a general overview of our finances and to demonstrate our accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to our 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 Assets
June 30, 2011, with Comparative Data

	Governmental Activities	
	2011	2010
Assets:		
Cash and investments	\$ 27,044,877	\$ 42,566,689
Receivables:		
Property taxes	5,792,840	5,966,578
Accounts and other receivables	6,671,552	5,695,369
Prepaid items	33,718	108,139
Inventories	596,015	494,853
Prepaid pension UAL	63,929,161	65,291,223
Bond and long term debt issuance costs	1,266,258	1,326,345
Capital assets, net of depreciation		
Land	28,801,796	28,782,705
Construction in progress	474,066	16,256,480
Site improvements	16,280,839	15,051,828
Buildings and improvements	209,924,467	188,263,377
Vehicles and equipment	5,988,449	6,203,253
<i>Total Assets</i>	<u>366,804,038</u>	<u>376,006,839</u>
Liabilities		
Accounts payable	2,774,170	5,648,141
Accrued payroll and related charges	7,343,646	7,030,048
Accrued interest	380,588	511,194
Retainage payable	124,928	813,305
Accrued general liability claims and judgments	95,000	60,650
Long-term liabilities due within one year	17,162,362	17,565,156
Long-term liabilities due in more than one year	230,311,061	245,150,101
<i>Total Liabilities</i>	<u>258,191,755</u>	<u>276,778,595</u>
Net Assets		
Invested in capital assets, net of related debt	96,467,053	87,553,465
Restricted for:		
Transportation	343,599	-
Federal and state programs	1,522,985	-
Debt service	3,535,953	2,508,033
Capital projects	3,594,118	7,393,903
Unrestricted	3,148,575	1,772,843
<i>Total Net Assets</i>	<u>\$ 108,612,283</u>	<u>\$ 99,228,244</u>

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Activities
Year Ended June 30, 2011, with Comparative Data

					Net (Expense) Revenue and Changes	
					in Net Assets	
					Governmental Activities	
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2011	2010
Governmental Activities						
Instruction						
Regular instruction	\$ 62,037,178	\$ 3,272,023	\$ 6,042,701	\$ -	\$ (52,722,454)	\$ (50,369,389)
Special programs including summer school	23,070,942	-	7,655,881	-	(15,415,061)	(15,988,001)
Total direct classroom services	85,108,120	3,272,023	13,698,582	-	(68,137,515)	(66,357,390)
Support Services						
Students	9,462,482	-	386,411	-	(9,076,071)	(8,564,672)
Instructional staff	4,221,643	-	1,463,202	-	(2,758,441)	(3,020,016)
General administration	624,963	-	4,820	-	(620,143)	(570,798)
School administration	8,615,297	-	160,402	-	(8,454,895)	(8,351,666)
Business, transportation and maintenance	20,659,404	766,723	448,045	488,617	(18,956,019)	(17,992,662)
Central activities	4,831,630	-	27,359	-	(4,804,271)	(4,985,488)
Supplemental retirement program	2,592,337	-	-	-	(2,592,337)	(2,618,250)
Total classroom support services	51,007,756	766,723	2,490,239	488,617	(47,262,177)	(46,103,552)
Enterprise and Community Services						
Food services	5,224,710	1,358,453	3,965,370	-	99,113	253,874
Other enterprise and community services	686,124	234,293	495,853	-	44,022	121,918
Total enterprise and community services	5,910,834	1,592,746	4,461,223	-	143,135	375,792
Interest on long-term liabilities						
	12,340,313	-	-	-	(12,340,313)	(13,004,130)
	12,340,313	-	-	-	(12,340,313)	(13,004,130)
Total school district						
	\$ 154,367,023	\$ 5,631,492	\$ 20,650,044	\$ 488,617	(127,596,870)	(125,089,280)

General revenues:

Property taxes levied for:

General purposes	56,292,622	56,451,900
Debt service	21,856,814	20,925,175
Federal aid not restricted to specific purposes	2,164,603	547,060
State aid not restricted to specific purposes	51,280,609	50,449,128
Intermediate aid not restricted to specific purposes	1,698,986	1,864,915
Earnings on investments	314,975	630,618
Other local revenue	<u>3,372,300</u>	<u>2,809,346</u>
Total general revenues	<u>136,980,909</u>	<u>133,678,142</u>

Change in net assets

	9,384,039	8,588,862
Net assets - beginning	<u>99,228,244</u>	<u>90,639,382</u>
Net assets - ending	<u>\$ 108,612,283</u>	<u>\$ 99,228,244</u>

See notes to financial statements

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Balance Sheet
Governmental Funds
June 30, 2011, with Comparative Data

					Totals	
	General	Special Programs	Debt Service	Capital Projects	2011	2010
Assets						
Cash and investments	\$ 20,083,454	\$ 1,071,719	\$ 2,170,658	\$ 3,719,046	\$ 27,044,877	\$ 42,566,689
Receivables						
Property taxes	4,212,191	-	1,580,649	-	5,792,840	5,966,578
Accounts and other receivables	3,410,137	3,096,181	165,234	-	6,671,552	5,695,369
Prepaid items	33,718	-	-	-	33,718	108,139
Inventories	163,793	432,222	-	-	596,015	494,853
Total Assets	\$ 27,903,293	\$ 4,600,122	\$ 3,916,541	\$ 3,719,046	\$ 40,139,002	\$ 54,831,628
Liabilities and Fund Balances						
Liabilities						
Accounts and interest payable	\$ 2,774,170	\$ -	\$ -	\$ -	\$ 2,774,170	\$ 5,648,141
Accrued payroll and related charges	7,209,286	-	-	-	7,209,286	6,911,222
Retainage payable	-	-	-	124,928	124,928	813,305
Deferred revenue	3,839,776	-	1,440,891	-	5,280,667	5,482,933
Total Liabilities	13,823,232	-	1,440,891	124,928	15,389,051	22,279,398
Fund Balances						
Nonspendable	197,511	432,222	-	-	629,733	602,992
Restricted	343,599	1,522,985	2,475,650	3,594,118	7,936,352	20,621,037
Assigned	8,675,823	2,644,915	-	-	11,320,738	10,253,166
Unassigned	4,863,128	-	-	-	4,863,128	4,498,832
Total fund balances	14,080,061	4,600,122	2,475,650	3,594,118	24,749,951	35,976,027
Total Liabilities and Fund Balances	\$ 27,903,293	\$ 4,600,122	\$ 3,916,541	\$ 3,719,046	\$ 40,139,002	\$ 54,831,628

See notes to financial statements

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Reconciliation of Governmental Funds
Balance Sheet to Statement of Net Assets
June 30, 2011

Total Fund Balances, June 30, 2011 (page 15) \$ 24,749,951

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

Cost	\$ 348,478,986	
Accumulated depreciation	<u>(87,009,369)</u>	261,469,617

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. 63,929,161

The unamortized portion of bond issuance costs is not available to pay for current period expenditures, and therefore, is not reported in the governmental funds. 1,266,258

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. 5,280,667

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

Long-term debt	(2,408,130)	
Accrued interest payable	(380,588)	
Bonds payable	(234,420,640)	
Unamortized portion of bond issuance premium	(3,196,070)	
OPEB annual required contribution	(3,795,430)	
Compensated absences	(36,207)	
Accrued claims and judgments	(193,153)	
Early retirement benefits payable	<u>(3,653,153)</u>	<u>(248,083,371)</u>

Total Net Assets (page 13) \$ 108,612,283

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, 2011, with Comparative Data

					Totals	
	General Fund	Special Programs	Debt Service	Capital Projects	2011	2010
Revenues						
Property taxes	\$ 56,446,345	\$ -	\$ 21,905,358	\$ -	\$ 78,351,703	\$ 77,166,656
Tuition	2,364	539,397	-	-	541,761	472,120
Investment earnings	198,331	10,720	52,546	53,457	315,054	630,685
Other local sources	3,696,122	6,584,657	-	401,411	10,682,190	11,362,924
Intermediate sources	1,698,986	-	-	-	1,698,986	1,931,698
State sources	47,797,682	622,352	5,635,632	-	54,055,666	52,535,649
Federal sources	5,216,004	13,562,352	-	-	18,778,356	17,230,975
Total revenues	115,055,834	21,319,478	27,593,536	454,868	164,423,716	161,330,707
Expenditures						
Current						
Instruction	67,188,246	11,317,860	-	-	78,506,106	76,830,130
Support services	45,132,977	3,811,060	84,640	-	49,028,677	48,899,470
Community services	208,482	5,743,329	-	-	5,951,811	5,381,310
Facilities acquisition and construction	-	-	-	584,584	584,584	853,779
Debt service						
Principal	250,808	-	23,395,395	-	23,646,203	13,863,552
Interest	103,952	-	11,682,725	-	11,786,677	12,225,368
Capital outlay	1,082,566	39,176	-	13,061,097	14,182,839	29,150,461
Total expenditures	113,967,031	20,911,425	35,162,760	13,645,681	183,686,897	187,204,070
Revenues over (under) expenditures	1,088,803	408,053	(7,569,224)	(13,190,813)	(19,263,181)	(25,873,363)
Other Financing Sources (Uses)						
Issuance of refunding bonds	-	-	7,585,000	-	7,585,000	-
Transfers	-	-	433,094	(433,094)	-	-
Premium on issuance of refunding bonds	-	-	452,105	-	452,105	-
Total Other Financing Sources (Uses)	-	-	8,470,199	(433,094)	8,037,105	-
Net change in fund balances	1,088,803	408,053	900,975	(13,623,907)	(11,226,076)	(25,873,363)
Fund balances, beginning of year	12,991,258	4,192,069	1,574,675	17,218,025	35,976,027	61,849,390
Fund balances, end of year	<u>\$ 14,080,061</u>	<u>\$ 4,600,122</u>	<u>\$ 2,475,650</u>	<u>\$ 3,594,118</u>	<u>\$ 24,749,951</u>	<u>\$ 35,976,027</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, 2011

Net Change in Fund Balance (page 17) \$ (11,226,076)

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	\$ 14,795,423	
Less current year depreciation	<u>(7,883,449)</u>	6,911,974

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

Debt issued	(7,585,000)	
Debt principal repaid	<u>24,279,141</u>	16,694,141

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 (1,362,062)

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	(452,105)	
Amortization of premiums, net of discount amortization	271,227	
Issuance costs on long-term debt issued in current year	83,610	
Amortization of issuance costs	<u>(143,697)</u>	(240,965)

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.

Accrued interest on PERS UAL bonds	(1,444,709)	
Accrued interest on general obligation bonds and other long term debt	<u>130,606</u>	(1,314,103)

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. (202,266)

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. 116

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	458,535	
OPEB annual required contribution	(285,255)	
Estimated claims and judgments	<u>(50,000)</u>	<u>123,280</u>

Change in Net Assets (page 14) \$ 9,384,039

See notes to financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual -
General Fund and Special Revenue Fund
Year Ended June 30, 2011

	General Fund					
	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 56,654,555	\$ 56,654,555	\$ (208,210)	\$ 56,446,345	\$ -	\$ 56,446,345
Tuition	-	-	2,364	2,364	-	2,364
Investment earnings	223,000	223,000	(24,669)	198,331	-	198,331
Other Local sources	2,975,000	2,975,000	721,122	3,696,122	-	3,696,122
Intermediate sources	2,190,000	2,190,000	(491,014)	1,698,986	-	1,698,986
State sources	52,273,569	52,273,569	(4,475,887)	47,797,682	-	47,797,682
Federal sources	2,287,753	2,287,753	2,928,251	5,216,004	-	5,216,004
Total revenues	116,603,877	116,603,877	(1,548,043)	115,055,834	-	115,055,834
Expenditures						
Current						
Instruction	70,781,594	70,781,594	3,585,273	67,196,321	(8,075)	67,188,246
Support services	49,760,801	49,760,801	3,553,333	46,207,468	(1,074,491)	45,132,977
Community services	274,640	274,640	66,158	208,482	-	208,482
Debt service	354,762	354,762	2	354,760	(354,760)	-
Principal	-	-	-	-	250,808	250,808
Interest	-	-	-	-	103,952	103,952
Capital outlay	-	-	-	-	1,082,566	1,082,566
Total expenditures	121,171,797	121,171,797	7,204,766	113,967,031	-	113,967,031
Revenues over (under) expenditures	(4,567,920)	(4,567,920)	5,656,723	1,088,803	-	1,088,803
Other financing sources (uses)						
Transfer from operating sub-fund	2,200,000	2,200,000	-	2,200,000	-	2,200,000
Transfer to other sub-funds	(2,200,000)	(2,200,000)	-	(2,200,000)	-	(2,200,000)
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(4,567,920)	(4,567,920)	5,656,723	1,088,803	-	1,088,803
Fund balances, beginning of year	9,915,708	9,915,708	3,075,550	12,991,258	-	12,991,258
Fund balances, end of year	\$ 5,347,788	\$ 5,347,788	\$ 8,732,273	\$ 14,080,061	\$ -	\$ 14,080,061

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

See notes to financial statements

Special Revenue Fund					
Budgeted Amounts		Variance with Final Budget	Actuals		
Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	539,397	539,397	-	539,397
35,000	35,000	(24,280)	10,720	-	10,720
7,890,000	7,890,000	(1,305,343)	6,584,657	-	6,584,657
-	-	-	-	-	-
801,000	801,000	(178,648)	622,352	-	622,352
<u>13,750,000</u>	<u>13,750,000</u>	<u>(187,648)</u>	<u>13,562,352</u>	<u>-</u>	<u>13,562,352</u>
22,476,000	22,476,000	(1,156,522)	21,319,478	-	21,319,478
11,560,000	11,560,000	239,331	11,320,669	(2,809)	11,317,860
5,050,000	5,050,000	1,238,940	3,811,060	-	3,811,060
6,391,000	6,391,000	611,304	5,779,696	(36,367)	5,743,329
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	39,176	39,176
<u>23,001,000</u>	<u>23,001,000</u>	<u>2,089,575</u>	<u>20,911,425</u>	<u>-</u>	<u>20,911,425</u>
(525,000)	(525,000)	933,053	408,053	-	408,053
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(525,000)	(525,000)	933,053	408,053	-	408,053
<u>3,375,000</u>	<u>3,375,000</u>	<u>817,069</u>	<u>4,192,069</u>	<u>-</u>	<u>4,192,069</u>
<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 1,750,122</u>	<u>\$ 4,600,122</u>	<u>\$ -</u>	<u>\$ 4,600,122</u>

See notes to financial statements

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
 Deschutes County, Oregon
 Statement of Net Assets
 Fiduciary Fund - Private Purpose Trust Fund
 June 30, 2011, with Comparative Data

	Totals	
	2011	2010
Assets		
Cash and investments	\$ 33,484	\$ 32,195
Liabilities		
Other liabilities	-	-
Net Assets, June 30	<u>\$ 33,484</u>	<u>\$ 32,195</u>

See notes to financial statements

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Statement of Changes in Net Assets
Fiduciary Fund - Private Purpose Trust Fund
Year Ended June 30, 2011, with Comparative Data

	Totals	
	2011	2010
Additions:		
Donations	\$ 1,639	\$ 6,200
Investment earnings	<u>150</u>	<u>220</u>
Total revenues	1,789	6,420
Deductions:		
Scholarships	<u>500</u>	<u>2,200</u>
Change in net assets	1,289	4,220
Net Assets, July 1	<u>32,195</u>	<u>27,975</u>
Net assets, June 30	<u>\$ 33,484</u>	<u>\$ 32,195</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, 2011

I. Summary of significant accounting policies

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

A. Reporting entity

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

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

B. Government-wide and fund financial statements

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

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

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

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. A six-month availability period is used for revenue recognition for all other governmental fund revenues susceptible to accrual. Revenues that are susceptible to accrual include federal, state and local grants which are expenditure-driven and common school fund proceeds.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt as well as expenditures related to early retirement, arbitrage rebates and post employment healthcare benefits are recorded only when payment is due.

The District reports the following major governmental funds:

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

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

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

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

Additionally, the District reports the following fund types:

Trust Fund – 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, 2011

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

D. Assets, liabilities, and net assets

1. Deposits and investments

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

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

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

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

2. Receivables and payables

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

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

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

Activity 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".

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 insurance, 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, 2011

Early Termination Benefits

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

7. Compensated Absences

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

8. Fund Equity

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

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

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

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

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

9. Long-Term Debt

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

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

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

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011

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, 2011, the expenditures exceeded appropriations in the debt service fund support services and debt services by \$82,640 and \$7,951,379, respectively. This was the result of issuing new full faith and credit bonds to pay off long-term debt. Under ORS 294.483(2)(a)(C) the adoption of a supplemental budget is not required to be in compliance with Oregon Local Budget Law for the issuance of this new debt.

III. Detailed notes on all funds

A. Deposits and investments

Deposits

At June 30, 2011 the District held cash of \$16,238,944 with a bank balance of \$17,774,346. 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, 2011

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, 2011 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	\$ 8,675,539	\$ 8,675,539	\$ -
Tennessee Valley Authority Bond	AAA	2,114,880	-	2,114,880
Certificates of Deposit	N/A	48,998	48,998	-
Total		<u>\$ 10,839,417</u>	<u>\$ 8,724,537</u>	<u>\$ 2,114,880</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, 2011 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, 2011 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, 2011

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	\$ 58,640,570	\$ 22,395,521
Farm land and open space taxes	1,839	700
Other adjustments	53,113	20,229
Truncation gain	1,595	2,830
Loss to compression	(1,156,991)	-
Levy as extended on tax rolls	<u>\$ 57,540,126</u>	<u>\$ 22,419,280</u>

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

C. Receivables

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

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Accounts and other receivables on the Statement of Net Assets are comprised of the following as of June 30, 2011:

	Amount
Federal grants	\$ 4,824,561
Common school fund	659,258
High Desert ESD	419,879
SAIF dividend	328,239
Other	439,615
Total	<u>\$ 6,671,552</u>

D. Capital assets

Capital asset activity for the year-ended June 30, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not being depreciated				
Land	\$ 28,782,705	\$ 19,091	\$ -	\$ 28,801,796
Construction in progress	<u>16,256,480</u>	<u>13,749,676</u>	<u>29,532,090</u>	<u>474,066</u>
Total non-depreciable assets	45,039,185	13,768,767	29,532,090	29,275,862
Capital assets being depreciated:				
Buildings and improvements	254,689,698	27,824,961	-	282,514,659
Site improvements	17,175,530	1,852,417	-	19,027,947
Vehicles and equipment	<u>16,779,150</u>	<u>881,368</u>	<u>-</u>	<u>17,660,518</u>
Total depreciable assets	288,644,378	30,558,746	-	319,203,124
Less accumulated depreciation for:				
Buildings and improvements	(66,426,321)	(6,163,871)	-	(72,590,192)
Site improvements	(2,123,702)	(623,406)	-	(2,747,108)
Vehicles and equipment	<u>(10,575,897)</u>	<u>(1,096,172)</u>	<u>-</u>	<u>(11,672,069)</u>
Total accumulated depreciation	<u>(79,125,920)</u>	<u>(7,883,449)</u>	<u>-</u>	<u>(87,009,369)</u>
Total depreciable assets, net	<u>209,518,458</u>	<u>22,675,297</u>	<u>-</u>	<u>232,193,755</u>
Total capital assets, net	<u>\$ 254,557,643</u>	<u>\$ 36,444,064</u>	<u>\$ 29,532,090</u>	<u>\$ 261,469,617</u>

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

Program	Buildings	Improvements	Equipment	Total
Regular Instruction	\$5,932,960	\$ 595,129	\$ 199,416	\$6,727,505
Business Services	221,183	28,277	788,363	1,037,823
Food Services	9,728	-	108,088	117,816
Central Activities	-	-	305	305
	<u>\$6,163,871</u>	<u>\$ 623,406</u>	<u>\$1,096,172</u>	<u>\$7,883,449</u>

E. Long-term liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Issue Date:	Interest Rates	Original Amount	Balance June 30, 2010	Additions	Payments	Balance June 30, 2011	Due Within One Year
December 15, 2001	4.15-5.5%	47,820,000	\$ 2,065,000		\$ 2,065,000	\$ -	\$ -
July 15, 2002	3.0-5.5%	10,215,000	4,485,000		1,045,000	3,440,000	1,095,000
October 31, 2002	2.06-6.1%	40,926,719	42,485,945	677,801	970,000	42,193,746	1,115,000
April 21, 2003	1.5-6.27%	25,316,993	26,614,986	766,908	955,000	26,426,894	1,045,000
February 19, 2004	3.25-5.528%	5,930,000	5,810,000		70,000	5,740,000	90,000
March 15, 2005	3.0-5.0%	63,045,000	45,775,000		8,380,000	37,395,000	11,795,000
June 20, 2007	4.0-5.0%	119,000,000	113,690,000		2,050,000	111,640,000	-
March 20, 2011	2.0-4.0%	7,585,000	-	7,585,000		7,585,000	680,000
Premiums on Bonds			3,015,192	452,105	271,227	3,196,070	-
Total Bonds Payable			<u>243,941,123</u>	<u>9,481,814</u>	<u>15,806,227</u>	<u>237,616,710</u>	<u>15,820,000</u>
December 30, 2008	4.55%	9,100,000	8,493,333	-	8,493,333	-	-
June 15, 2009	4.00%	2,900,000	2,658,938	-	250,808	2,408,130	260,948
Total Long-Term Loans			<u>11,152,271</u>	<u>-</u>	<u>8,744,141</u>	<u>2,408,130</u>	<u>260,948</u>
Other Post-Employment Benefits			<u>3,510,175</u>	<u>1,170,660</u>	<u>885,405</u>	<u>3,795,430</u>	<u>-</u>
Early Retirement			<u>4,111,688</u>	<u>744,743</u>	<u>1,203,278</u>	<u>3,653,153</u>	<u>1,081,414</u>
Total Long-Term Liabilities			<u>\$ 262,715,257</u>	<u>\$ 11,397,217</u>	<u>\$ 26,639,051</u>	<u>\$ 247,473,423</u>	<u>\$ 17,162,362</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, 2011, the District's net bonded debt is \$1,179,938,000 less than the statutory debt limit. Certain issues of the District's bonds are subject to federal arbitrage regulations. The District employs the services of an arbitrage rebate specialist to determine the amount of the arbitrage liability if applicable.

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Future maturities to service the general obligation bonds outstanding as of June 30, 2011, are as follows:

June 30,	Principal	Interest	Total
2012	\$ 12,890,000	\$ 7,166,344	\$ 20,056,344
2013	10,480,000	6,631,444	17,111,444
2014	10,370,000	6,108,794	16,478,794
2015	11,505,000	5,635,294	17,140,294
2016	12,725,000	5,098,694	17,823,694
2017-2021	53,670,000	16,967,669	70,637,669
2022-2024	40,835,000	3,961,275	44,796,275
	<u>\$ 152,475,000</u>	<u>\$ 51,569,514</u>	<u>\$ 204,044,514</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. 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, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 811,944	\$ 4,193,696	\$ 5,005,640
2013	1,101,819	4,164,692	5,266,511
2014	1,424,178	4,117,082	5,541,260
2015	1,781,401	4,048,389	5,829,790
2016	2,171,542	3,955,371	6,126,913
2017-2021	18,166,028	17,350,053	35,516,081
2022-2026	34,823,728	10,260,510	45,084,238
2027-2028	14,080,000	1,040,967	15,120,967
	<u>\$ 74,360,640</u>	<u>\$ 49,130,760</u>	<u>\$ 123,491,400</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
2012	\$ 680,000	\$ 216,047	\$ 896,047
2013	620,000	251,850	871,850
2014	605,000	239,450	844,450
2015	595,000	221,300	816,300
2016	585,000	200,475	785,475
2017-2021	2,850,000	670,000	3,520,000
2022-2024	<u>1,650,000</u>	<u>131,600</u>	<u>1,781,600</u>
	<u>\$ 7,585,000</u>	<u>\$ 1,930,722</u>	<u>\$ 9,515,722</u>

Long-term loans

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

Future maturities to service the long-term loans outstanding as of June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 260,948	\$ 93,812	\$ 354,760
2013	271,499	83,262	354,761
2014	282,476	72,285	354,761
2015	293,896	60,864	354,760
2016	305,779	48,981	354,760
2017-2019	<u>993,532</u>	<u>70,749</u>	<u>1,064,281</u>
	<u>\$ 2,408,130</u>	<u>\$ 429,953</u>	<u>\$ 2,838,083</u>

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Leases

The District leases facilities and equipment under non-cancelable operating leases. Total costs for such leases were \$445,399 for the year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2012	\$ 445,285
2013	255,162
2014	146,601
2015	<u>42,980</u>
Total	<u>\$ 890,028</u>

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

F. Interfund transfers

The District transferred \$433,094 from the capital projects fund to the debt service fund. The transfer was used to fund long-term debt principal and interest for the Summit High School athletic field project. The source of funds for payment of the Summit High debt is the general resources of the district.

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.

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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, 2011	June 30, 2010
Nonspendable:						
Inventory	\$ 163,792	\$ 432,222	\$ -	\$ -	\$ 596,014	\$ 494,853
Prepaid items	33,719	-	-	-	33,719	108,139
Restricted for:						
Capital projects	-	-	-	3,594,118	3,594,118	17,218,025
Debt service	-	-	2,475,650	-	2,475,650	1,574,675
Federal and state grants	-	1,522,985	-	-	1,522,985	1,407,975
Transportation equipment	343,599	-	-	-	343,599	420,362
Assigned to:						
Appropriated fund balance	5,812,781	-	-	-	5,812,781	4,567,920
Athletics	129,192	-	-	-	129,192	231,536
Early retirement funding	-	390,092	-	-	390,092	445,025
Facility grant	-	1,019,349	-	-	1,019,349	801,289
Facility usage	211,385	-	-	-	211,385	288,565
Instructional materials	8,844	-	-	-	8,844	243,941
Insurance reserve	789,822	-	-	-	789,822	539,604
Kindergarten academic enrichment	-	10,628	-	-	10,628	27,976
Maintenance replacement	299,493	-	-	-	299,493	387,372
Print shop equipment	247,859	-	-	-	247,859	228,411
Student activities	-	1,215,390	-	-	1,215,390	1,106,825
Teacher exchange program	-	9,456	-	-	9,456	25,109
Technology	1,176,447	-	-	-	1,176,447	1,359,593
Unassigned:	4,863,128	-	-	-	4,863,128	4,498,832
	<u>\$ 14,080,061</u>	<u>\$ 4,600,122</u>	<u>\$ 2,475,650</u>	<u>\$ 3,594,118</u>	<u>\$ 24,749,951</u>	<u>\$ 35,976,027</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.

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

These benefits are in addition to benefits that may become available under the pension plan administered under the State of Oregon Public Employees Retirement System. The expenditures incurred under the post-employment benefit plan during the current fiscal year totaled \$1,203,278 and covered 249 retirees.

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

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

Future maturities of termination benefits payable are as follows:

Year Ending June 30,	Amount
2012	\$ 1,081,414
2013	791,774
2014	607,590
2015	423,458
2016	270,838
2017-2021	458,305
2022-2023	19,774
	<u>\$ 3,653,153</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, 2011 was 1.94% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2011 was 2.46%. 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, 2011, 2010 and 2009 were \$1,324,544, \$1,453,737, and \$4,230,402, 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, 2011, 2010 and 2009 of \$4,253,373, \$4,225,177, and \$4,255,404, respectively, were paid by the District under terms of employment contracts.

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C. Prepaid pension liability

As a result of the issuance of Series 2002, Series 2003 and Series 2004 Limited Tax Pension Obligation Bonds, a prepaid PERS liability has been reported in the Statement of Net Assets. The prepaid liability is equal to the initial \$40,449,272, \$25,000,000, and \$5,642,462 payments made to PERS from the bond proceeds on October 31, 2002, April 21, 2003 and February 19, 2004, less accumulated amortization at June 30, 2011 of \$7,162,573. Annual amortization is being calculated on a straight-line basis over the life of the pension obligation bonds. As a result of issuance of bonds certain issue costs were accrued and annual amortization is being calculated on a straight-line basis over the life of the bonds. The unamortized amount of the bond issue costs is \$565,161.

D. Other post-employment benefits (OPEB)

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

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

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

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

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

Determination of Annual Required Contribution

	Year Ending June 30		
	2011	2010	2009
Normal cost at year end	\$ 629,212	\$ 1,539,443	\$ 1,539,443
Amortization of UAAL	602,991	1,212,090	1,212,090
	<u>\$ 1,232,203</u>	<u>\$ 2,751,533</u>	<u>\$ 2,751,533</u>

Determination of Net OPEB Obligation

Annual required contribution (ARC)	\$ 1,232,203	\$ 2,751,533	\$ 2,751,533
Interest on Net OPEB Obligation	122,856	64,208	-
Adjustment to ARC for Net OPEB Obligation	(184,399)	-	-
Annual OPEB cost	<u>1,170,660</u>	<u>2,815,741</u>	<u>2,751,533</u>
Expected contributions	<u>(885,405)</u>	<u>(1,140,073)</u>	<u>(917,026)</u>
Increase in net OPEB obligation	285,255	1,675,668	1,834,507
Net OPEB obligation, beginning of fiscal year	<u>3,510,175</u>	<u>1,834,507</u>	<u>-</u>
Net OPEB obligation, end of fiscal year	<u>\$ 3,795,430</u>	<u>\$ 3,510,175</u>	<u>\$ 1,834,507</u>

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

		Percentage of	
		Annual OPEB	
Fiscal Year	Annual OPEB cost	Cost Contributed	Net OPEB Obligation
2009	\$ 2,751,533	33.30%	\$ 1,834,507
2010	\$ 2,815,741	40.49%	\$ 3,510,175
2011	\$ 1,170,660	75.63%	\$ 3,795,430

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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, 2011 include the following:

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

As of June 30, 2011, the AAL for benefits was \$11,478,403, and the actuarial value of assets was \$0, resulting in an unfunded AAL of \$11,478,403. The covered payroll was \$70,168,107 and the ratio of the unfunded AAL to the covered payroll was 16.36%. Using a 30 year amortization period, the ARC for the fiscal year ending June 30, 2011 has been actuarially determined to be \$1,232,203 for the implicit rate subsidy.

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

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E. Risk management

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

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

A liability for estimated unemployment claims is presented in the government-wide statements as an accrued payroll liability. The liability represents the district's estimate of its share of unemployment claims during fiscal year 2010-11 that were unpaid as of June 30, 2011. The estimate was calculated based on district experience and actual claims paid after June 30, 2011. A reconciliation of the claims liability is as follows:

	Year Ending June 30	
	2011	2010
Beginning balance	\$ 82,502	\$ 145,557
Claims incurred	200,332	180,841
Claims paid	(184,681)	(243,896)
Ending balance	<u>98,153</u>	<u>82,502</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 2010-11 that were unpaid as of June 30, 2011. The liability was calculated using actual claims settled and paid after June 30, 2011. A reconciliation of the claims liability is as follows:

	Year Ending June 30	
	2011	2010
Beginning balance	\$ 60,650	\$ 74,000
Claims incurred	181,245	59,876
Claims paid	(146,895)	(73,226)
Ending balance	<u>95,000</u>	<u>60,650</u>

F. Commitments and contingencies

As of June 30, 2011, the District had contractual commitments of approximately \$141,972 for construction of new buildings and District improvement projects. Funding of these future expenditures is provided by proceeds from General Obligation Bonds.

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

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

G. Environmental matters

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

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REQUIRED SUPPLEMENTARY INFORMATION

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Required Supplementary Information
Schedule of Funding Progress - Other Post Employment Benefits
Year Ended June 30, 2011

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
6/30/2011	\$ -	\$ 11,478,403	\$ 11,478,403	0.0%	\$ 70,168,107	16.36%
6/30/2010	\$ -	\$ 24,313,910	\$ 24,313,910	0.0%	\$ 70,427,034	34.52%
6/30/2009	\$ -	\$ 23,073,054	\$ 23,073,054	0.0%	\$ 70,427,034	32.76%

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

SUPPLEMENTARY INFORMATION



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

Description of Fund Types

General Fund

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

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

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

Special Revenue Fund

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

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

Debt Service Fund

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

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

Capital Projects Fund

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

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

Private Purpose Trust Fund

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

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SUPPLEMENTARY INFORMATION

COMBINING SCHEDULES OF GENERAL FUND SUB-FUNDS

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Combining Schedule of Assets, Liabilities and Fund Balance
General Fund - Sub-Funds
(GAAP Basis)
June 30, 2011, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
Assets				
Cash and investments	\$ 17,272,501	\$ 129,192	\$ 8,844	\$ 343,599
Receivables				
Property taxes	4,212,191	-	-	-
Accounts and other receivables	3,014,452	-	-	-
Prepaid items	33,718	-	-	-
Inventories	99,485	-	-	-
Total Assets	\$ 24,632,347	\$ 129,192	\$ 8,844	\$ 343,599
Liabilities and Fund Balances				
Liabilities				
Accounts and interest payable	\$ 2,774,170	\$ -	\$ -	\$ -
Accrued payroll and related charges	7,209,286	-	-	-
Deferred revenue	3,839,776	-	-	-
Total Liabilities	13,823,232	-	-	-
Fund Balances				
Nonspendable	133,203	-	-	-
Restricted	-	-	-	343,599
Assigned	5,812,784	129,192	8,844	-
Unassigned	4,863,128	-	-	-
Total Fund Balances	10,809,115	129,192	8,844	343,599
Total Liabilities and Fund Balances	\$ 24,632,347	\$ 129,192	\$ 8,844	\$ 343,599

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2011	2010
\$ 243,511	\$ 187,070	\$ 1,176,446	\$ 260,709	\$ 461,582	\$ 20,083,454	\$ 22,125,433
-	-	-	-	-	4,212,191	4,393,618
4,349	24,313	-	38,784	328,239	3,410,137	2,689,507
-	-	-	-	-	33,718	108,139
<u>64,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,793</u>	<u>116,983</u>
<u>\$ 312,168</u>	<u>\$ 211,383</u>	<u>\$ 1,176,446</u>	<u>\$ 299,493</u>	<u>\$ 789,821</u>	<u>\$ 27,903,293</u>	<u>\$ 29,433,680</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,774,170	\$ 5,492,820
-	-	-	-	-	7,209,286	6,911,222
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,839,776</u>	<u>4,038,380</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,823,232</u>	<u>16,442,422</u>
64,308	-	-	-	-	197,511	225,122
					343,599	420,362
247,860	211,383	1,176,446	299,493	789,821	8,675,823	7,846,942
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,863,128</u>	<u>4,498,832</u>
<u>312,168</u>	<u>211,383</u>	<u>1,176,446</u>	<u>299,493</u>	<u>789,821</u>	<u>14,080,061</u>	<u>12,991,258</u>
<u>\$ 312,168</u>	<u>\$ 211,383</u>	<u>\$ 1,176,446</u>	<u>\$ 299,493</u>	<u>\$ 789,821</u>	<u>\$ 27,903,293</u>	<u>\$ 29,433,680</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, 2011, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
Revenues				
Property taxes	\$ 56,446,345	\$ -	\$ -	\$ -
Tuition	2,364	-	-	-
Investment earnings	194,042	-	-	1,402
Other local sources	1,185,627	437,616	-	1,200
Intermediate sources	1,698,986	-	-	-
State sources	47,309,065	-	-	488,617
Federal sources	5,216,004	-	-	-
Total revenues	112,052,433	437,616	-	491,219
Expenditures				
Current				
Instruction	64,317,474	1,676,470	1,060,097	-
Support services	43,521,192	230,415	-	-
Community services	107,478	-	-	-
Debt service			-	
Principal	-	-	-	250,808
Interest	-	-	-	103,952
Capital outlay	305,705	8,075	-	213,222
Total expenditures	108,251,849	1,914,960	1,060,097	567,982
Revenues over (under) expenditures	3,800,584	(1,477,344)	(1,060,097)	(76,763)
Other financing sources (uses)				
Transfers	(2,200,000)	1,375,000	825,000	-
Total other financing sources (uses)	(2,200,000)	1,375,000	825,000	-
Net change in fund balances	1,600,584	(102,344)	(235,097)	(76,763)
Fund balances, beginning of year	9,208,531	231,536	243,941	420,362
Fund balances, end of year	\$ 10,809,115	\$ 129,192	\$ 8,844	\$ 343,599

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,446,345	\$ 56,360,294
-	-	-	-	-	2,364	3,055
-	-	-	-	2,887	198,331	238,519
772,635	251,338	388,354	62,687	596,665	3,696,122	3,601,865
-	-	-	-	-	1,698,986	1,864,915
-	-	-	-	-	47,797,682	46,794,498
-	-	-	-	-	5,216,004	4,704,260
772,635	251,338	388,354	62,687	599,552	115,055,834	113,567,406
-	134,205	-	-	-	67,188,246	66,033,443
767,051	49,542	276,318	74,410	214,049	45,132,977	44,269,764
-	101,004	-	-	-	208,482	192,503
-	-	-	-	-	250,808	241,062
-	-	-	-	-	103,952	113,698
5,170	43,769	295,183	76,156	135,286	1,082,566	2,714,682
772,221	328,520	571,501	150,566	349,335	113,967,031	113,565,152
414	(77,182)	(183,147)	(87,879)	250,217	1,088,803	2,254
-	-	-	-	-	-	-
-	-	-	-	-	-	-
414	(77,182)	(183,147)	(87,879)	250,217	1,088,803	2,254
311,754	288,565	1,359,593	387,372	539,604	12,991,258	12,989,004
<u>\$ 312,168</u>	<u>\$ 211,383</u>	<u>\$ 1,176,446</u>	<u>\$ 299,493</u>	<u>\$ 789,821</u>	<u>\$ 14,080,061</u>	<u>\$ 12,991,258</u>

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SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Operations Sub Fund
Year Ended June 30, 2011

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 56,654,555	\$ 56,654,555	\$ (208,210)	\$ 56,446,345	\$ -	\$ 56,446,345
Tuition	-	-	2,364	2,364	-	2,364
Investment earnings	220,000	220,000	(25,958)	194,042	-	194,042
Other Local sources	1,077,500	1,077,500	108,127	1,185,627	-	1,185,627
Intermediate sources	1,640,000	1,640,000	58,986	1,698,986	-	1,698,986
State sources	51,805,004	51,805,004	(4,495,939)	47,309,065	-	47,309,065
Federal sources	<u>2,287,753</u>	<u>2,287,753</u>	<u>2,928,251</u>	<u>5,216,004</u>	<u>-</u>	<u>5,216,004</u>
Total revenues	113,684,812	113,684,812	(1,632,379)	112,052,433	-	112,052,433
Expenditures						
Current						
Instruction	68,220,680	68,220,680	3,903,206	64,317,474	-	64,317,474
Support services	45,603,257	45,603,257	1,776,360	43,826,897	(305,705)	43,521,192
Community services	114,570	114,570	7,092	107,478	-	107,478
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,705</u>	<u>305,705</u>
Total expenditures	<u>113,938,507</u>	<u>113,938,507</u>	<u>5,686,658</u>	<u>108,251,849</u>	<u>-</u>	<u>108,251,849</u>
Revenues over (under) expenditures	(253,695)	(253,695)	4,054,279	3,800,584	-	3,800,584
Other financing sources (uses)						
Transfers	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>-</u>	<u>(2,200,000)</u>	<u>-</u>	<u>(2,200,000)</u>
Net change in fund balances	(2,453,695)	(2,453,695)	4,054,279	1,600,584	-	1,600,584
Fund balances, beginning of year	<u>7,000,000</u>	<u>7,000,000</u>	<u>2,208,531</u>	<u>9,208,531</u>	<u>-</u>	<u>9,208,531</u>
Fund balances, end of year	<u>\$ 4,546,305</u>	<u>\$ 4,546,305</u>	<u>\$ 6,262,810</u>	<u>\$ 10,809,115</u>	<u>\$ -</u>	<u>\$ 10,809,115</u>

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, 2011

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 380,000	\$ 380,000	\$ 57,616	\$ 437,616	\$ -	\$ 437,616
Expenditures						
Current						
Instruction	1,560,914	1,560,914	(123,631)	1,684,545	(8,075)	1,676,470
Support services	409,794	409,794	188,338	230,415	-	230,415
Capital outlay	-	-	-	-	8,075	8,075
Total expenditures	<u>1,970,708</u>	<u>1,970,708</u>	<u>64,707</u>	<u>1,914,960</u>	<u>-</u>	<u>1,914,960</u>
Revenues over (under) expenditures	(1,590,708)	(1,590,708)	113,364	(1,477,344)	-	(1,477,344)
Other financing sources						
Transfers	<u>1,400,000</u>	<u>1,400,000</u>	<u>(25,000)</u>	<u>1,375,000</u>	<u>-</u>	<u>1,375,000</u>
Net change in fund balances	(190,708)	(190,708)	88,364	(102,344)	-	(102,344)
Fund balances, beginning of year	<u>190,708</u>	<u>190,708</u>	<u>40,828</u>	<u>231,536</u>	<u>-</u>	<u>231,536</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,192</u>	<u>\$ 129,192</u>	<u>\$ -</u>	<u>\$ 129,192</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, 2011

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Current						
Instruction	<u>1,000,000</u>	<u>1,000,000</u>	<u>(60,097)</u>	<u>1,060,097</u>	<u>-</u>	<u>1,060,097</u>
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>(60,097)</u>	<u>1,060,097</u>	<u>-</u>	<u>1,060,097</u>
Revenues over (under) expenditures	(1,000,000)	(1,000,000)	(60,097)	(1,060,097)	-	(1,060,097)
Other financing sources						
Transfers	<u>800,000</u>	<u>800,000</u>	<u>25,000</u>	<u>825,000</u>	<u>-</u>	<u>825,000</u>
Net change in fund balances	(200,000)	(200,000)	(35,097)	(235,097)	-	(235,097)
Fund balances, beginning of year	<u>200,000</u>	<u>200,000</u>	<u>43,941</u>	<u>243,941</u>	<u>-</u>	<u>243,941</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,844</u>	<u>\$ 8,844</u>	<u>\$ -</u>	<u>\$ 8,844</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1

Deschutes County, Oregon

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

General Fund - Transportation Equipment Sub Fund

Year Ended June 30, 2011

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 1,402	\$ 1,402	\$ -	\$ 1,402
Local sources	-	-	1,200	1,200	-	1,200
State sources	<u>468,565</u>	<u>468,565</u>	<u>20,052</u>	<u>488,617</u>	<u>-</u>	<u>488,617</u>
Total revenues	468,565	468,565	22,654	491,219	-	491,219
Expenditures						
Current						
Support services	50,000	50,000	(163,222)	213,222	(213,222)	-
Debt service	354,762	354,762	2	354,760	(354,760)	-
Principal	-	-	-	-	250,808	250,808
Interest	-	-	-	-	103,952	103,952
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,222</u>	<u>213,222</u>
Total expenditures	<u>404,762</u>	<u>404,762</u>	<u>(163,220)</u>	<u>567,982</u>	<u>-</u>	<u>567,982</u>
Net change in fund balance	63,803	63,803	(140,566)	(76,763)	-	(76,763)
Fund balances, beginning of year	<u>100,000</u>	<u>100,000</u>	<u>320,362</u>	<u>420,362</u>	<u>-</u>	<u>420,362</u>
Fund balances, end of year	<u>\$ 163,803</u>	<u>\$ 163,803</u>	<u>\$ 179,796</u>	<u>\$ 343,599</u>	<u>\$ -</u>	<u>\$ 343,599</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Print Shop Sub Fund
Year Ended June 30, 2011

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 772,500	\$ 772,500	\$ 135	\$ 772,635	\$ -	\$ 772,635
Expenditures						
Current						
Support services	824,750	824,750	52,529	772,221	(5,170)	767,051
Capital outlay	-	-	-	-	5,170	5,170
Total expenditures	<u>824,750</u>	<u>824,750</u>	<u>52,529</u>	<u>772,221</u>	<u>-</u>	<u>772,221</u>
Net change in fund balance	(52,250)	(52,250) ▼	52,664	414	-	414
Fund balances, beginning of year	<u>225,000</u>	<u>225,000</u>	<u>86,754</u> ▼	<u>311,754</u>	<u>-</u>	<u>311,754</u>
Fund balances, end of year	<u>\$ 172,750</u>	<u>\$ 172,750</u>	<u>\$ 139,418</u>	<u>\$ 312,168</u>	<u>\$ -</u>	<u>\$ 312,168</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1

Deschutes County, Oregon

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

General Fund - Facility Usage Sub Fund

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Variance with	<u>Actuals</u>		
	<u>Adopted</u>	<u>Final</u>	Final Budget <u>Over (Under)</u>	<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
Revenues						
Other Local sources	\$ 395,000	\$ 395,000	\$ (143,662)	\$ 251,338	\$ -	\$ 251,338
Expenditures						
Current						
Instructional	-	-	(134,205)	134,205	-	134,205
Support services	195,000	195,000	101,689	93,311	(43,769)	49,542
Community services	160,070	160,070	59,066	101,004	-	101,004
Capital outlay	-	-	-	-	43,769	43,769
Total expenditures	<u>355,070</u>	<u>355,070</u>	<u>26,550</u>	<u>328,520</u>	<u>-</u>	<u>328,520</u>
Net change in fund balance	39,930	39,930	(117,112)	(77,182)	-	(77,182)
Fund balances, beginning of year	<u>250,000</u>	<u>250,000</u>	<u>38,565</u>	<u>288,565</u>	<u>-</u>	<u>288,565</u>
Fund balances, end of year	<u>\$ 289,930</u>	<u>\$ 289,930</u>	<u>\$ (78,547)</u>	<u>\$ 211,383</u>	<u>\$ -</u>	<u>\$ 211,383</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Technology Reserve Sub Fund
Year Ended June 30, 2011

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 250,000	\$ 250,000	\$ 138,354	\$ 388,354	\$ -	\$ 388,354
Total revenues	250,000	250,000	138,354	388,354	-	388,354
Expenditures						
Current						
Support services	1,400,000	1,400,000	828,499	571,501	(295,183)	276,318
Capital outlay	-	-	-	-	295,183	295,183
Total expenditures	1,400,000	1,400,000	828,499	571,501	-	571,501
Net change in fund balance	(1,150,000)	(1,150,000)	966,853	(183,147)	-	(183,147)
Fund balances, beginning of year	1,250,000	1,250,000	109,593	1,359,593	-	1,359,593
Fund balances, end of year	\$ 100,000	\$ 100,000	\$ 1,076,446	\$ 1,176,446	\$ -	\$ 1,176,446

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, 2011

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ (37,313)</u>	<u>\$ 62,687</u>	<u>\$ -</u>	<u>\$ 62,687</u>
Total revenues	100,000	100,000	(37,313)	62,687	-	62,687
Expenditures						
Current						
Support services	450,000	450,000	299,434	150,566	(76,156)	74,410
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,156</u>	<u>76,156</u>
Total expenditures	<u>450,000</u>	<u>450,000</u>	<u>299,434</u>	<u>150,566</u>	<u>-</u>	<u>150,566</u>
Net change in fund balance	(350,000)	(350,000)	262,121	(87,879)	-	(87,879)
Fund balances, beginning of year	<u>400,000</u>	<u>400,000</u>	<u>(12,628)</u>	<u>387,372</u>	<u>-</u>	<u>387,372</u>
Fund balances, end of year	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 249,493</u>	<u>\$ 299,493</u>	<u>\$ -</u>	<u>\$ 299,493</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1

Deschutes County, Oregon

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

General Fund - Insurance Reserve Sub Fund

Year Ended June 30, 2011

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 3,000	\$ 3,000	\$ (113)	\$ 2,887	\$ -	\$ 2,887
Other local sources	-	-	596,665	596,665	-	596,665
Total Revenues	3,000	3,000	596,552	599,552	-	599,552
Expenditures						
Current						
Support services	278,000	278,000	(71,335)	349,335	(135,286)	214,049
Capital outlay	-	-	-	-	135,286	135,286
Total Expenditures	278,000	278,000	(71,335)	349,335	-	349,335
Net change in fund balance	(275,000)	(275,000)	525,217	250,217	-	250,217
Fund balances, beginning of year	300,000	300,000	239,604	539,604	-	539,604
Fund balances, end of year	\$ 25,000	\$ 25,000	\$ 764,821	\$ 789,821	\$ -	\$ 789,821

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, 2011

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 21,105,731	\$ 21,105,731	\$ 799,627	\$ 21,905,358	\$ -	\$ 21,905,358
Investment earnings	55,000	55,000	(2,454)	52,546	-	52,546
State sources	<u>4,743,720</u>	<u>4,743,720</u>	<u>891,912</u>	<u>5,635,632</u>	<u>-</u>	<u>5,635,632</u>
Total revenues	25,904,451	25,904,451	1,689,085	27,593,536	-	27,593,536
Expenditures						
Current:						
Support Services	2,000	2,000	(82,640)	84,640	-	84,640
Debt service	27,126,741	27,126,741	(7,951,379)	35,078,120	(35,078,120)	-
Principal	-	-	-	-	23,395,395	23,395,395
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,682,725</u>	<u>11,682,725</u>
Total expenditures	<u>27,128,741</u>	<u>27,128,741</u>	<u>(8,034,019)</u>	<u>35,162,760</u>	<u>-</u>	<u>35,162,760</u>
Revenues over (under) expenditures	(1,224,290)	(1,224,290)	(6,344,934)	(7,569,224)	-	(7,569,224)
Other financing sources (uses)						
Transfers	433,094	433,094	-	433,094	-	433,094
Premium on debt issuance	-	-	452,105	452,105	-	452,105
Proceeds from debt issuance	<u>-</u>	<u>-</u>	<u>7,585,000</u>	<u>7,585,000</u>	<u>-</u>	<u>7,585,000</u>
Total other financing sources	<u>433,094</u>	<u>433,094</u>	<u>8,037,105</u>	<u>8,470,199</u>	<u>-</u>	<u>8,470,199</u>
Net change in fund balance	(791,196)	(791,196)	1,692,171	900,975	-	900,975
Fund balances, beginning of year	<u>1,076,196</u>	<u>1,076,196</u>	<u>498,479</u>	<u>1,574,675</u>	<u>-</u>	<u>1,574,675</u>
Fund balances, end of year	<u>\$ 285,000</u>	<u>\$ 285,000</u>	<u>\$ 2,190,650</u>	<u>\$ 2,475,650</u>	<u>\$ -</u>	<u>\$ 2,475,650</u>

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, 2011

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 100,000	\$ 100,000	\$ (46,543)	\$ 53,457	\$ -	\$ 53,457
Other Local sources	-	-	401,411	401,411	-	401,411
Total revenues	100,000	100,000	354,868	454,868	-	454,868
Expenditures						
Current						
Facilities acquisition and construction	18,000,000	18,000,000	4,354,319	13,645,681	(13,061,097)	584,584
Capital outlay	-	-	-	-	13,061,097	13,061,097
Total expenditures	18,000,000	18,000,000	4,354,319	13,645,681	-	13,645,681
Revenues over (under) expenditures	(17,900,000)	(17,900,000)	4,709,187	(13,190,813)	-	(13,190,813)
Other Financing Uses						
Transfers	(433,094)	(433,094)	-	(433,094)	-	(433,094)
Total other financing uses	(433,094)	(433,094)	-	(433,094)	-	(433,094)
Net change in fund balance	(18,333,094)	(18,333,094)	4,709,187	(13,623,907)	-	(13,623,907)
Fund balances, beginning of year	18,433,094	18,433,094	(1,215,069)	17,218,025	-	17,218,025
Fund balances, end of year	\$ 100,000	\$ 100,000	\$ 3,494,118	\$ 3,594,118	\$ -	\$ 3,594,118

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, 2011

	<u>Budgeted Amounts</u>		Variance with Final Budget	<u>Actuals</u>		
	<u>Adopted</u>	<u>Final</u>	<u>Over (Under)</u>	<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
Revenues						
Investment earnings	\$ 5,000	\$ 5,000	\$ (4,850)	\$ 150	\$ -	\$ 150
Donations	-	-	1,639	1,639	-	1,639
Total revenues	5,000	5,000	(3,211)	1,789	-	1,789
Expenditures						
Current						
Enterprise and community	5,000	5,000	4,500	500	-	500
Net change in fund balance	-	-	1,289	1,289	-	1,289
Fund balances, beginning of year	40,000	40,000	(7,805)	32,195	-	32,195
Fund balances, end of year	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ (6,516)</u>	<u>\$ 33,484</u>	<u>\$ -</u>	<u>\$ 33,484</u>

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SUPPLEMENTARY INFORMATION

SCHEDULES REQUIRED BY

OREGON DEPARTMENT OF EDUCATION

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Detailed Revenues and Expenditures (Budgetary Basis) -
Actual and Budget - General Fund
Year Ended June 30, 2011

	<u>Salaries</u>	<u>Associated Payroll Costs</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>
Revenues				
Property taxes				
Tuition				
Investment earnings				
Other Local sources				
Intermediate sources				
State sources				
Federal sources				
Beginning fund balance				
Total revenues				
Expenditures				
Instruction	\$ 41,150,149	\$ 17,049,662	\$ 6,580,935	\$ 2,368,731
Support Services	23,956,883	10,756,768	6,876,010	3,348,141
Enterprise and Community Services	149,570	57,588	1,294	30
Debt Service	-	-	-	-
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 65,256,602</u>	<u>\$ 27,864,018</u>	<u>\$ 13,458,239</u>	<u>\$ 5,716,902</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Total</u>	<u>Final Budget</u>	<u>Variance</u> <u>(Over) Under</u>
		\$ 56,446,345	\$ 56,654,555	\$ 208,210
		2,364	-	(2,364)
		198,331	223,000	24,669
		4,345,731	2,975,000	(1,370,731)
		1,698,986	1,640,000	(58,986)
		47,797,682	52,273,569	4,475,887
		5,216,004	2,287,753	(2,928,251)
		<u>12,991,258</u>	<u>9,915,708</u>	<u>(3,075,550)</u>
		<u>\$ 128,696,701</u>	<u>\$ 125,969,585</u>	<u>\$ (2,727,116)</u>
\$ 8,075	\$ 38,769	\$ 67,196,321	\$ 70,781,594	\$ 3,585,273
1,074,491	844,784	46,857,077	49,210,801	2,353,724
-	-	208,482	274,640	66,158
-	354,760	354,760	354,762	2
-	-	<u>14,080,061</u>	<u>5,347,788</u>	<u>(8,732,273)</u>
<u>\$ 1,082,566</u>	<u>\$ 1,238,313</u>	<u>\$ 128,696,701</u>	<u>\$ 125,969,585</u>	<u>\$ (2,727,116)</u>

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Detailed Revenues and Expenditures (Budgetary Basis) -
Actual and Budget - Special Revenue Fund
Year Ended June 30, 2011

	Salaries	Associated Payroll Costs	Purchased Services	Supplies & Materials
Revenues				
Local sources				
State sources				
Federal sources				
Beginning fund balance				
Total revenues				
Expenditures				
Instruction	\$ 4,984,174	\$ 2,436,453	\$ 1,817,431	\$ 2,007,395
Support Services	2,209,779	428,355	596,381	136,057
Enterprise and Community Services	1,965,895	948,340	242,807	2,433,248
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 9,159,848</u>	<u>\$ 3,813,148</u>	<u>\$ 2,656,619</u>	<u>\$ 4,576,700</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Total</u>	<u>Final Budget</u>	<u>Variance</u>	
				(Over)	Under
		\$ 7,134,774	\$ 7,925,000	\$ 790,226	
		622,352	801,000	178,648	
		13,562,352	13,750,000	187,648	
		<u>4,192,069</u>	<u>3,375,000</u>	<u>(817,069)</u>	
		<u>\$ 25,511,547</u>	<u>\$ 25,851,000</u>	<u>\$ 339,453</u>	
\$ 2,809	\$ 72,407	\$ 11,320,669	\$ 11,560,000	\$ 239,331	
-	440,488	3,811,060	5,050,000	1,238,940	
36,367	153,039	5,779,696	6,391,000	611,304	
<u>-</u>	<u>-</u>	<u>4,600,122</u>	<u>2,850,000</u>	<u>(1,750,122)</u>	
<u>\$ 39,176</u>	<u>\$ 665,934</u>	<u>\$ 25,511,547</u>	<u>\$ 25,851,000</u>	<u>\$ 339,453</u>	

Administrative School District No. 1
 Deschutes County, Oregon
 Schedule of Detailed Revenues and Expenditures (Budgetary Basis) -
 Actual and Budget - Debt Service Fund
 Year Ended June 30, 2011

	<u>Salaries</u>	<u>Associated Payroll Costs</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>
Revenues				
Property taxes				
Earnings from investments				
State sources				
Other financing sources				
Beginning fund balance				
Total revenues				
Expenditures				
Support Services	\$ -	\$ -	\$ 84,640	\$ -
Debt Service	-	-	-	-
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,640</u>	<u>\$ -</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Transfers</u>	<u>Total</u>	<u>Final Budget</u>	<u>Variance (Over) Under</u>
			\$ 21,905,358	\$ 21,105,731	\$ (799,627)
			52,546	55,000	2,454
			5,635,632	4,743,720	(891,912)
			8,470,199	433,094	(8,037,105)
			<u>1,574,675</u>	<u>1,076,196</u>	<u>(498,479)</u>
			<u>\$ 37,638,410</u>	<u>\$ 27,413,741</u>	<u>\$ (10,224,669)</u>
\$ -	\$ -	\$ -	\$ 84,640	\$ 2,000	\$ (82,640)
-	35,078,120	-	35,078,120	27,126,741	(7,951,379)
-	-	-	<u>2,475,650</u>	<u>285,000</u>	<u>(2,190,650)</u>
<u>\$ -</u>	<u>\$ 35,078,120</u>	<u>\$ -</u>	<u>\$ 37,638,410</u>	<u>\$ 27,413,741</u>	<u>\$ (10,224,669)</u>

Administrative School District No. 1
 Deschutes County, Oregon
 Schedule of Detailed Revenues and Expenditures (Budgetary Basis) -
 Actual and Budget - Capital Projects Fund
 Year Ended June 30, 2011

	<u>Salaries</u>	<u>Associated Payroll Costs</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>
Revenues				
Earnings from investments				
Other local sources				
Beginning fund balance				
Total revenues				
Expenditures				
Facilities acquisition and construction	\$ 434,210	\$ 139,419	\$ 5,115	\$ 5,513
Other financing uses	-	-	-	-
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 434,210</u>	<u>\$ 139,419</u>	<u>\$ 5,115</u>	<u>\$ 5,513</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Transfers</u>	<u>Total</u>	<u>Final Budget</u>	Variance (Over) <u>Under</u>
			\$ 53,457	\$ 100,000	\$ 46,543
			401,411	-	(401,411)
			<u>17,218,025</u>	<u>18,433,094</u>	<u>1,215,069</u>
			<u>\$ 17,672,893</u>	<u>\$ 18,533,094</u>	<u>\$ 860,201</u>
\$ 13,061,097	\$ 327	\$ -	\$ 13,645,681	\$ 18,000,000	\$ 4,354,319
-	-	433,094	433,094	433,094	-
-	-	-	<u>3,594,118</u>	<u>100,000</u>	<u>(3,494,118)</u>
<u>\$ 13,061,097</u>	<u>\$ 327</u>	<u>\$ 433,094</u>	<u>\$ 17,672,893</u>	<u>\$ 18,533,094</u>	<u>\$ 860,201</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, 2011

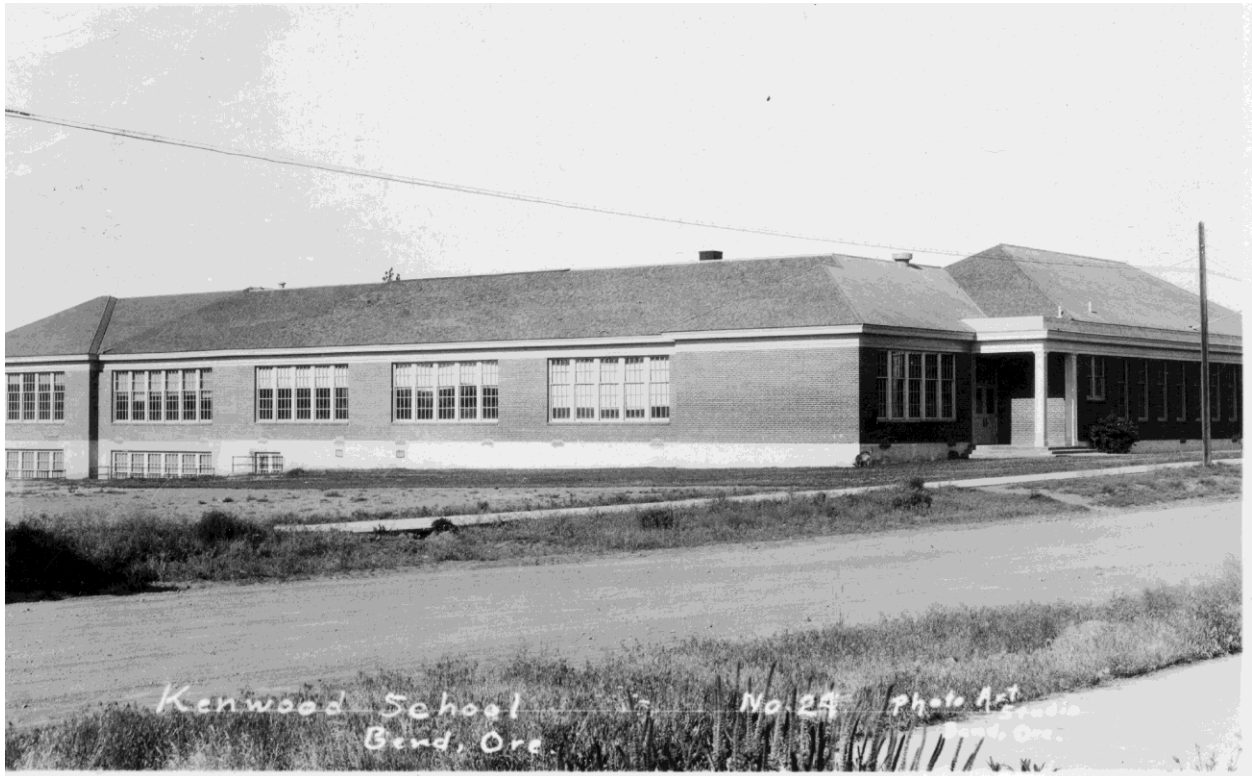
- A. Energy Bill for Heating - All Funds:
 Please enter your expenditures for electricity
 and heating fuel for these Functions and
 Objects.

<u>Function</u>	<u>Objects 325 & 326</u>
2540	\$ 2,396,881
2550	-

- B. Replacement of Equipment - General Fund
 Include all General Fund expenditures in object
 542, except for the following exclusions:

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

OTHER FINANCIAL SCHEDULES



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

ADMINISTRATIVE SCHOOL DISTRICT NO. 1

Deschutes County, Oregon

Schedule of Property Tax Transactions - General Fund

Year Ended June 30, 2011

	Tax Year	Current Levy and Uncollected July 1, 2010	Discounts and adjustments	Interest	Collections	Uncollected June 30, 2011
<u>General Fund:</u>						
Current	2010-2011	\$ 57,540,126	\$ 1,650,109	\$ 32,042	\$ 53,613,635	\$ 2,308,424
Prior	2009-2010	2,799,059	22,895	135,276	1,715,583	1,195,857
	2008-2009	1,121,859	10,968	119,108	675,898	554,101
	2007-2008	371,352	3,933	87,100	337,767	116,752
	2006-2007	68,207	2,243	21,350	72,218	15,096
	2005-2006	13,761	1,019	2,935	7,849	7,828
	2004 and prior	19,380	2,042	1,969	6,174	13,133
Total Prior		<u>4,393,618</u>	<u>43,100</u>	<u>367,738</u>	<u>2,815,489</u>	<u>1,902,767</u>
Total General Fund		<u>\$ 61,933,744</u>	<u>\$ 1,693,209</u>	<u>\$ 399,780</u>	<u>\$ 56,429,124</u>	<u>\$ 4,211,191</u>

Reconciliation to revenue:

Cash collections by county treasurer above	\$ 56,429,124
Less taxes accrued June 30, 2010:	(355,125)
Add taxes accrued June 30, 2011:	
Current year	244,294
Prior year	<u>128,052</u>
Total revenues - modified accrual basis	<u>\$ 56,446,345</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1

Deschutes County, Oregon

Schedule of Property Tax Transactions - Debt Service Fund

Year Ended June 30, 2011

	Tax Year	Current Levy and Uncollected July 1, 2010	Discounts and adjustments	Interest	Collections	Uncollected June 30, 2011
<u>Debt Service Fund</u>						
Current	2010-2011	\$ 22,419,280	\$ 642,961	\$ 12,485	\$ 20,889,408	\$ 899,396
Prior	2009-2010	1,038,002	8,491	50,166	636,206	443,471
	2008-2009	378,251	3,698	40,159	227,888	186,824
	2007-2008	122,177	1,294	28,657	111,128	38,412
	2006-2007	23,340	767	7,305	24,712	5,166
	2005-2006	4,747	351	1,012	2,708	2,700
	2004 and prior	<u>6,443</u>	<u>665</u>	<u>845</u>	<u>1,943</u>	<u>4,680</u>
Total Prior		<u>1,572,960</u>	<u>15,266</u>	<u>128,144</u>	<u>1,004,585</u>	<u>681,253</u>
Total Debt Service Fund		<u>\$ 23,992,240</u>	<u>\$ 658,227</u>	<u>\$ 140,629</u>	<u>\$ 21,893,993</u>	<u>\$ 1,580,649</u>

Reconciliation to revenue:

Cash collections by county treasurer above	\$ 21,893,993
Less taxes accrued June 30, 2010:	(128,366)
Add taxes accrued June 30, 2011:	
Current year	95,184
Prior year	<u>44,547</u>
Total revenues	<u>\$ 21,905,358</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Schedule Of Expenditures Of Federal Awards
For the Fiscal Year Ended June 30, 2011

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:				
	National School Breakfast	10.553	902001	\$ 981,909
	National School Lunch Sec 4 & 11	10.555	902001	2,740,273
	Child Care Food	10.558	902001	127,970
	Summer Food	10.559	902001	116,643
	Fresh Fruit and Vegetables Program	10.582	902001	60,522
Subtotal Passed Through Oregon Department of Education				4,027,317
Direct Programs:				
	Schools and Roads - Grants to Counties	10.666		491,941
Total U.S. Department of Agriculture				4,519,258
<u>U.S. Department of Education</u>				
Passed through Oregon Department of Education:				
	Title IA Programs	84.010	16498	393,056
		84.010	18969	31,845
		84.010	19362	2,421,493
		84.010	19530	69,427
				2,915,821
	Special Education Part B, IDEA	84.027	18453	9,774
		84.027	17710	2,604,594
		84.027	18249	7,200
		84.027	19916	7,573
		84.027	21746	32,627
				2,661,768
	Title II-A Improving Teacher Quality	84.367	19565	444,403
		84.367	16693	150,813
		84.367	20549	9,000
				604,216
	Title III	84.365	16210	16,826
		84.365	20152	84,449
				101,275
	ARRA Title I Stimulus Funds	84.389	15604	859,809
		84.389	16902	13,156
		84.389	18005	33,050
				906,015

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Schedule Of Expenditures Of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor and Pass Through Agency	Program Title	CFDA Number	Pass-Through Grantor Identifying Number	Federal Expenditures
	School Improvement Grants	84.377	18065	17,493
	Title IV-A Program	84.186	17000	4,353
	Carl Perkins Vocational Rehabilitation Grant	84.048	21137	4,674
	AP Incentive Grant	84.330	14182	3,040
	Title II-D Technology Education	84.318	16282	79,057
	Special Education - State Personnel Development	84.323	18161	15,400
	Special Education Preschool Grants	84.173	21923	22,106
	Child Care Development Block Grant	93.575		4,374
	ARRA Title IID Stimulus Funds	84.386	18349	122,182
	ARRA Title X Homeless Children and Youth	84.387	15499	4,335
	ARRA School Improvement Grants	84.388		604,740
	ARRA IDEA Part B Stimulus Funds	84.391	15139	1,035,409
	ARRA Education Jobs Fund	84.410		3,034,874
	ARRA State Fiscal Stabilization Fund	84.394		<u>1,672,662</u>
	Subtotal Passed Through Oregon Department of Education			13,813,794
Passed Through Oregon University System:				
	Gear Up Program	84.334		79,727
Passed Through High Desert ESD:				
	Carl Perkins Vocational Rehabilitation Grant	84.048		52,444
	McKinney Homeless	84.196		<u>17,780</u>
	Subtotal Passed Through High Desert ESD			70,224
Passed Through Foundation for a Better Oregon:				
	ARRA - Academic Improvement and Teacher Quality	84.385A		138,545
Direct Programs:				
	National Junior ROTC	not available		<u>133,142</u>
Total U.S. Department of Education				<u>14,235,432</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through Oregon Employment Department:				
	Teen Parent Program Child Care Matching	93.596		19,994
	Child Care Development Block Grant	93.575		3,176
Total U.S. Department of Health and Human Services				<u>23,170</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Schedule Of Expenditures Of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor and Pass Through Agency	Program Title	CFDA Number	Pass-Through Grantor Identifying Number	Federal Expenditures
<u>U.S. Department of Energy</u>				
Passed through Oregon Department of Energy:				
ARRA State Energy Program		81.041	SEP 10-1216	<u>496</u>
Total U.S. Department of Education				<u>496</u>
Total Federal Financial Assistance				<u>\$18,778,356</u>

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

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Future Debt Service by Issue - Bond Principal and Interest
June 30, 2011

Year of Maturity	July 15, 2002			October 31, 2002		April 21, 2003	
	Total	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 25,061,984	\$ 1,095,000	\$ 139,175	\$ 442,893	\$ 2,358,121	\$ 279,051	\$ 1,526,186
2013	22,377,955	1,145,000	88,900	610,562	2,340,452	381,257	1,518,980
2014	22,020,054	1,200,000	33,000	798,891	2,312,123	490,287	1,504,950
2015	22,970,084			1,004,418	2,271,596	616,983	1,483,254
2016	23,950,607			1,228,433	2,217,581	753,109	1,452,128
2017	24,964,813			1,472,732	2,148,282	904,152	1,411,085
2018	19,021,199			1,743,937	2,062,077	1,070,751	1,359,486
2019	19,853,641			2,043,555	1,957,459	1,259,271	1,295,966
2020	20,708,971			2,368,325	1,832,689	1,461,239	1,218,998
2021	21,605,127			2,725,000	1,686,014	1,682,066	1,128,171
2022	22,534,826			3,095,000	1,536,139	1,923,248	1,021,989
2023	23,507,981			3,495,000	1,366,533	2,190,480	899,757
2024	24,526,141			3,925,000	1,174,658	2,480,000	760,237
2025	9,432,032			4,390,000	956,820	2,775,000	621,108
2026	9,879,533			4,890,000	713,175	3,095,000	463,488
2027	10,342,792			5,430,000	441,780	3,435,000	287,692
2028	4,778,176			2,530,000	140,415	1,630,000	92,584
	<u>\$ 327,535,915</u>	<u>\$ 3,440,000</u>	<u>\$ 261,075</u>	<u>\$ 42,193,746</u>	<u>\$ 27,515,914</u>	<u>\$ 26,426,894</u>	<u>\$ 18,046,059</u>

February 19, 2004		March 1, 2005		June 20, 2007		March 20, 2011	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 90,000	\$ 309,389	\$ 11,795,000	\$ 1,764,625	\$ -	\$ 5,262,544	\$ 680,000	\$ 216,047
110,000	305,259	9,335,000	1,280,000	-	5,262,544	620,000	251,850
135,000	300,009	7,370,000	813,250	1,800,000	5,262,544	605,000	239,450
160,000	293,539	6,140,000	444,750	5,365,000	5,190,544	595,000	221,300
190,000	285,662	2,755,000	137,750	9,970,000	4,960,944	585,000	200,475
215,000	276,118			14,065,000	4,472,444	580,000	180,000
250,000	265,104			8,480,000	3,789,844	575,000	156,800
285,000	252,046			9,390,000	3,370,344	570,000	133,800
320,000	236,876			10,370,000	2,900,844	565,000	111,000
365,000	219,682			11,365,000	2,434,194	560,000	88,400
410,000	199,888			12,440,000	1,908,562	555,000	66,000
455,000	177,449			13,575,000	1,348,762	550,000	43,800
510,000	152,296			14,820,000	703,950	545,000	21,800
565,000	124,104						
625,000	92,870						
690,000	58,320						
365,000	20,177						
<u>\$ 5,740,000</u>	<u>\$ 3,568,788</u>	<u>\$ 37,395,000</u>	<u>\$ 4,440,375</u>	<u>\$ 111,640,000</u>	<u>\$ 46,868,064</u>	<u>\$ 7,585,000</u>	<u>\$ 1,930,722</u>

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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 Trends80-87

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

Revenue Capacity88-91

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

Debt Capacity92-97

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 Information98-99

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

Operating Information100-105

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Miscellaneous Statistics.....106-107

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

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)
(in thousands)

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

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

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

Fiscal Year					
<u>2006*</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 54,018	\$61,745	\$70,806	\$75,762	\$ 87,553	\$ 96,467
4,033	5,019	10,808	12,380	9,902	8,996
<u>114</u>	<u>2,658</u>	<u>1,513</u>	<u>2,497</u>	<u>1,773</u>	<u>3,149</u>
<u>\$ 58,165</u>	<u>\$69,422</u>	<u>\$83,127</u>	<u>\$90,639</u>	<u>\$ 99,228</u>	<u>\$108,612</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(in thousands)

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

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

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

Fiscal Year					
2006*	2007	2008	2009	2010	2011
\$ 49,966	\$ 58,094	\$ 62,788	\$ 64,627	\$ 60,911	\$ 62,037
18,883	19,348	21,262	22,407	22,741	23,071
6,168	6,881	8,227	9,298	9,457	9,463
3,005	3,407	3,768	4,286	4,428	4,222
627	660	618	577	610	625
7,291	7,862	8,357	8,768	8,356	8,615
17,968	18,074	20,289	21,119	19,907	20,659
3,946	4,350	4,668	5,133	5,016	4,832
2,279	2,352	2,459	2,504	2,618	2,592
4,252	4,533	4,814	4,923	4,840	5,225
179	206	456	643	651	686
-	-	-	-	-	-
-	-	-	1,219	-	-
9,052	8,705	13,222	13,066	13,004	12,340
<u>123,616</u>	<u>134,472</u>	<u>150,928</u>	<u>158,570</u>	<u>152,539</u>	<u>154,367</u>
3,658	3,834	3,540	3,437	3,519	3,272
132	104	-	-	-	-
784	1,014	1,122	1,069	796	767
-	-	-	-	-	-
1,798	1,867	1,833	1,661	1,477	1,358
254	314	353	274	264	234
12,304	11,740	14,053	22,008	20,906	20,650
300	268	4,152	446	488	489
<u>19,230</u>	<u>19,141</u>	<u>25,053</u>	<u>28,895</u>	<u>27,450</u>	<u>26,770</u>
<u>(104,386)</u>	<u>(115,331)</u>	<u>(125,875)</u>	<u>(129,675)</u>	<u>(125,089)</u>	<u>(127,597)</u>
43,169	47,278	50,844	54,576	56,571	56,293
14,987	16,179	16,730	17,813	20,806	21,857
673	682	678	610	547	2,165
48,118	55,956	58,754	57,735	50,449	51,280
1,345	1,467	1,990	2,062	1,865	1,699
1,584	2,151	7,802	2,355	631	315
3,703	2,875	2,782	2,037	2,809	3,372
<u>113,579</u>	<u>126,588</u>	<u>139,580</u>	<u>137,188</u>	<u>133,678</u>	<u>136,981</u>
<u>\$ 9,193</u>	<u>\$ 11,257</u>	<u>\$ 13,705</u>	<u>\$ 7,513</u>	<u>\$ 8,589</u>	<u>\$ 9,384</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal year			
	2002	2003	2004	2005
General fund				
Reserved	\$ 418	\$ 387	\$ 304	\$ 200
Unreserved	869	(2,266)	3,561	2,847
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>1,287</u>	<u>(1,879)</u>	<u>3,865</u>	<u>3,047</u>
All other governmental funds				
Reserved	2,472	1,282	1,764	1,968
Unreserved, reported in:				
Special revenue fund	-	2,038	2,389	2,577
Capital project fund	46,375	35,006	13,746	6,389
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>\$ 48,847</u>	<u>\$ 38,326</u>	<u>\$ 17,899</u>	<u>\$ 10,934</u>

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

Fiscal year					
2006	2007	2008	2009	2010	2011
\$ 92	\$ 53	\$ 73	\$ -	\$ -	\$ -
6,062	8,276	7,121	-	-	-
-	-	-	146	225	198
-	-	-	2,426	420	343
-	-	-	9,989	7,847	8,676
-	-	-	1,504	4,499	4,863
<u>6,154</u>	<u>8,329</u>	<u>7,194</u>	<u>14,065</u>	<u>12,991</u>	<u>14,080</u>
1,983	5,585	1,752	-	-	-
3,102	3,546	3,618	-	-	-
2,153	116,583	77,233	-	-	-
-	-	-	348	378	432
-	-	-	1,073	1,408	1,523
-	-	-	367	1,575	2,476
-	-	-	44,752	17,218	3,594
-	-	-	1,244	2,406	2,645
<u>\$ 7,238</u>	<u>\$ 125,714</u>	<u>\$ 82,603</u>	<u>\$ 47,784</u>	<u>\$ 22,985</u>	<u>\$ 10,670</u>

ADMINISTRATIVE SCHOOL 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		
	2002	2003	2004
Revenues			
Property taxes	\$ 39,506	\$ 46,509	\$ 49,861
Tuition	91	107	119
Revenue from local governments	-	-	-
Investment earnings	1,136	1,682	1,030
Other Local sources (including indirect cost allocation)	6,061	6,194	6,749
Intermediate sources	508	1,010	1,285
State sources	48,328	38,807	48,291
Federal sources	6,474	7,151	9,376
Total revenues	102,104	101,460	116,711
Expenditures			
Current			
Instruction	56,884	54,279	56,731
Support services (including indirect cost allocation)	33,173	31,407	31,696
Community services (including indirect cost allocation)	44	55	95
Nutrition Services (including indirect cost allocation)	3,241	3,062	3,405
Debt service:			
Principal	4,688	6,257	8,379
Interest	4,214	8,385	8,558
Capital outlay	13,401	13,120	22,705
PERS UAL payment	-	65,449	5,642
Total expenditures	115,645	182,014	137,211
Revenues over (under) expenditures	(13,541)	(80,554)	(20,500)
Other Financing Sources (Uses)			
Refunding bonds issued	-	10,215	-
Payment to refunded bond escrow agent	-	(10,481)	-
Premium on bonds issued	-	382	-
General obligation bonds issued	48,705	-	-
PERS UAL limited tax pension bonds issued	-	66,244	5,818
Discount on limited tax pension bonds issued	-	(59)	-
Transfers	-	-	-
Sale of capital assets	-	-	-
Lease purchase / long term loan proceeds	429	-	-
Total Other Financing Sources (uses)	49,134	66,301	5,818
Net change in fund balances	\$ 35,593	\$ (14,253)	\$ (14,682)
Ratio of total debt service to noncapital expenditures	10%	16%	18%

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						
2005	2006	2007	2008	2009	2010	2011
\$ 53,413	\$ 58,385	\$ 62,894	\$ 66,235	\$ 70,667	\$ 77,167	\$ 78,352
102	143	251	149	153	472	542
-	-	-	3,819	-	-	-
863	1,531	2,151	7,802	2,355	631	315
8,854	11,224	11,209	10,679	10,691	11,363	10,682
985	2,270	1,602	1,991	2,095	1,932	1,699
43,071	49,359	56,903	62,930	64,123	52,536	54,051
9,962	10,835	10,448	10,009	14,626	17,231	18,783
117,250	133,747	145,458	163,614	164,710	161,331	164,424
58,061	64,931	73,309	79,793	80,991	76,830	78,506
36,701	39,852	42,956	47,030	49,243	48,899	49,029
158	180	4,641	5,150	5,396	5,381	5,952
3,963	4,288	-	-	-	-	-
10,507	11,819	15,537	12,418	11,301	13,864	15,778
7,404	7,754	7,227	12,214	11,942	12,225	11,787
8,614	6,027	6,155	51,256	45,784	30,004	14,767
-	-	-	-	-	-	-
125,408	134,851	149,825	207,860	204,657	187,204	175,819
(8,158)	(1,104)	(4,367)	(44,247)	(39,947)	(25,873)	(11,395)
63,045	-	-	-	-	-	7,585
(67,744)	-	-	-	-	-	(7,868)
5,073	53	3,769	-	-	-	452
-	-	119,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	462	-	-	-	-	-
-	-	2,250	-	12,000	-	-
374	515	125,019	-	12,000	-	169
\$ (7,784)	\$ (589)	\$ 120,652	\$ (44,247)	\$ (27,947)	\$ (25,873)	\$ (11,226)
18%	18%	16%	16%	15%	17%	17%

ADMINISTRATIVE SCHOOL DISTRICT NO. 1**Deschutes County, Oregon****Assessed Value and Estimated Value of Taxable Property in Deschutes County****Last Ten Fiscal Years****(in thousands of dollars)**

	<u>Real Property</u>		<u>Personal Property</u>		<u>Manufactured Homes</u>	
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Assessed</u> <u>Value</u>	<u>Estimated</u> <u>Actual Value</u>	<u>Assessed</u> <u>Value</u>	<u>Estimated</u> <u>Actual Value</u>	<u>Assessed</u> <u>Value</u>	<u>Estimated</u> <u>Actual Value</u>
2011	\$ 16,875,389	\$ 22,613,760	\$ 411,330	\$ 411,330	\$ 48,228	\$ 51,783
2010	16,729,496	32,244,472	439,296	439,299	54,578	60,723
2009	15,988,780	36,759,449	466,756	466,839	55,989	61,302
2008	15,020,692	36,089,166	415,380	415,548	58,898	65,957
2007	13,870,767	27,611,646	383,447	383,447	61,946	67,553
2006	12,640,050	20,207,657	339,456	339,486	62,959	67,888
2005	11,497,220	16,890,285	308,985	308,999	73,771	82,344
2004	10,484,956	15,192,941	289,950	289,962	72,507	80,448
2003	9,685,677	13,585,512	289,037	289,240	71,257	76,685
2002	8,953,574	12,016,020	277,972	278,404	71,493	78,095

Source

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

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

Public Utilities		Exemptions		Total		Range of Total Direct Tax Rates Paid	Assessed Value as a Percentage of Estimated Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Taxable Assessed Value	Estimated Actual Value			
\$ 436,787	\$ 450,305	\$ 31,009	\$ 17,740,725	\$ 23,527,178	2.8947-6.2598	75.537%	
417,996	430,990	28,577	17,612,789	33,146,907	2.7805-6.2059	53.222%	
388,838	403,899	25,803	16,874,560	37,691,489	2.9170-6.1060	44.839%	
352,616	369,411	23,638	15,823,948	36,940,082	2.6780-5.8087	42.901%	
331,845	338,869	22,612	14,625,393	28,401,515	2.6548-5.7385	51.575%	
323,329	327,647	16,319	13,349,475	20,942,678	2.6938-5.7206	63.821%	
348,827	351,843	16,242	12,212,561	17,633,471	2.7001-5.6809	69.350%	
327,493	330,462	15,452	11,159,454	15,893,813	2.6807-5.6440	70.310%	
325,968	335,247	14,017	10,357,922	14,286,684	2.6185-5.6755	72.599%	
315,922	332,186	12,958	9,606,003	12,704,705	2.6567-3.7066	75.712%	

ADMINISTRATIVE SCHOOL DISTRICT NO. 1

Deschutes County, Oregon

Property Tax Rates - All Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year	Administrative School District	Deschutes	High Desert	City of Bend	Central Oregon Community College	Bend Parks & Recreation	City of La Pine	La Pine Park & Recreation	Sunriver Service District	LaPine RFPD	Sunriver Library CSD	Total
Ended June 30,	No. 1	County	ESD	Bend	College	Recreation	City of La Pine	Recreation	Service District	RFPD	Library CSD	Total
2011	6.58	4.84	0.10	3.08	0.73	1.46	1.80	0.30	3.31	2.33	0.06	24.59
2010	6.52	4.88	0.10	3.16	0.62	1.46	1.80	0.30	3.22	2.37	0.06	24.48
2009	6.36	4.87	0.10	3.16	0.71	1.46	1.80		3.13	1.71	0.06	23.36
2008	6.32	4.63	0.10	3.15	0.71	1.46	1.88		3.07	1.70	0.06	23.09
2007	6.28	4.78	0.10	4.87	0.63	1.46			3.02	2.38	0.06	23.58
2006	6.35	4.68	0.10	4.88	0.72	1.46			2.96	2.36	0.07	23.58
2005	6.44	4.85	0.10	4.57	0.73	1.46			2.91	2.41	0.07	23.53
2004	6.51	4.35	0.10	4.56	0.73	1.46			2.89	2.18	0.07	22.86
2003	6.58	4.29	0.10	4.55	0.74	1.46			2.98	2.44	0.08	23.22
2002	6.05	4.33	0.10	4.55	0.74	1.46				2.45	0.08	19.76

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 SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Principal Taxpayers - Deschutes County
Current Year and Nine Years Ago

Taxpayer	Type of Business	2011				2002			
		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	\$ 76,489,000	\$ 1,153,786	1	0.43%	n/a	\$ 763,353	2	0.64%
Gas Transmission NW Corp.	Natural Gas Utility	70,263,300	884,587	2	0.33%	n/a	1,021,402	1	0.86%
Qwest Corporation	Telephone Utility	51,419,400	758,752	3	0.28%	n/a	715,824	3	0.60%
Cascade Natural Gas Corp.	Natural Gas Utility	48,591,000	736,849	4	0.27%	n/a	\$324,154	5	0.27%
Eagle Crest, Inc.	Destination Resort	37,377,080	562,511	5	0.21%	n/a	407,047	4	0.34%
CVSC LLC	Shopping Center	36,381,960	557,594	6	0.21%	n/a	277,166	7	0.23%
Touchmark at Mount Bachelor Village, LLC	Resort Retirement Community	35,098,880	543,090	7	0.20%	n/a			
Bend Cable Communications	Cable Company	35,361,200	539,681	8	0.20%	n/a			
TD Cascade Highlands LLC	Destination Resort	38,085,200	513,785	9	0.19%	n/a			
Sunriver Resort	Real Estate Development	35,812,335	496,887	10	0.19%	n/a	201,123	10	0.17%
Mt Bachelor	Ski Resort	-	-		0.00%	n/a	292,717	6	0.25%
Willamette Industries, Inc.	Wood Products	-	-		0.00%	n/a	213,420	9	0.18%
Rivers Edge Investments LLC	Destination Resort	-	-		0.00%	n/a	215,463	8	0.18%
		<u>\$ 464,879,355</u>	<u>\$ 6,747,522</u>		<u>2.51%</u>		<u>\$ 4,431,669</u>		<u>3.73%</u>

Source:

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

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Computation of Direct and Overlapping Debt
June 30, 2011

Jurisdiction	Gross Bonded Debt Outstanding	Percentage Applicable to ASD No. 1	Amount Applicable to ASD No. 1
Bend Library Service District	\$ 2,415,000	99.79%	\$ 2,410,042
Central Oregon Community College	41,055,000	57.72%	23,695,920
City of Bend	24,335,000	100.00%	24,335,000
City of La Pine	520,000	100.00%	520,000
Deschutes County	31,805,000	70.15%	22,310,635
La Pine Parks & Recreation District	520,000	100.00%	520,000
LaPine RFPD	555,000	97.81%	542,833
LaPine Special Sewer District	175,657	100.00%	175,657
Lazy River Special Road District	30,000	100.00%	30,000
Newberry Estate Special Rd	105,000	100.00%	105,000
Sunriver Library District	405,000	100.00%	<u>405,000</u>
Subtotal, overlapping debt			75,050,087
Administrative School Dist No. 1 direct debt			<u>152,475,000</u>
Total direct and overlapping debt			<u><u>\$ 227,525,087</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 SCHOOL 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	<u>Collected within the Fiscal Year of the Levy</u>		Collections in Subsequent Years	<u>Total Collections to Date</u>	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$79,959,406	\$74,503,043	93.2%	\$ -	\$ 74,503,043	93.2%
2010	79,075,834	73,183,473	92.5%	2,351,788	75,535,261	95.5%
2009	74,033,210	67,886,285	91.7%	3,919,976	71,806,261	97.0%
2008	69,151,321	64,410,176	93.1%	2,611,283	67,021,459	96.9%
2007	64,786,892	61,231,491	94.5%	2,007,570	63,239,061	97.6%
2006	59,283,165	56,526,292	95.3%	1,349,925	57,876,217	97.6%
2005	54,699,463	51,841,045	94.8%	1,418,821	53,259,866	97.4%
2004	50,672,878	48,029,983	94.8%	1,548,419	49,578,402	97.8%
2003	47,593,338	44,842,516	94.2%	1,641,157	46,483,673	97.7%
2002	40,350,749	37,884,839	93.9%	1,619,916	39,504,755	97.9%

Source:

Levy information was obtained from Deschutes County

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Percentage of Personal Income	Per Capita
	General Obligation Bonds	Full Faith & Credit Obligations	Loans	Capital Leases	Total		
2011	\$ 152,475,000	\$ 81,945,640	\$ 2,408,130	\$ -	\$ 236,828,770	Not Available	1,353
2010	166,015,000	74,910,931	11,152,271	-	252,078,202	Not Available	1,465
2009	177,755,000	75,220,518	12,000,000	-	264,975,518	4.64%	1,621
2008	187,880,000	75,320,285	-	-	263,200,285	4.67%	1,577
2007	199,230,000	75,228,674	-	-	274,458,674	4.93%	1,780
2006	92,410,000	74,950,074	-	176,045	163,410,495	3.09%	1,104
2005	103,025,000	72,859,365	-	572,716	175,229,939	3.86%	1,221
2004	111,615,000	73,342,513	393,750	950,131	184,991,986	4.60%	1,366
2003	119,100,000	66,602,196	787,500	1,309,293	187,440,505	5.19%	1,436
2002	124,375,000	-	1,181,250	1,137,518	126,693,768	3.58%	1,002

Sources:

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

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

Source:

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

Real market value was obtained from Deschutes County

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$20,269,952	\$14,833,121	\$12,534,806	\$11,149,505	\$9,999,893	\$8,880,066
1,611,461	1,179,233	996,517	886,386	794,991	705,965
199,230	92,410	111,615	111,615	119,100	124,375
(5,192)	(1,873)	(1,860)	(1,632)	(1,213)	(964)
<u>194,038</u>	<u>90,537</u>	<u>109,755</u>	<u>109,983</u>	<u>117,887</u>	<u>123,411</u>
<u>\$ 1,417,423</u>	<u>\$ 1,088,696</u>	<u>\$ 886,762</u>	<u>\$ 776,403</u>	<u>\$ 677,104</u>	<u>\$ 582,554</u>
88%	92%	89%	88%	85%	83%

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Ratio of Net Bonded Debt to Real Market Value
and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Real Market Value	Net Bonded Debt Per Capita
2011	\$ 152,475,000	\$ 2,475,651	\$ 149,999,349	0.64%	\$ 857
2010	166,015,000	1,574,675	164,440,325	0.70%	987
2009	177,755,000	367,070	177,387,930	0.66%	1,085
2008	187,880,000	1,427,953	186,452,047	0.71%	1,146
2007	199,230,000	5,191,797	182,688,203	0.90%	1,185
2006	92,410,000	1,873,031	90,536,969	0.61%	612
2005	103,025,000	1,860,181	101,164,819	0.81%	713
2004	111,615,000	1,632,219	109,982,781	0.99%	812
2003	119,100,000	1,212,950	117,887,050	1.18%	903
2002	124,375,000	964,175	123,410,825	1.39%	976

Sources

Population numbers come from Economic Development for Central Oregon (EDCO).

Real market value comes from Deschutes County

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar		Unemployment	Per capita	Total Personal	Civilian	Average Daily	Average Daily	Percent of	Annual Cost
Year	Population	Rate	Income	Income	Labor Force	Membership	Attendance	Attendance to Membership	Per ADM
2011	175,000	12.1%	Not Available	Not Available	80,246	15,380	15,227	99.01%	\$ 10,037
2010	172,050	14.2%	Not Available	Not Available	80,258	15,091	14,791	98.38%	10,108
2009	163,509	11.9%	\$ 35,966	\$ 5,705,290,000	86,588	15,137	14,544	96.08%	10,476
2008	167,015	6.1%	35,728	5,635,347,000	83,364	15,027	13,911	92.57%	10,044
2007	160,810	4.6%	36,282	5,565,902,000	83,097	14,620	13,675	93.54%	9,198
2006	152,615	4.9%	33,522	4,996,527,000	80,791	13,981	12,996	92.95%	8,842
2005	143,481	6.2%	32,094	4,534,433,000	76,025	13,835	12,881	93.11%	7,982
2004	135,450	6.8%	29,670	4,018,770,000	71,947	13,427	12,606	93.88%	7,854
2003	130,500	7.7%	27,880	3,611,578,000	69,398	13,119	11,982	91.33%	7,908
2002	126,500	7.7%	28,193	3,540,430,000	66,495	13,048	11,889	91.12%	

Sources

Unemployment rate and labor force information is for Deschutes County and was obtained

from the Oregon Employment Department - Oregon Labor Market Information System (OLMIS).

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

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

Note:

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

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

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Ten largest employers
Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	Percentage of Total County Employees	Employees	Rank	Percentage of Total County Employees
Cascade Health Corporation	2,592	1	4.23%	1,330	2	n/a
Administrative School District No. 1	1,745	2	2.85%	1,501	1	n/a
Deschutes County	1,016	3	1.66%	700	4	n/a
Sunriver Resort	875	4	1.43%	650	5	n/a
Mt. Bachelor	760	5	1.24%	850	3	n/a
Redmond School District	737	6	1.20%	622	7	n/a
T-Mobile	640	7	1.04%			
Wal Mart	591	8	0.96%			
Bend Memorial Clinic	558	9	0.91%			
Fred Meyer	472	10	0.77%			
TRG Customer Solutions (formerly iSky)	-		0.00%	850		
Jeld Wen (formerly Pozzi Windows)	-		0.58%	500	10	n/a
Eagle Crest Partners	-		0.00%	635	6	n/a
Deschutes National Forest	-		0.00%	584	8	n/a
Beaver Motor Coaches	-		0.00%	521	9	n/a
	<u>9,986</u>		<u>16.87%</u>	<u>8,743</u>		

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

n/a: not available

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ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Full-time Equivalent Employees by Function
Last Nine Fiscal Years

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

Source

Information was obtained from District's payroll records

Notes:

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
639.80	687.54	695.60	639.05	630.59
294.11	310.15	300.97	304.61	304.18
100.10	113.55	119.38	125.62	122.78
36.83	37.03	38.81	41.42	40.52
2.00	2.00	2.00	2.23	2.23
105.82	105.76	105.53	104.36	107.14
208.84	211.91	211.59	216.63	218.19
33.81	36.43	36.15	34.03	32.66
55.93	59.33	59.06	57.65	62.99
0.78	7.27	10.49	10.05	10.60
7.20	7.20	7.20	6.45	4.20
<u>1,485.22</u>	<u>1,578.17</u>	<u>1,586.78</u>	<u>1,542.10</u>	<u>1,536.08</u>

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Operating Indicators by Function
Last Nine Fiscal Years

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

Source

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

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

Enrollment is as of October 1 of each fiscal year

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
15,077	15,607	15,951	15,834	16,161
116	116	117	118	121
1,639,986	1,696,668	1,753,574	1,705,606	1,716,585
3.60	3.89	3.91	3.92	3.95
7,170	7,255	7,563	6,648	6,824
3,889	4,156	4,398	5,876	6,184
1,288	1,265	1,267	1,162	990
34%	35%	36%	44%	44%

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
Capital Asset Statistics by Function
Last Nine Fiscal Years

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

Source

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

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

N/A - not available

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
14	14	15	16	17
5	5	5	5	5
5	5	5	5	5
6,734	7,085	7,004	6,967	7,214
3,294	3,344	3,637	3,640	3,679
5,049	5,178	5,300	5,227	5,268
1	1	1	1	1
4	4	4	4	4

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
Deschutes County, Oregon
School Building Capacity and Enrollment
As of June 30, 2011

<u>Building</u>	<u>Enrollment</u>	Capacity without modular classrooms	Percent of Capacity	Year of Building Construction
Elementary Schools:				
Amity Creek	182	150	121%	1948
Bear Creek	465	600	78%	1963
Buckingham	483	600	81%	1980
Ensworth	240	300	80%	2005
Elk Meadow	577	600	96%	1993
Highland	378	375	101%	1918
High Lakes	584	600	97%	2000
Jewell	569	600	95%	1974
Juniper	554	560	99%	1965
LaPine	375	600	63%	1993
Lava Ridge	531	600	89%	1994
Pine Ridge	567	600	95%	2004
Ponderosa	596	600	99%	2008
Rosland	177	300	59%	2010
Westside Village (K-8)	244	382	64%	1949
William E Miller	509	600	85%	2009
Three Rivers (K-8)	389	450	86%	1989
Total	7,420	8,517	87%	
Middle Schools:				
Cascade	925	800	116%	1978
High Desert	777	800	97%	1993
Pilot Butte	632	825	77%	1967
LaPine	292	550	53%	1978
Skyview	693	800	87%	2000
Total	3,319	3,775	88%	
High Schools:				
Bend	1,521	1,550	98%	1956
LaPine	562	550	102%	1961
Marshall	128	200	64%	1948
Mountain View	1,405	1,500	94%	1978
Summit	1,350	1,500	90%	2000
Total	4,966	5,300	94%	

Note:

Enrollment is as of October 1, 2010

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 2010-11

STEP	A BA	B BA+15	C BA+30	D BA+45	E BA+60	F BA+75/MA	G BA+90/MA+15	H BA+105/MA+30	I BA+120/MA+45
0	1.000 \$32,708 1.50 Total \$ \$49,062	1.0250 \$33,526 1.00 Total \$ \$33,526	1.0500 \$34,343 1.00 Total \$ \$34,343	1.0750 \$35,161 0.00 Total \$ \$0	1.1000 \$35,979 0.00 Total \$ \$0	1.1250 \$36,796 17.52 Total \$ \$644,562	1.1500 \$37,614 0.00 Total \$ \$0	1.1750 \$38,432 1.00 Total \$ \$38,432	1.2000 \$39,249 2.30 Total \$ \$90,274
1	1.041 \$34,049 0.80 Total \$ \$27,239	1.0664 \$34,880 0.00 Total \$ \$0	1.0914 \$35,697 0.00 Total \$ \$0	1.1167 \$36,525 0.00 Total \$ \$0	1.1420 \$37,352 0.00 Total \$ \$0	1.1706 \$38,288 4.92 Total \$ \$188,208	1.1961 \$39,122 0.00 Total \$ \$0	1.2248 \$40,061 0.00 Total \$ \$0	1.2510 \$40,917 0.00 Total \$ \$0
2	1.082 \$35,390 2.90 Total \$ \$102,631	1.1078 \$36,234 0.00 Total \$ \$0	1.1328 \$37,051 0.00 Total \$ \$0	1.1584 \$37,889 0.00 Total \$ \$0	1.1840 \$38,726 0.00 Total \$ \$0	1.2162 \$39,779 13.88 Total \$ \$551,938	1.2422 \$40,630 5.00 Total \$ \$203,149	1.2746 \$41,689 0.00 Total \$ \$0	1.3020 \$42,586 0.00 Total \$ \$0
3	1.123 \$36,731 3.00 Total \$ \$110,193	1.1492 \$37,588 0.00 Total \$ \$0	1.1742 \$38,406 0.00 Total \$ \$0	1.2001 \$39,253 4.00 Total \$ \$157,011	1.2260 \$40,100 0.00 Total \$ \$0	1.2618 \$41,271 15.60 Total \$ \$643,825	1.2883 \$42,138 5.30 Total \$ \$223,329	1.3244 \$43,318 2.00 Total \$ \$86,637	1.3530 \$44,254 4.00 Total \$ \$177,015
4	1.164 \$38,072 1.67 Total \$ \$63,466	1.1906 \$38,942 4.00 Total \$ \$155,768	1.2156 \$39,759 0.50 Total \$ \$19,880	1.2418 \$40,617 1.00 Total \$ \$40,617	1.2680 \$41,474 1.00 Total \$ \$41,474	1.3074 \$42,762 20.83 Total \$ \$890,867	1.3344 \$43,645 6.00 Total \$ \$261,872	1.3742 \$44,947 1.00 Total \$ \$44,947	1.4040 \$45,922 5.00 Total \$ \$229,609
5	1.205 \$39,412 1.00 Total \$ \$39,412	1.2320 \$40,296 1.00 Total \$ \$40,296	1.2570 \$41,114 2.00 Total \$ \$82,228	1.2835 \$41,981 0.50 Total \$ \$20,990	1.3100 \$42,847 1.00 Total \$ \$42,847	1.3530 \$44,254 12.00 Total \$ \$531,045	1.3805 \$45,153 7.60 Total \$ \$343,163	1.4240 \$46,576 6.50 Total \$ \$302,744	1.4550 \$47,590 1.50 Total \$ \$71,385
6	1.246 \$40,754 0.00 Total \$ \$0	1.2734 \$41,650 1.00 Total \$ \$41,650	1.2984 \$42,468 1.80 Total \$ \$76,442	1.3252 \$43,344 0.00 Total \$ \$0	1.3520 \$44,221 2.00 Total \$ \$88,442	1.3986 \$45,745 21.50 Total \$ \$983,518	1.4266 \$46,661 10.70 Total \$ \$499,273	1.4738 \$48,205 6.50 Total \$ \$313,332	1.5060 \$49,258 7.50 Total \$ \$369,435
7	1.287 \$42,095 0.00 Total \$ \$0	1.3148 \$43,004 1.00 Total \$ \$43,004	1.3398 \$43,822 1.00 Total \$ \$43,822	1.3669 \$44,708 1.00 Total \$ \$44,708	1.3940 \$45,595 0.00 Total \$ \$0	1.4442 \$47,237 15.03 Total \$ \$710,157	1.4727 \$48,169 8.21 Total \$ \$395,467	1.5236 \$49,834 5.17 Total \$ \$257,491	1.5570 \$50,926 8.00 Total \$ \$407,409
8	1.328 \$43,436 3.00 Total \$ \$130,308	1.3562 \$44,358 0.00 Total \$ \$0	1.3812 \$45,176 2.00 Total \$ \$90,352	1.4086 \$46,072 2.00 Total \$ \$92,145	1.4360 \$46,969 0.00 Total \$ \$0	1.4898 \$48,728 7.00 Total \$ \$341,097	1.5188 \$49,677 7.31 Total \$ \$363,038	1.5734 \$51,463 6.00 Total \$ \$308,775	1.6080 \$52,594 3.50 Total \$ \$184,080
9	1.369 \$44,777 0.00 Total \$ \$0	1.3976 \$45,713 1.00 Total \$ \$45,713	1.4226 \$46,530 3.00 Total \$ \$139,591	1.4503 \$47,436 2.00 Total \$ \$94,872	1.4780 \$48,342 1.80 Total \$ \$87,016	1.5354 \$50,220 10.60 Total \$ \$532,329	1.5649 \$51,185 6.71 Total \$ \$343,448	1.6232 \$53,091 1.00 Total \$ \$53,091	1.6590 \$54,262 6.00 Total \$ \$325,574
10	1.410 \$46,118 7.67 Total \$ \$353,588	1.4390 \$47,067 1.00 Total \$ \$47,067	1.4640 \$47,884 2.00 Total \$ \$95,769	1.4920 \$48,800 0.00 Total \$ \$0	1.5200 \$49,716 0.00 Total \$ \$0	1.5810 \$51,711 11.00 Total \$ \$568,823	1.6110 \$52,692 7.33 Total \$ \$386,393	1.6730 \$54,720 14.00 Total \$ \$766,084	1.7100 \$55,930 12.40 Total \$ \$744,319
11		1.4804 \$48,421 5.10 Total \$ \$246,946	1.5054 \$49,238 17.92 Total \$ \$882,205	1.5337 \$50,164 3.25 Total \$ \$163,033	1.5620 \$51,090 1.00 Total \$ \$51,090	1.6266 \$53,203 8.50 Total \$ \$452,222	1.6571 \$54,200 5.10 Total \$ \$276,420	1.7228 \$56,349 2.70 Total \$ \$152,143	1.7610 \$57,599 12.50 Total \$ \$719,982
12				1.5754 \$51,528 18.67 Total \$ \$961,873	1.6040 \$52,463 1.00 Total \$ \$52,463	1.6722 \$54,694 7.00 Total \$ \$382,859	1.7032 \$55,708 2.73 Total \$ \$152,194	1.7726 \$57,978 5.00 Total \$ \$289,890	1.8120 \$59,267 5.65 Total \$ \$334,857
13					1.6460 \$53,837 16.30 Total \$ \$877,543	1.7178 \$56,186 3.00 Total \$ \$168,557	1.7493 \$57,216 2.50 Total \$ \$143,040	1.8224 \$59,607 5.10 Total \$ \$303,995	1.8630 \$60,935 10.00 Total \$ \$609,348
14						1.7634 \$57,677 59.77 Total \$ \$3,447,186	1.7954 \$58,724 4.80 Total \$ \$281,874	1.8722 \$61,236 3.00 Total \$ \$183,707	1.9140 \$62,603 8.00 Total \$ \$500,823
15							1.8415 \$60,232 35.47 Total \$ \$2,136,172	1.9220 \$62,865 73.75 Total \$ \$4,636,260	1.9650 \$64,270 9.00 Total \$ \$578,430
16									2.0160 \$65,939 124.37 Total \$ \$8,333,524

Doctorate receives \$500 extra.
National Board Certification receives \$1,000 extra
BA+120 column granted only to those having a Master's degree.

Total FTE 819.70
Avg Sal 54,008
Enrollment at October 1, 2010 15,705
Teacher-Student Ratio 19

Source: Information was obtained from District's payroll records and certified union contract schedules

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



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



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

November 30, 2011

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Administrative School District No. 1 as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

1. Expenditures of the various funds were within authorized appropriation except as noted on page 29 of the report.

OAR 162-10-0230 Internal Control

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

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

Pauly, Rogers and Co. P.C.

PAULY, ROGERS AND CO., P.C.

GRANT COMPLIANCE REVIEW SECTION



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



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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November 30, 2011

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 the financial statements of the Administrative School District No. 1, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

November 30, 2011

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

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

Compliance

We have audited the compliance of the Administrative School District No. 1 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The Administrative School District No. 1's major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of management. Our responsibility is to express an opinion on compliance based on our audit.

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

In our opinion, Administrative School District No. 1 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

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

A handwritten signature in cursive script that reads "Pauly, Rogers and Co. P.C.".

PAULY, ROGERS AND CO., P.C.

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
DESCHUTES COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes

☒ no

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

☐ yes

☒ none reported

Noncompliance material to the financial statements noted?

☐ yes

☒ no

Any GAGAS findings disclosed that are required to be reported in

accordance with section 503(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) indentified that are not considered
to be material weaknesses?

☐ yes

☒ none reported

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

Unqualified

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

☐ yes

☒ no

IDENTIFICATION OF FEDERAL AWARDS

CFDA NUMBER

84.027, 84.391, and 84.173

84.394

84.410

84.010 and 84.389

84.377 and 84.388

10.553, 10.555, 10.559

84.318 and 84.386

NAME OF FEDERAL PROGRAM CLUSTER

Special Education Cluster

State Fund Fiscal Stabilization Fund Cluster - ARRA

Education Jobs Fund – ARRA

Title IA Cluster

School Improvement Grant Cluster

Child Nutrition Cluster

Title IID Cluster

ADMINISTRATIVE SCHOOL DISTRICT NO. 1
DESCHUTES COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

Dollar threshold used to distinguish between type A and type B programs: \$563,351

Auditee qualified as low-risk auditee?

☐ yes

☒ no

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION IV – SCHEDULE OF 2009 – 2010 PRIOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Item 10-01: Time and Effort Logs and Semi-Annual Certifications

Time and effort logs were not completed by numerous employees who worked on multiple activities or cost objectives, including Title IA. Several employees who worked solely on Title IA cost objectives did not furnish semi-annual certifications.

Current Status: The District implemented new tracking and monitoring of the time and effort log and the semi-annual certifications.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the 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.

