

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2013



Carole Smith kicking off the eight year \$482 million school improvement bond program

Measure 26-144

BALLOT TITLE

PORTLAND PUBLIC SCHOOL DISTRICT BONDS TO IMPROVE SCHOOLS

QUESTION: Is the Portland Public School District authorized to issue up to \$482 million of general obligation bonds to improve schools? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY: If approved this measure would finance capital costs, including projects that:

- Replace leaking, worn or deteriorating school roofs,
 - Renovate or replace schools,
 - Strengthen schools against earthquakes,
 - Repay loans for capital costs, including 9 roof replacements, 47 boiler conversions, and the Rosa Parks School,
 - Increase access to schools for students, teachers and visitors with disabilities, and
 - Upgrade science classrooms at middle grade schools.
- Citizen accountability and oversight and annual audits of bond projects and expenditures will be required.
- The bonds may be issued in multiple series and each series may mature over no more than 21 years.
- Most bonds will mature in eight years or less. Bond cost for eight years is estimated at about \$1.10 per \$1,000 of taxable assessed property value, then reducing to about thirty cents per \$1,000. For this measure, the cost for a house assessed at \$150,000 for property tax purposes would be about \$165 a year for eight years, then reducing to about \$45 per year.

Work has begun on the voter approved eight-year School Building Improvement Bond. This summer, improvement projects at the first five schools were completed on time and on budget employing hundreds of workers from local companies. The bond will rebuild three high schools and replace one grade school. It will also fix leaking and deteriorating roofs, and make seismic safety, access and science lab upgrades at up to 63 other schools.

About the Cover

Portland Public Schools is the largest school district in Oregon, with 78 schools that serve over 47,000 students. The District is made up of 28 elementary schools, 29 K-8 schools, ten middle and ten high schools, and one K-12 schools. This includes community-based and special-services programs.

The average age of PPS buildings is over 65 years. Some are more than 100 years old; more than half were built before 1940. Only two were constructed since 1975. Decades of budget reductions have deferred maintenance and upgrades in order to fund teaching staff and learning materials, leading to classrooms and other learning environments with inadequate air flow and temperature control; leaky roofs; noisy and archaic mechanical and plumbing systems; and electrical systems inadequate to support current technology.

In November 2012, voters authorized the school district to issue up to \$482 million in general obligation bonds to fund a capital improvement program that will include full modernization of four schools, significant improvements at 63 schools, repayment of \$45 million of capital debt, and the master planning of six more high school campuses. The Bond also defined five capital improvement categories: Educational Facility Improvements, Seismic and other Building Improvements, Full Modernizations or Replacements, Debt Repayment, and Program Costs.

Educational Facility Improvements along with Seismic and other Building Improvements are being implemented through a series of annual Improvement Projects conducted primarily during the summer break periods to minimize disruption on the educational environments at our schools. Improvement Project 2013 completed construction work at the first five schools on time and on budget, employing hundreds of workers from local companies.

For Improvement Project 2014, the top two selection criteria were the 2012 seismic ratings and the combined underserved student percentage of our schools. Master planning for full modernization of the historic Franklin and Roosevelt high schools and the replacement of Faubion PreK-8 is now underway, with community input being provided through a series of Public Design Workshops.

Portland Public Schools

Comprehensive Annual Financial Report

For the year ended June 30, 2013

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Accounting and Payroll Services Department

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Comprehensive Annual Financial Report

For the Year Ended June 30, 2013

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BRIDLEMILE K-5 SCHOOL AND LEWIS ELEMENTARY SCHOOL

are now safer and drier thanks to the PPS School Building Improvement Bond.

Bridlemile K-5 School



Lewis Elementary School





PORTLAND PUBLIC SCHOOLS

501 North Dixon Street / Portland, OR 97227
Telephone: (503) 916-3200 / Fax: (503) 916-3110
Mailing Address: P. O. Box 3107/97208-3107
Email: csmith1@pps.k12.or.us
OFFICE OF THE SUPERINTENDENT

Carole Smith
Superintendent

December 16, 2013

To the Citizens of School District No. 1J, Multnomah County, Oregon,
and to the Members of the Board of Education:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS) for the fiscal year ended June 30, 2013, together with the audit opinion thereon of our auditors as required by Oregon Revised Statutes. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information are stated fairly in all material aspects in reflecting the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain maximum understanding of the District's financial affairs have been included.

To provide a reasonable basis for making these representations, District management has established and maintains an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Our internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control structure is subject to periodic evaluation by management. We believe our internal control structure adequately safeguards the assets and provides reasonable assurance of proper recording of all financial transactions. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Financial Report Presentation

Designed to meet the needs of a broad spectrum of financial statement readers, this Comprehensive Annual Financial Report (CAFR) is divided into four major sections:

The **Introductory Section** includes the table of contents, this transmittal letter, the District's organizational chart, and copies of certificates awarded for Portland Public Schools' 2012 CAFR.

The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements including notes to the basic financial statements, required supplementary information (RSI), and supplementary information including the combining and individual fund financial statements. This CAFR includes the initial implementation of GASB Statements Number 63 and 65, which change the way the District reports net position and certain liabilities in the government wide financial statements, and certain liabilities in the governmental type fund reporting.

The **Statistical Section** includes selected financial and demographic information, generally presented on a multi-year basis. These schedules are designed to improve the understandability and usefulness of the information presented in the financial section.

The **Audit Comments and Disclosures Section** includes disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the Independent Auditor’s Report.

Profile of the District

Established in 1851, Portland Public Schools is the largest and oldest school district in the State of Oregon. The District covers an area over 145 square miles and has a population in excess of 750,000 including portions of the cities of Portland (estimated population 587,900), Lake Oswego (estimated population 36,800), and Milwaukie (estimated population 20,400). The District maintains over 100 facilities with a total floor area of approximately 9.2 million square feet. Please see the Statistical Section, Schedule 16 for details of each building’s size, age, and enrollment.

Student enrollment in the fall of 2013 was 48,080. October enrollment counts are reported to the state in November of each year, allowing time for data entry and confirmation of student records. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

Program Type	Grade Ranges ⁽¹⁾	Enrollment	Distribution
Regular Schools and Programs			
Elementary Schools	K-5, K-8, PK-5, PK-8	26,961	56%
Middle Schools	6-8	5,555	12%
High Schools	9-12	10,596	22%
Total Regular Schools		43,112	90%
Magnet/Special Focus Programs	PK, 1-12, 1-8, 9-12, 10-12	1,692	4%
Total Regular & Special Focus		44,804	94%
Community-Based Programs	9-12,6-8, 6-12, 8-12	1,131	2%
Special Education Programs	K-12	465	1%
Public Charter Programs	K-5, K-8, K-12, K-2, 6-8, 9-12	1,680	3%
Total Programs and Enrollment		48,080	100%

⁽¹⁾ Definitions: PK-Pre-Kindergarten, K-Kindergarten

Source: PPS Enrollment Summaries, October 2013

After more than a decade of steady decline beginning in 1996-97, Portland Public Schools has seen increasing enrollment counts for the last five years since a nadir in October, 2008 with the early counts for 2013 continuing this trend. The decline was primarily a result of lower birth rates and higher housing prices driving migration out of the district. As those two causes have abated somewhat PPS has started to experience increased enrollment. This growth is essentially reflected in higher census in the younger grades, alternative programs, and charter schools which offset census reductions in high school grade levels as the cohorts of students from earlier years are aged through the system. PPS contracts with the Portland State University Population Research Center (PSUPRC) for forecasting and analysis of population and enrollment trends. PPS is running ahead of the most recent elementary, middle and high school medium growth forecast from PSUPRC, which predicts continued steady but modest increase in District enrollment with the total reaching 49,272 by 2017-18. Under this scenario the K-12 census in all grades except kindergarten and grade 11 would continue to increase, with heaviest growth in grades 4-10. Middle grades would increase as the students currently in younger grades move through the system, and high school numbers would begin to increase as students age through the system.

The October 2013 enrollment count of 48,080 shows an increase of 557 students over October 2012, with growth in younger grades, alternative schools, and charter schools.

The District is governed by a seven-member Board of Education elected by the voters of the District for staggered four-year terms. The chief administrative officer of the District is the Superintendent, who is appointed by the Board. The Board is ultimately accountable for all fiscal matters that significantly influence operations.

Under Oregon State law, school districts are independent municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. The District discharges this responsibility by building, operating, and maintaining school facilities, developing and maintaining approved educational programs and courses of study, including career/technical educational programs and programs for English language learners and special needs students, and providing for transportation and feeding of students in accordance with District, State, and Federal programs. This report includes all funds of the District.

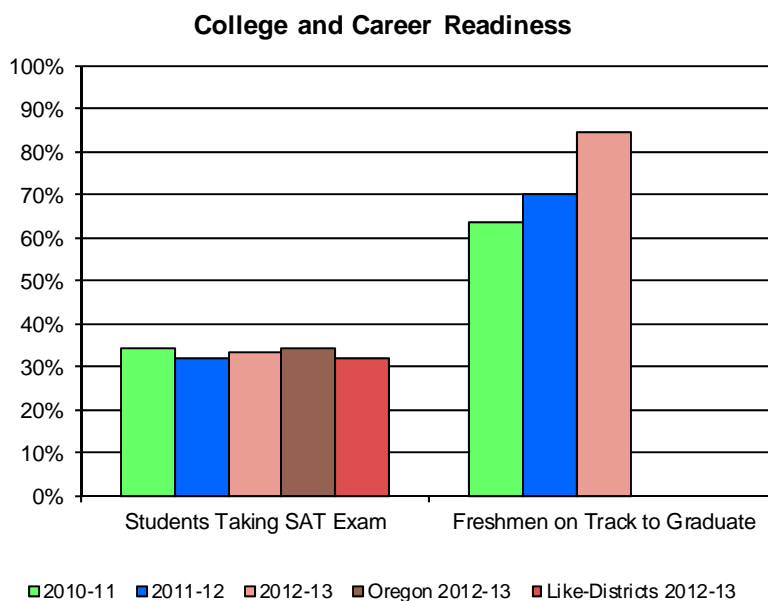
The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law as outlined in the 2011 Oregon Revised Statutes 297.405 to 297.555 and 297.990. The budget for each individual fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Education after certification by the Multnomah County Tax Supervising and Conservation Commission. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

Service Efforts and Accomplishments

At Portland Public Schools, we want every student and every school to succeed. To do this, the District is focused on:

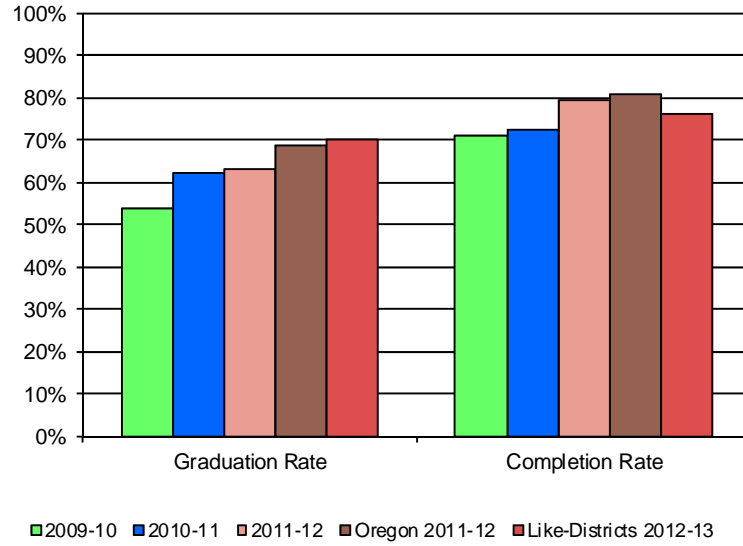
- Providing great teaching in every classroom.
- Offering every student more personalized challenges and supports to meet his or her learning needs.
- Delivering rigorous and relevant learning opportunities in every neighborhood.
- Partnering with families and the community to support students in and out of school.

We are seeing progress as a result. Graduation rates are increasing and the achievement gap is narrowing at key grades and subjects. Enrollment is growing across the District. The District is committed to accelerating gains and improving performance. Selected results from the most recent Oregon Report Card for the District and the State of Oregon are presented below:

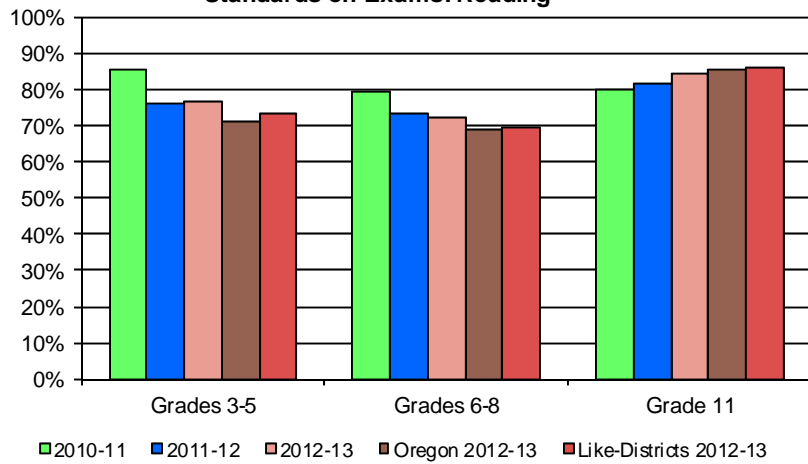


*State of Oregon 2012-13 data for Freshmen on Track to Graduate is not available.

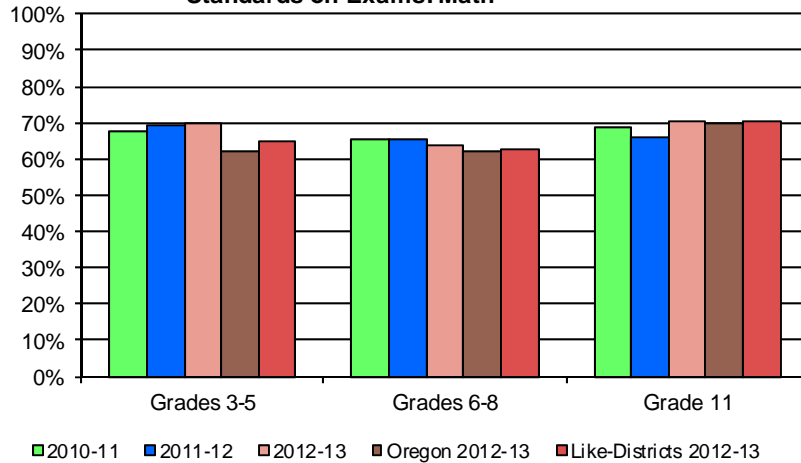
Graduation and Completion Rates



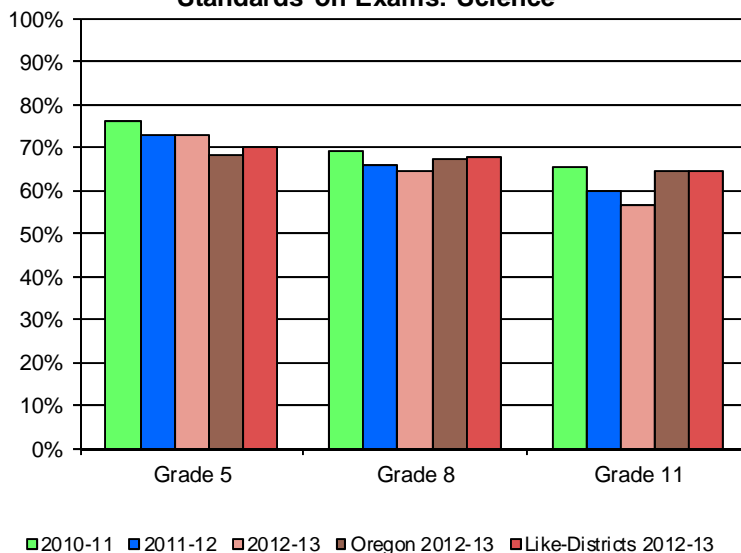
Percentage of Students Meeting State Standards on Exams: Reading



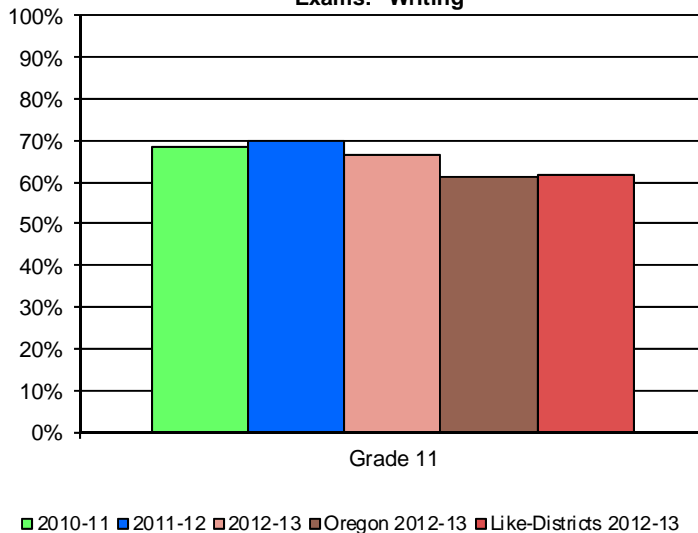
Percentage of Students Meeting State Standards on Exams: Math



Percentage of Students Meeting State Standards on Exams: Science



Percentage of Students Meeting State Standards on Exams: Writing



It is the mission of the District that every student, by name, will meet or exceed academic standards and will be fully prepared to make productive life decisions, regardless of race or class.

On June 13, 2011 the District's Board of Education adopted a racial educational equity policy that states "educational equity means raising the achievement of all students while (1) narrowing the gaps between the lowest and highest performing students and (2) eliminating the racial predictability and disproportionality of which student groups occupy the highest and lowest achievement categories".

It is integral to this policy and the work of the District that student achievement data is disaggregated by race when reviewing results on student achievement.

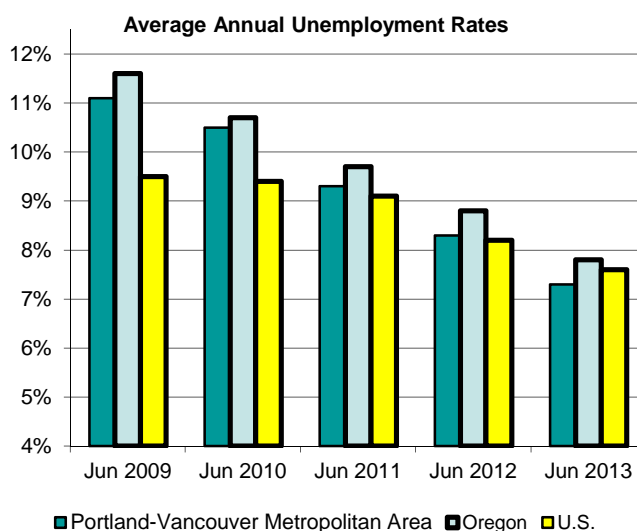
Additional Oregon Report Card Information can be found at:
<http://www.ode.state.or.us/data/reportcard/reports.aspx>

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Ever since the passage of Measure 5 more than twenty years ago school districts across Oregon rely upon the state for the majority of their financing. Even though districts collect revenue locally through the property tax, school funding is essentially equalized through the allocations under the state school fund. Oregon is more dependent upon a single revenue source, state income tax, than any other state in the country. So the financial outlook for PPS is tied closely to the condition of the Oregon economy.

State economy. Oregon's unemployment rate has declined from a June 2009 level of 11.6% to a June 2013 rate of 7.8%. Oregon's unemployment rates have been higher than the U.S. average in the past few years, but the gap has narrowed this year which indicates Oregon's employment situation is becoming more similar to the nation as a whole. Portland area job growth has picked up in recent months, and is now lower than the national rate. Housing starts and construction activity has started to rebound, and business and household balance sheets have improved, which is good news since these have been contributing factors in the overall decline in state funding for education.



Oregon Employment by Industry (not seasonally adjusted)	June		Change from prior year
	2012	2013	
Trade, Transportation & Utilities	319.3	319.7	0.1%
Government	300.9	297.2	-1.2%
Education & Health Services	233.7	239.6	2.5%
Professional & Business Services	190.2	201.6	6.1%
Leisure & Hospitality	172.1	183.9	6.9%
Manufacturing	169.7	176.0	3.7%
Financial Activities	93.2	91.0	-2.4%
Construction	70.2	74.9	6.7%
Information	33.5	33.0	-1.6%
Mining & Logging	7.1	7.7	8.6%
Other Services	59.0	58.3	-1.2%
Total non-farm workforce (in thousands)	1,648.9	1,682.9	
Workforce change from prior year	0.9%	2.1%	

As to the outlook for the state economy, forecasts remain largely unchanged from previous predictions with modest economic growth as the most likely scenario, similar to national growth predictions. However, a great deal of uncertainty remains around federal fiscal and monetary policies, the recent budget battles and sequester, and the threat of events overseas impacting US and Oregon economic growth. Workforce growth over the past year was 2.1%, with growth in all sectors except government, financial, information and other services. These declines all contributed to the drag on the local economy. The leading industries in job growth were leisure & hospitality, and professional & business services, which accounted for over half of the job growth in the past year. Expectations overall for the public sector are for stable employment, although there could be one more round of layoffs in K-12 education in the coming year. Oregon's housing market continues to have a positive effect on the recovery with new construction permits growing at double digit rates, and home price increases exceeding inflation rates. Long-term U.S. and Oregon economic growth depend upon restoring international competitiveness through productivity enhancing investments in physical capital, human capital, and infrastructure.

Local economy. The Portland metropolitan area has a diversified economy, with centralized, accessible schools, and excellent public transportation. The area is a major West Coast distribution point for wholesale trade and high tech exports. The local economy showed a slightly better rate of recovery than the state over the past year, and both state and local recoveries exceeded the national pace of recovery.

PPS has the authority to generate revenue locally through the local option levy and has, thanks to the generosity of PPS voters, been able to approve local levies. Most recently, PPS voters approved a five-year levy in May, 2011. Whereas the outlook for state revenue is dependent upon the impact of economic activity in income tax collections, the revenue available locally under the local option levy is a reflection of the impact of the economy on tax assessed values, and specifically the market values of taxable property within the PPS taxing district. The state of the local economy has an impact on this revenue source. Reduction in market values of residential property within the PPS area during 2008-2011 reduced the income of the school district. Local housing prices rebounded 11.8% in the past year, but still remain below 2008 pre-recession levels.

Long-term financial planning. As mentioned above, PPS improved the medium-term fiscal outlook with the passage of the five-year local option levy. PPS operates well over 100 buildings on its 84 school campuses. The average age of the school buildings in service is roughly 66 years, about 20 years older than the average for school buildings nationally. Through more than a decade of tight budgets and shortfalls, PPS has chosen to support core instructional services, and has not invested General Fund dollars in capital improvements to its buildings. In January 2012, PPS adopted a Capital Asset Renewal Plan to set up a fund to maintain schools replaced or renovated in the future. In May 2012, PPS adopted a Long Range Facility Plan to reduce an estimated \$165 million in accumulated deferred maintenance over the next 24 to 40 years. This long range plan includes funding through capital bonds, capital funding partnerships, Construction Excise Tax revenues, and Cool Schools Funds (Senate Bill 1149). In August 2012 PPS placed a \$482 million school construction bond (M26-144) on the November 2012 ballot. The bond measure passed and capital improvement work commenced during the current year. This new measure focuses on earthquake reinforcements, roof repair and replacement, high school renovations, improved access to schools for people with disabilities, and science classroom upgrades.

Labor negotiations. During 2012-13 the District ratified new labor agreements with three groups of employees (represented by Amalgamated Transit Union, by the District Council of Unions, and by Service Employees International Union). Subsequent to July 1, 2013 the District has ratified agreements with employees represented by the Portland Association of teachers (for substitute teachers) and by the Portland Federation of School Professionals. The District and the Portland Association of Teachers (PAT) are in negotiations over a contract for teachers and other professional educators. On November 20, 2013 the District declared an impasse in the process.

Independent Audits

The provisions of Oregon Revised Statutes require an independent audit of the financial records and fiscal affairs of the District. The auditors selected by the Board of Education, Talbot, Korvola & Warwick, LLP, have completed their audit of the basic financial statements and, accordingly, have included their unmodified Independent Auditor's Report in the financial section of this report.

The Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 require state and local governments that expend \$500,000 or more in federal assistance in a year have a special form of audit conducted for that year. Since 1989, Portland Public Schools has issued a separate report on these requirements and the requirements of the implementing circular, U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*. Talbot, Korvola & Warwick, LLP have also provided various required reports. Contained in the separately issued Single Audit Report is the Schedule of Expenditures of Federal Awards, and the required reports on internal controls and compliance with laws and regulations.

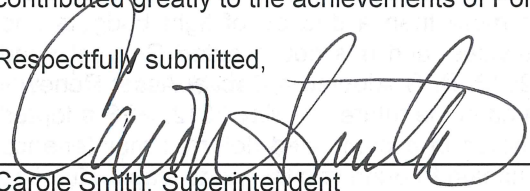
Awards and Acknowledgements

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 its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 33rd consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for this coveted Certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 33rd consecutive year that the District earned this significant award. Receiving the Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that this 2013 CAFR, which will be submitted to ASBO for review, will also conform to these standards.

We wish to express our appreciation to the staff of Accounting and Payroll Services and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We further extend our appreciation to the members of the Board of Education, employees of the District, and the citizens of Portland whose continued cooperation, support, and assistance have contributed greatly to the achievements of Portland Public Schools.


Respectfully submitted,



Carole Smith, Superintendent



Neil Sullivan, RSBO, CGFM, Chief Financial Officer



Sharie Lewis, CPA, Director, Accounting and Payroll Services

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Principal Officials
At June 30, 2013

SCHOOL BOARD

<u>Member</u>	<u>Zone</u>	<u>Term Expires</u>	<u>Phone</u>	<u>Email</u>
Ruth Adkins	1	June 30, 2015	503-916-3741	radkins@pps.net
Matt Morton	2	June 30, 2015	503-916-3741	mmorton@pps.net
Bobbie Regan	3	June 30, 2015	503-292-6841	bregan@pps.net
Martin Gonzalez ¹	4	June 30, 2013	971-409-3245	mgonzalez@pps.net
Pam Knowles ²	5	June 30, 2013	503-916-3741	pknowles@pps.net
Trudy Sargent ³	6	June 30, 2013	503-916-6655	tsargent@pps.net
Greg Belisle	7	June 30, 2015	971-221-6866	gbelisle@pps.net

¹ School Board Member Steve Buel was elected to represent Zone No. 4 with a four-year term commencing July 1, 2013 and ending June 30, 2017. His phone number is 503-285-5437 and his email is sbuel@pps.net

² School Board Member Pam Knowles was re-elected to represent Zone No. 5 with a four-year term commencing July 1, 2013 and ending June 30, 2017.

³ School Board Member Tom Koehler was elected to represent Zone No. 6 with a four-year term commencing July 1, 2013 and ending June 30, 2017. His phone number is 503-916-3741 and his email is tkoehler@pps.net.

ADMINISTRATIVE STAFF

Carole Smith	Superintendent
C.J. Sylvester, MSSN.....	Chief Operating Officer
Neil Sullivan, RSBO, CGFM.....	Chief Financial Officer
Sue Ann Higgins	Chief Academic Officer
Sean Murray.....	Chief Human Resources Officer
Lorenzo Poe	Chief Equity Officer
Jollee Patterson, J.D	General Counsel
Robb Cowie.....	Executive Director Community Involvement and Public Affairs

PPS Board of Education

Superintendent of Schools
Carole Smith



revised 11/08/12

Association of School Business Officials International



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

School District No. 1J, Multnomah County, Oregon

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

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



A handwritten signature in black ink, appearing to read 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

**School District No. 1J,
Multnomah County, Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

ALAMEDA K-5 SCHOOL

is now safer and will function better thanks to the PPS School Building Improvement Bond and a Seismic Rehabilitation Grant from the State of Oregon.



INDEPENDENT AUDITOR'S REPORT

December 16, 2013

Board of Education
School District No. 1J, Multnomah County, Oregon
Portland, Oregon



**Talbot, Korvola
& Warwick, LLP**

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REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon, (the District) as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Education
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OTHER MATTERS

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund, Grant Fund, and PERS Rate Stabilization Reserve Fund, listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of basic financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules, listed in the Table of Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Education
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OTHER MATTERS (Continued)

Other Information (Continued)

The accompanying Introductory and Statistical sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 16, 2013, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 
Timothy R. Gillette, Partner

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON Management's Discussion and Analysis

As management of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District or PPS), we offer readers this narrative overview and analysis of the financial activities of the Portland Public Schools for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report.

All dollar amounts, unless otherwise indicated, are expressed in thousands.

FINANCIAL HIGHLIGHTS

- ◆ During the year, the District implemented two new accounting standards: GASB Statements 63 and 65. This implementation resulted in the renaming of *net assets* to *net position*, the reclassification of certain liabilities to a new line called *deferred inflows of resources*, and a reduction of beginning net position by \$3.3 million. The net position of Portland Public Schools increased \$4.0 million during the current year, from \$196.5 million at June 30, 2012 to \$200.5 million at June 30, 2013, comprised of the following: \$146.1 million net investment in capital assets; \$131.1 million restricted for capital projects and grants; and a deficit balance of \$76.7 million in unrestricted net position. The increase in net assets is the result of multiple factors. Further explanations are offered by management in the following sections of this Discussion and Analysis.
- In November 2012, District voters passed an eight-year, \$482 million capital bond measure. This bond is the first phase of a 20-30 year effort to modernize every school in the district, and will fund:
 - Replacement of leaking, worn, or deteriorating school roofs.
 - Renovation of Franklin, Grant, and Roosevelt high schools, and replacement of Faubion Pre K-8 School.
 - Reinforcement of schools against earthquakes.
 - Repayment of the previous \$45 million line of credit that funded 9 roof replacements, 47 boiler conversions, and the purchase of Rosa Parks Elementary School.
 - Increased access to schools for students, teachers and visitors with disabilities.
 - Upgrades of science classrooms at middle grade schools.

In May 2013, the District issued \$144.8 million in General Obligation bonds as the first in a planned series of three debt issuances totaling \$482 million. With these proceeds, the line of credit was paid in full, Rosa Parks School was purchased, and master planning started at Roosevelt, Franklin, and Faubion schools. Construction was initiated for:

- Roof replacement at Alameda, Bridlemile, Laurelhurst, Lewis and Wilson schools.
- Seismic reinforcement at Alameda.
- Science classroom upgrades at Laurelhurst and Ockley Green.
- Improved disability access at Wilson.

At June 30, 2013 there was a balance of \$109.2 million available for completion of the summer 2013 projects described above, for continued work towards the renovation of Franklin and Roosevelt High Schools and the replacement of Faubion PK-8 school, and a portfolio of roofing, seismic and accessibility improvements during the summer of 2014.

Further discussion can be found on page 10 of this Discussion and Analysis.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Portland Public Schools' basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 14-15 of this report.

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the Portland Public Schools can be divided into two categories: governmental funds and proprietary funds. Reports by fund and fund group are shown in the Financial Section of the report beginning on page 16.

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 available resources, as well as on balances of available resources 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 District's near-term financial decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Portland Public Schools designates four major 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 Fund, the Grant Fund, the PERS Rate Stabilization Reserve Fund and the GO Bonds Fund, all of which are considered to be major funds. Data from the other nineteen governmental-type funds are combined into a single, aggregated presentation titled "Other Governmental Funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Portland Public Schools adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets. The basic governmental fund financial statements can be found on pages 16-22 of this report.

Proprietary funds are used to account for a government's business-type activities. The District maintains only one type of proprietary fund, which is an Internal Service Fund.

Internal service funds are accounting devices used to accumulate and allocate costs among various internal functions. The District uses an internal service fund to account for its Self-Insurance activities related to workers compensation. Because Portland Public Schools has no business-type functions, this service benefits governmental functions and has been included within the governmental activities in the government-wide financial statements.

Internal service funds provide the same type of information as the government-wide financial statements. The internal service fund financial statements provide separate information for the Self-Insurance Fund, which is considered to be a major fund of Portland Public Schools. The basic internal service fund financial statements can be found on pages 23-25 of this report.

Notes to the Basic Financial Statements provide additional information that is 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 26-52 of this report.

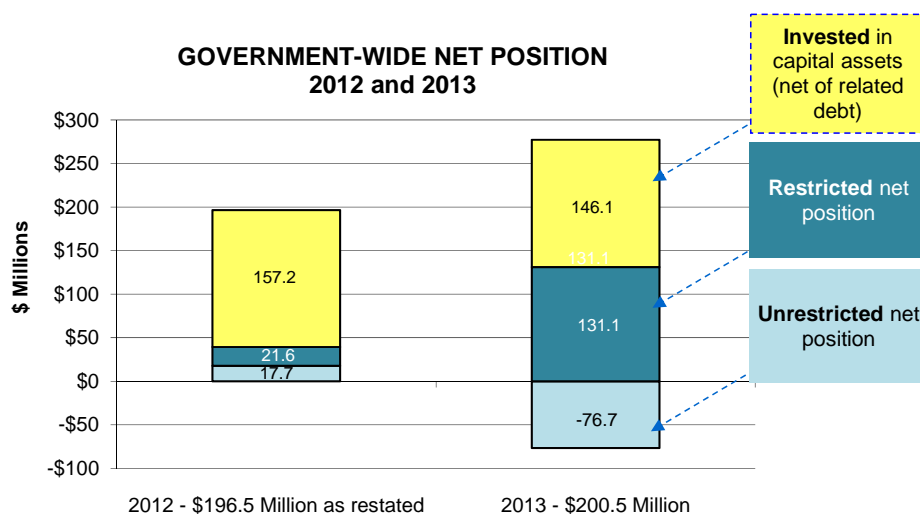
Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements and represents the required comparison of the budget and actual results on the District's budgetary basis for the General Fund, the Grant Fund and the PERS Stabilization Reserve Fund. In addition the RSI discloses the actuarial estimate of funding progress of the District's other post-employment healthcare benefits obligations. This information is on pages 53-60.

Supplementary Information (SI) presented on pages 61-101 includes combining statements for the nonmajor governmental funds, budgetary comparison schedules for nonmajor and other funds, and other financial schedules.

Government-Wide Financial Analysis

Analysis of Net Position. The Statement of Net Position presents information on all of the District's assets, liabilities and deferred inflows. The difference between assets and liabilities/deferred inflows is reported as net position. Over time net position may serve as a useful indicator of the District's financial position. Other indicators that can be useful in reviewing the District's financial health include enrollment trends, debt capacity and the condition of facilities.

Net Position	Government-wide			
	2012	2013	Change	% change
Assets				
Current or other assets	\$ 603,057	\$ 712,653	\$ 109,596	18.2%
Net capital assets	199,058	213,944	14,886	7.5%
Total Assets	802,115	926,597	124,482	15.5%
Liabilities				
Long-term liabilities outstanding	504,183	583,992	79,809	15.8%
Other liabilities	101,419	141,249	39,830	39.3%
Total Liabilities	605,602	725,241	119,639	19.8%
Deferred Inflows of Resources	-	819	819	0.0%
Net Position				
Net investment in capital assets	157,209	146,148	(11,061)	-7.0%
Restricted	21,577	131,060	109,483	507.4%
Unrestricted	17,727	(76,671)	(94,398)	-532.5%
Total Net Position as restated	\$ 196,513	\$ 200,537	\$ 4,024	2.0%



Net Position - 2013 compared to 2012.

Net Position is a primary indicator of financial position. The district's assets exceeded liabilities and deferred inflows by \$200.5 million at June 30, 2013. *Net Investment in Capital Assets* (\$146.1 million) is the largest component of District Net Position, and has decreased by \$11.1 million this year, mainly due to depreciation (\$12.8 million) offset by the completion of debt financed capital projects (\$1.7 million). *Restricted Net Position* (\$131.1 million) reports the unspent portions of capital projects funds and net assets restricted by grantors. *Restricted Net Position* increased \$109.5 million this year, primarily due to an increase in the amount of outstanding debt not yet expended for capital purposes (\$104.3 million). This increase reflects the issuance of General Obligation capital bonds. *Unrestricted Net Position* (negative \$76.7 million) is the balancing amount to bring Total Net Position to \$200.5 million. *Unrestricted Net Position* decreased \$94.4 million primarily due to increases in restricted net assets as noted above.

Analysis of Activities. The Statement of Activities presents expenses and related revenues by program, showing how the District's net position changed during the most recent fiscal year. The statement reports revenues earned and expenses incurred under the accrual basis of accounting, where changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes, and earned but unused vacation leave).

Statement of Activities

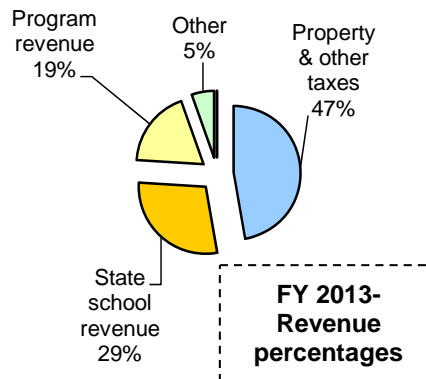
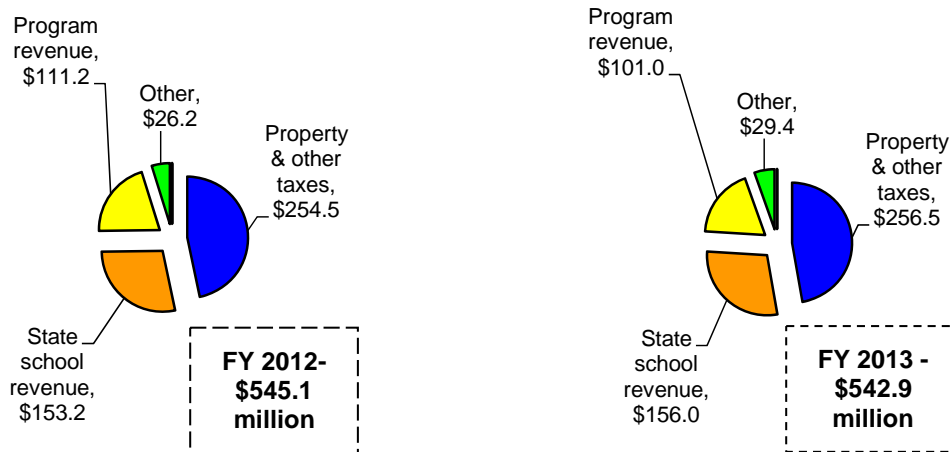
	Government-wide				
	<u>2012</u>	<u>2013</u>	<u>% of total 2013</u>	<u>Change</u>	<u>% change</u>
Revenues					
Program Revenues					
Charges for services	\$ 11,577	\$ 12,933	2.4%	\$ 1,356	11.7%
Operating grants & contributions	99,629	88,066	16.2%	(11,563)	-11.6%
Total Program Revenues	<u>111,206</u>	<u>100,999</u>	<u>18.6%</u>	<u>(10,207)</u>	-9.2%
General Revenues					
Property & other taxes	200,906	205,177	37.8%	4,271	2.1%
Local option taxes	53,622	51,357	9.5%	(2,265)	-4.2%
County and intermediate sources	9,588	14,560	2.7%	4,972	51.9%
Construction excise tax	2,108	3,619	0.7%	1,511	71.7%
State School Fund	149,031	151,369	27.9%	2,338	1.6%
State Common School Fund	4,138	4,608	0.8%	470	11.4%
Federal stimulus	403	6	0.0%	(397)	-98.5%
Investment earnings	595	644	0.1%	49	8.2%
Other	13,535	10,518	1.9%	(3,017)	-22.3%
Total General Revenues	<u>433,926</u>	<u>441,858</u>	<u>81.4%</u>	<u>7,932</u>	1.8%
Total Revenues	<u>545,132</u>	<u>542,857</u>	<u>100.0%</u>	<u>(2,275)</u>	-0.4%
Expenses					
Instruction	287,424	267,192	49.6%	(20,232)	-7.0%
Support services	206,856	194,269	36.1%	(12,587)	-6.1%
Enterprise & community services	19,108	18,923	3.5%	(185)	-1.0%
Non-capital facilities					
maintenance & replacement	10,697	31,635	5.9%	20,938	195.7%
Interest and fees on long-term debt	25,748	26,814	5.0%	1,066	4.1%
Total Expenses	<u>549,833</u>	<u>538,833</u>	<u>100.0%</u>	<u>(11,000)</u>	-2.0%
Change in net position	(4,701)	4,024	2.0%	8,725	-185.6%
Net position - beginning of year as restated	201,214	196,513	98.0%	(4,701)	-2.3%
Net position - end of year	<u>\$ 196,513</u>	<u>\$ 200,537</u>	<u>100.0%</u>	<u>\$ 4,024</u>	2.0%

The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Portland Public Schools currently does not have any business-type or enterprise fund activities. Additional detail regarding revenue and expense changes are presented below to provide a better understanding of the District's operations in 2013 compared to 2012.

Revenues. Because the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. The District does charge for non-core services such as facilities rentals, activities fees, lunches and kindergarten programs beyond the mandatory half-day class. Therefore, general revenues provide most of the funding required for governmental programs, primarily property taxes and State School Funds.

Revenues – 2013 compared to 2012. Total 2013 revenues of \$542.9 million represented a \$2.3 million (or 0.4%) decrease from prior year revenues of \$545.1 million. State school revenues increased \$2.3 million from the prior year due to a 235 increase in student census and increased state funding rates. Grants and contributions decreased \$11.6 million, primarily due to decreases in Title I, Title IIA, Voluntary Public School Choice and Foreign Language Assistance funding. Property and other taxes increased \$2.0 million due to increases in assessed value of property in the local area and increased local construction activities. Revenue from county and intermediate sources increased \$5.0 million, primarily due to a \$4.5 million donation from the City of Portland.

REVENUES



Expenses. Portland Public Schools program activities include Instruction, Support Services, Enterprise and Community Services, Non-capital Facilities Maintenance and Replacement, and Interest and Fees on Long-term Debt. The District's activities mirror its chart of accounts which is mandated by the Oregon Department of Education for all Oregon public schools.

Expenses by function – 2013 compared to 2012. Current year total expenses of \$538.8 million were a decrease of 2.0% (\$11.0 million) from the prior year. The primary components of the \$20.2 million reduction in instruction costs were: reductions in purchased services for the Teen Parent program, Equity and Partnerships, and Title I; a reduction of textbook expenditures; reductions of wages and related costs for Title I, Special Education and School Improvement; and a reduction in Recovery Act (ARRA) funds. Support services costs decreased \$12.6 million in the current year due reductions in non-represented classified, managerial, and administrative wages and overtime pay (\$4.2 million), benefits (\$3.8 million) and utility costs (\$3.2 million). There was a one-time catch-up adjustment to benefits in the prior year, which accounts for the decrease in benefits expense in the current year. The largest component of utility cost reductions was for heating fuel (\$2.2 million), as a result of boiler burner conversions from heating oil to natural gas. Instruction and support services together accounted for 85.7% of the District's expenses in 2013, compared to 89.9%, in the prior year. Facilities maintenance and replacement costs increased \$20.9 million in the current year, largely due to increased resources from capital projects bond sale proceeds.

Financial Analysis of the District's Major Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

General Fund. The General Fund is the major operating fund of the District. The year's activities saw the General Fund's ending fund balance increase by \$6.5 million to \$37.5 million. This increase was \$16.3 million better than the \$9.8 million decrease anticipated (excluding contingency) in the current year budget. Instructional cost savings were primarily because expenditures were less than budget for wages and benefits (\$4.4 million). Support services cost savings were primarily due to reductions in costs for utilities (\$3.2 million) and benefits cost reductions (\$3.6 million) resulting from benefit rate adjustments at the end of the prior year. Facilities costs decreased (\$2.5 million); the Marshall High School closure added \$1.4 million to prior year costs, and the remainder of the reduction was due to lower spending on repairs and maintenance. The budgeted transfer of \$1.9 million from the PERS Rate Stabilization Reserve Fund to the General Fund was not needed at year-end as PERS expenses were less than originally forecasted. With greater increases in PERS rates now deferred until 2015-17, this \$1.9 million will be retained in the PERS Rate Stabilization Reserve Fund to provide support in subsequent years.

Grant Fund. Of the \$61.5 million in grant fund revenues, \$59.6 million is attributable to federal, federal stimulus and state grants. Funding for Title I, other federal Title funds and school improvement funds of \$21.3 million was targeted to provide additional services to students disadvantaged by poverty, to support migrant education and to support improving educational achievement in schools. Approximately \$17.5 million was received for Special Education, Head Start, Early Vocabulary Intervention and Long-Term Care and Treatment grants. Funding from the USDA for nutrition related funding was approximately \$12.9 million. Other public and private-entity awards and other federal and state sources accounted for \$9.8 million. Total Grant Fund revenues and expenditures were \$7.8 million under budget primarily due to funding decreases from the prior year for Title I (\$7.1) million, Title IIA (\$502 thousand), and Foreign Language Assistance (\$806 thousand).

PERS Rate Stabilization Reserve Fund. The PERS Rate Stabilization Reserve Fund currently has a dedicated revenue stream in the form of property taxes that have been committed at a rate of 0.11%. Current year revenues from property taxes were \$198 thousand. The PERS Rate Stabilization Reserve Fund currently has an ending fund balance of \$15.5 million. The Board also established conditions under which the Fund may be used that are consistent with the Fund's original objectives: (1) upon PERS rate increases per specified limits, and (2) upon PERS UAL debt service increase, also per specified limits. During the year the Fund budgeted but did not transfer \$1.9 million to the General Fund to defray increasing costs for retirement benefits (see discussion for the General Fund above).

GO Bonds Fund. The GO Bonds Fund was established to account for the debt proceeds, revenues, and capital expenditures related to the \$482 million bond measure approved by voters in November 2012. Fund activity this year included debt proceeds of \$158.7 million received in May, repayment of \$45 million of existing short term debt, and capital expenditures of \$4.5 million, and the \$8.9 million purchase of Rosa Parks School as described on page four.

Budgetary Highlights

The 2012-13 General Fund budget was adjusted three times during the year. The Board approved changes can be briefly summarized as follows:

- In January 2013, the Board increased General Fund budgetary beginning fund balance by \$4.3 million to \$30.9 million. In addition, General Fund resources were revised to reflect a \$1.9 million decrease in anticipated Local Option Levy revenue. Net General Fund increase was \$2.4 million.
- In April 2013, the Board increased GO Bond Fund resources (previously at zero) by \$165 million to provide for the first issuance of the \$482 million in GO Bonds approved by voters in November 2012. Additionally, transfers and debt service amounts were increased by \$45 million to provide for transfers to the School Modernization Debt Service Fund (\$27.5 million) and the Facilities Capital Debt Service Fund (\$19.25 million) for the repayment of the existing \$45 million line of credit with proceeds from the GO Bonds.
- In June 2013, the Board reallocated \$454 thousand of expenditures within the General Fund budget. The Board also reallocated \$600 thousand of expenditures in the Grants Fund budget. Additionally, the Board decreased beginning fund balance in the Dedicated Resource Fund \$366 thousand, re-allocated \$10 thousand of resources in the Full Faith and Credit Debt Service Fund, and increased resources in the Facilities Capital Project Fund \$2.1 million.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets includes land, building and improvements, vehicles and equipment, and construction in progress. As of June 30, 2013, the District had invested \$213.9 million in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide			
	2012	2013	change	% change
Land	\$ 8,274	\$ 9,174	\$ 900	10.9%
Buildings	349,040	367,811	18,771	5.4%
Vehicles and Equipment	44,052	47,095	3,043	6.9%
Construction in Progress	13,658	18,595	4,937	36.1%
	415,024	442,675	27,651	6.7%
less accumulated depreciation	(215,966)	(228,731)	(12,765)	5.9%
Capital assets, net of depreciation	\$ 199,058	\$ 213,944	\$ 14,886	7.5%

District-wide, capital assets increased by \$27.7 million in FY2012-13, and \$12.8 million in depreciation and amortization was recorded. The impact of all events increased net capital assets by \$14.9 million. Significant additions for the current year included the purchase of Rosa Parks School (\$8.9 million); completion of the fire damage repairs at Marysville School (\$3.6 million); projects for boiler conversion (\$6.6 million) and Recovery Zone energy efficiency work (\$2.5 million); and initial work on the \$482 million capital bond projects (\$4.5 million). Additional information on the District's capital assets can be found in Note 7 on page 38.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$588.6 million (excluding premiums and discounts), which is comprised of limited tax pension and refunding bonds (\$419.0 million) and debt backed by the full faith and credit of the District (\$169.6 million). During the year the District reduced debt by making scheduled debt service payments of \$17.4 million. The District also retired \$45.0 million of short term School Modernization debt. The debt retirement was financed with General Obligation Capital Bond proceeds. The result of all activities was an overall net increase of \$100.6 million in outstanding debt, and an increase in bond premium of \$13.9 million. Further explanation of debt is offered in Note 10 of the Financial Statements (pages 40-43).

Outstanding Debt	Government-wide				
	2012	Increases	Decreases	2013	% change
Limited tax pension and refunding bonds	\$ 430,058	\$ -	\$ (11,024)	\$ 419,034	-2.6%
Other debt	<u>57,972</u>	<u>163,061</u>	<u>(51,419)</u>	<u>169,614</u>	192.6%
Total Long Term Debt	488,030	163,061	(62,443)	588,648	
Unamortized Bond Premium/(Discount)	<u>(195)</u>	<u>13,870</u>	<u>(530)</u>	<u>13,145</u>	-6841.0%
Total Long Term Debt, net of Premium (Discount)	<u>\$ 487,835</u>	<u>\$ 176,931</u>	<u>\$ (62,973)</u>	<u>\$ 601,793</u>	23.4%

State statutes limit the amount of general obligation debt a school district may issue based on a formula for determining the percentage of the Real Market Value of all taxable properties within the District. The District's general obligation bond debt capacity is 7.95% of Real Market Value or \$5.5 billion. More information is available in Statistical Section Schedule 11 on page 126 of this report.

OPERS is Oregon's public pension system. Under the pension plan, the actuarial liability is the present value of the plan's current and expected benefits payments (plus administrative expenses). If the fund's actuarial liability exceeds its assets, then the fund has a shortfall that is known as an unfunded actuarial liability ("UAL"). OPERS requires that school districts pay (or "amortize") this UAL over a period of 20 years (Tier1/Tier2 portion) and (Retiree Health Insurance Account portion) for 10 years. Since interest rates had been at historic lows, an opportunity to benefit from lowered interest was created.

The District participated in the Oregon School Board Association ("OSBA") sponsored pooled pension obligation bond program, in which the proceeds from bond issues were used to offset a portion of the OPERS Unfunded Actuarial Liability (UAL). The reduced rate charged for the UAL, that has resulted from the District's decision to borrow, has saved an estimated \$25 million in the current year; savings that the District has used to provide more instruction and support services. Over time, this reduction in rates should dampen the effects of future increases in the District's UAL. So long as OPERS' investment returns exceed the costs of servicing the bonds, the benefits of this program will exceed the costs. The District's UAL was reduced but was not eliminated by these borrowing transactions. Statutes, legislation, regulations, and rules regarding OPERS can change at any time. Because of the significant investment declines experienced by OPERS and other plans across the nation in 2008, OPERS rates are expected to increase, although at a much lower rate than the District would have experienced had it not participated in the pooled pension obligation bond program.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The state's economy continues to recover, although the pace of growth continues to be slower than previous periods of expansion. While the most likely scenario for the state's economy going forward is for continued modest growth, there are still local, national, and international risks that could negatively impact revenue growth. In spite of the improving economy, fiscal pressures for K-12 education funding are likely to continue for the foreseeable future. The state legislature made progress toward stable and adequate funding with the passage of the 2013-2015 biennial budget, yet funding still remains below the state's own Quality Education Model funding mark. Without the generous support of local voters and taxpayers the fiscal situation for PPS would be significantly more challenging and the ability to provide the education that our students deserve would be even more seriously compromised.
- Portland-Vancouver unemployment rates are improving but remain high. Seasonally adjusted local unemployment, a lagging indicator, improved from 8.2% at June 2012 and dropped to 7.8% at June 2013. Expectations are that the recovery will be slow in the region and unemployment will remain higher than normal for an extended period of time.
- In 2012-13 there were reductions from ARRA, Title I, Title IIA, Foreign Language Assistance, and Voluntary Public School Choice. Due to this reduction in grant funding the District shifted funding for Response to Intervention (RTI) and the Supplemental Education Services (SES) tutoring program by \$1.5 million and \$1 million respectively. Kindergarten and Pre-K combined, shifted approximately \$800 thousand of their funding from the Grant Fund to the General Fund. Title I also reduced funding for the Head Start program by approximately \$135 thousand. The future impacts of sequestration and the past government shutdown are still unknown to school districts, and could affect future funding projections.
- In November 2012, District voters approved a city arts tax, which will provide \$4.5 million to fund 45 arts teachers in K-5 and K-8 schools.
- In Oct 2013 Oregon legislators approved a package of bills targeted at increasing revenues for education and reducing PERS pension costs. The resulting state budget provides \$6.55 billion in 2013-15 to fund K-12 schools, which is an increase of about \$830 million over the previous biennium. House Bill 5101 appropriates approximately \$200 million for education, with \$100 million going to K-12 schools via the State School Fund, effective for the 2014-15 fiscal year. This legislation is estimated to increase the District's revenues by approximately \$7.8 million for 2014-15. Senate Bill 861 reduces the PERS unfunded liability by nearly \$2 billion, and in combination with legislation enacted in the regular session, is projected to reduce employer contributions by about 2 percent.
- The District has not budgeted the use of any reserves for the 2013-14 budget, and plans modest increases in spending which adds 66 staff positions to schools, makes targeted investments to improve graduation rates, preserves programs threatened by expiring grants, allocates resources support historically underserved populations, and prioritizes the development and retention of talented school leaders.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Portland Public Schools' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Accounting and Payroll Services Department, Portland Public Schools, 501 N Dixon, Portland, OR, 97227. An electronic copy of this and other prior year financial reports are available at the District website: www.pps.k12.or.us/departments/accounting/, site shortcut: **Financial Statements**.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2013
(amounts expressed in thousands)

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 115,875
Cash and cash equivalents held by fiscal agents	4,277
Investments	140,438
Accounts and other receivables	21,192
Property taxes and other taxes receivable	15,880
Inventories	583
Noncurrent assets:	
Prepaid pension and other prepaid costs	414,408
Capital assets, not depreciated:	
Land	9,174
Construction in progress	18,595
Capital assets, net of accumulated depreciation:	
Buildings and capital improvements	175,861
Vehicles and equipment	10,314
Total assets	<u>926,597</u>
LIABILITIES	
Accounts payable	16,463
Accrued wages and benefits payable	61,977
Accrued bond interest payable	1,148
Unearned revenues	349
Accrued compensated absences	2,708
Claims payable	4,540
Non-current liabilities:	
Due within one year	54,064
Due in more than one year	547,729
Net other post employment benefit obligation	36,263
Total liabilities	<u>725,241</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred insurance recovery	819
NET POSITION	
Net investment in capital assets	146,148
Restricted for:	
Capital projects	123,461
Grants	7,599
Unrestricted (deficit)	(76,671)
Total net position	<u>\$ 200,537</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Statement of Activities

For the year ended June 30, 2013

(amounts expressed in thousands)

Functions/Programs	EXPENSES	PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 267,192	\$ 5,958	\$ 62,006	\$ (199,228)
Support services	194,270	2,852	23,437	(167,981)
Enterprise and Community Services	18,923	4,123	2,623	(12,177)
Non-capital facilities maintenance and replacement	31,635	-	-	(31,635)
Interest and fees on long-term debt	26,813	-	-	(26,813)
Total governmental activities	<u>\$ 538,833</u>	<u>\$ 12,933</u>	<u>\$ 88,066</u>	<u>(437,834)</u>

GENERAL REVENUES

Property taxes, levies for operations	205,177
Construction excise tax	3,619
Local option taxes	51,357
State School Fund	151,369
State Common School Fund	4,608
County and intermediate sources	14,560
Investment earnings	644
Federal stimulus	6
Other	10,518
Total general revenues	<u>441,858</u>

Change in net position 4,024

Net position - beginning of year as previously stated	199,834
Restatement (see note 1)	<u>(3,321)</u>
Net position - beginning of year as restated	196,513
Net position - end of year	<u>\$ 200,537</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Governmental Funds

Balance Sheet

June 30, 2013

(amounts expressed in thousands)

	<u>General Fund</u>	<u>Grant Fund</u>
ASSETS		
Cash and cash equivalents	\$ 42,637	\$ -
Cash and cash equivalents held by fiscal agents	4,277	-
Investments	45,018	-
Prepaid items	28	-
Accounts receivable	4,047	12,722
Property taxes and other taxes receivable	15,880	-
Due from other funds	5,845	-
Inventories	110	-
Total assets	<u>\$ 117,842</u>	<u>\$ 12,722</u>
LIABILITIES		
Accounts payable	\$ 8,421	\$ 2,455
Accrued wages and benefits	56,474	4,073
Due to other funds	813	5,845
Unearned revenues	-	349
Total liabilities	<u>65,708</u>	<u>12,722</u>
DEFERRED INFLOWS OF RESOURCES		
Property tax revenue	14,677	-
Insurance recovery	-	-
Total deferred inflows of resources	<u>14,677</u>	<u>-</u>
FUND BALANCES		
Nonspendable	139	-
Restricted	-	-
Committed	-	-
Unassigned	37,318	-
Total fund balances	<u>37,457</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 117,842</u>	<u>\$ 12,722</u>

The notes to the basic financial statements are an integral part of this financial statement.

PERS Rate Stabilization Reserve Fund	GO Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 15,476	\$ 18,341	\$ 35,731	\$ 112,185
-	-	-	4,277
-	93,101	-	138,119
-	-	-	28
-	223	4,201	21,193
-	-	-	15,880
-	-	813	6,658
-	-	473	583
<u>\$ 15,476</u>	<u>\$ 111,665</u>	<u>\$ 41,218</u>	<u>\$ 298,923</u>
\$ -	\$ 2,401	\$ 3,095	\$ 16,372
-	29	1,379	61,955
-	-	-	6,658
-	-	-	349
<u>-</u>	<u>2,430</u>	<u>4,474</u>	<u>85,334</u>
-	-	-	14,677
-	-	819	819
-	-	819	15,496
-	-	473	612
-	109,235	35,442	144,677
15,476	-	10	15,486
-	-	-	37,318
<u>15,476</u>	<u>109,235</u>	<u>35,925</u>	<u>198,093</u>
<u>\$ 15,476</u>	<u>\$ 111,665</u>	<u>\$ 41,218</u>	<u>\$ 298,923</u>

The notes to the basic financial statements are an integral part of this financial statement.



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2013
(amounts expressed in thousands)

Fund balances - total governmental funds (page 17)	\$	198,093
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not financial resources and are not reported in governmental funds.		213,944
Long-term taxes receivable are not available to pay for current-period expenditures and therefore are a deferred inflow of resources in the governmental funds.		14,677
Assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		1,997
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		(601,793)
Prepaid pension costs are not reported in the governmental funds.		414,377
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(2,708)
Accrued property and liability insurance claims incurred but not reported are not due and payable in the current period and therefore are not reported in the governmental funds.		(675)
Accrued interest payable is not recognized as a liability in the governmental funds.		(1,148)
Other post employment benefit liability obligation is not reported in governmental funds.		(36,227)
Net position of governmental activities (page 14)	<u>\$</u>	<u>200,537</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2013
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Grant Fund</u>
REVENUES		
Property and other taxes	\$ 204,618	\$ -
State School Fund	151,369	-
State Common School Fund	4,608	-
Federal and state support	984	57,698
Federal stimulus	-	1,914
Local option taxes	51,720	-
County and intermediate sources	11,728	718
Charges for services	3,482	-
Extracurricular activities	-	-
Investment earnings	491	-
Other	8,069	1,165
Total revenues	<u>437,069</u>	<u>61,495</u>
EXPENDITURES		
Current:		
Instruction	250,772	35,435
Support services	168,281	23,437
Enterprise and Community Services	1,499	2,344
Facilities acquisition and construction	193	279
Debt Service:		
Principal	-	-
Interest	-	-
Total expenditures	<u>420,745</u>	<u>61,495</u>
Excess (deficit) of revenues over expenditures	<u>16,324</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(10,611)	-
Proceeds from the sale of capital assets	348	-
Issuance of debt	471	-
Premium on issuance of debt	-	-
Total other financing sources (uses)	<u>(9,792)</u>	<u>-</u>
Net change in fund balances	6,532	-
Fund balances - beginning of year	<u>30,925</u>	<u>-</u>
Fund balances - end of year	<u>\$ 37,457</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this financial statement.

PERS Rate Stabilization Reserve Fund	GO Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 198	\$ -	\$ 3,618	\$ 208,434
-	-	-	151,369
-	-	-	4,608
-	-	13,260	71,942
-	-	6	1,920
-	-	-	51,720
-	-	2,114	14,560
-	-	45,192	48,674
-	-	7,867	7,867
-	11	130	632
-	-	7,081	16,315
<u>198</u>	<u>11</u>	<u>79,268</u>	<u>578,041</u>
-	-	-	-
-	-	17,153	303,360
-	-	1,657	193,375
-	-	15,867	19,710
-	4,486	26,617	31,575
-	-	62,443	62,443
-	-	26,318	26,318
<u>-</u>	<u>4,486</u>	<u>150,055</u>	<u>636,781</u>
<u>198</u>	<u>(4,475)</u>	<u>(70,787)</u>	<u>(58,740)</u>
-	-	55,786	55,786
-	(45,000)	(175)	(55,786)
-	-	307	655
-	144,840	17,750	163,061
-	13,870	-	13,870
<u>-</u>	<u>113,710</u>	<u>73,668</u>	<u>177,586</u>
198	109,235	2,881	118,846
15,278	-	33,044	79,247
<u>\$ 15,476</u>	<u>\$ 109,235</u>	<u>\$ 35,925</u>	<u>\$ 198,093</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the year ended June 30, 2013
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 21)	\$ 118,846
 Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report all capital outlay as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period of of \$27,651 exceeded depreciation and disposals of \$12,765.	14,886
Governmental funds do not report the long term portion of notes receivable from the sale of capital assets in the current year. Revenue is recorded at the time the note payment is received. This is the amount that the long term portion was reduced in the current year.	(326)
Property tax revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This is the change in deferred inflow of resources related to property taxes.	345
The Internal Service Fund is used to account for all costs incurred for claims arising from workers' compensation losses. The primary funding sources are charges to other funds. This amount is the change in net position for the year.	(762)
Accrued incurred but not reported property and liability insurance claims expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds	169
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued. Premium amounts are deferred and amortized in the Statement of Activities.	(113,958)
Governmental funds reported the prepayment of the PERS unfunded actuarial liability as an other financing use in prior years. However, in the Statement of Activities the expense is the amortization of the prepaid asset.	(11,024)
Other post employment benefits expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds.	(2,667)
Change in compensated absences	(459)
Change in bond interest payable	(1,026)
Change in net position of governmental activities (page 15)	<u>\$ 4,024</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Net Position
June 30, 2013
(amounts expressed in thousands)

ASSETS

Current Assets

Cash and cash equivalents	\$	3,690
Investments		2,319
Accounts and other receivables		2
Total assets		6,011

LIABILITIES

Current Liabilities

Accounts payable		93
Accrued wages and benefits		20
Claims payable		3,865
Total current liabilities		3,978

Long-term Liability

Other post employment benefit obligation		36
Total liabilities		4,014

NET POSITION

Unrestricted	\$	1,997
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The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2013
(amounts expressed in thousands)

OPERATING REVENUES	
Charges for services	\$ 1,908
Insurance recoveries	2
Total operating revenues	1,910
 OPERATING EXPENSES	
Salaries and benefits	149
Materials and services	298
Claims expense	2,314
Total operating expenses	2,761
Operating loss	(851)
 NON-OPERATING REVENUES	
Federal and state support	78
Investment earnings	11
Total non-operating revenues	89
Change in net position	(762)
Net position - beginning of year	2,759
Net position - end of year	\$ 1,997

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2013
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from interfund services provided and used	\$	1,908
Cash payments for salaries and benefits		(140)
Cash payments for goods and services		(257)
Cash payments for claims		(1,971)
Net cash from operating activities		<u>(460)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash subsidy from state for return to work reimbursements		78
Net cash from noncapital financing activities		<u>78</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments		(107)
Investment earnings		11
Net cash from investing activities		<u>(96)</u>

Net increase in cash and cash equivalents (478)

Cash and cash equivalents at beginning of year		4,168
Cash and cash equivalents at end of year	\$	<u><u>3,690</u></u>

RECONCILIATION OF OPERATING LOSS TO CASH FROM OPERATING ACTIVITIES

Operating loss	\$	(851)
Adjustments to reconcile operating loss to net cash from operating activities:		
Increase in accounts and other receivables		(2)
Increase in accounts and other payables		40
Increase in claims payable		344
Increase in accrued wages and benefits		8
Increase in net other post employment benefits obligation		1
Total adjustments		<u>391</u>
Net cash from operating activities	\$	<u><u>(460)</u></u>

The notes to the basic financial statements are an integral part of this financial statement.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

School District No. 1J, Multnomah County, Oregon, known as Portland Public Schools or the District, is governed by a seven-member elected board. The District is the special-purpose primary government exercising financial accountability for all public K-12 education within its boundaries. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present all significant activities and organizations of the District. The District reports no component units, nor is the District a component unit of any other entity, and specifically has no relationship or connection with Multnomah County, Oregon.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. The District does not report any fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements except that interfund services provided and used are not eliminated in the process of consolidation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Certain functional expenditures contain an element of indirect cost.

Separate financial statements are provided for Governmental Funds and the Self-Insurance Fund, which is an internal service fund (proprietary fund). The Self-Insurance Fund is included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. In the internal service fund, all revenues and expenses except interest earnings, transfers and insurance recoveries and costs, are considered to be related to operations.

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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

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 revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Government-wide and fund financial statements - Continued

Measurement focus, basis of accounting, and financial statement presentation – Continued

However, debt service and expenditures related to compensated absences are recorded only when payment is due.

Property taxes and grant reimbursements are considered to be susceptible to accrual, if received in cash by the District or a county collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current fiscal year or soon thereafter.

The District reports the following major governmental funds:

General Fund – Accounts for the general operations of the District. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's resources are available to the District for any purpose provided they are expended or transferred according to a resolution or policy of the District and/or the laws of Oregon.

Grant Fund – Accounts for revenues and expenditures of grants restricted for specific projects. Principal revenue sources are federal, state and local grants.

PERS Rate Stabilization Reserve Fund – Accounts for reserves that will be used to mitigate the budgetary impact of significant employer personnel benefit rates fluctuations when they occur in future OPERS or PERS UAL charges. Disbursements from this fund are made in accordance with resolution 2679 by the District's Board.

GO Bond Fund – Accounts for General Obligation bond proceeds and expenditures for specifically authorized projects funded by General Obligation Bonds.

Additionally, the District reports the following internal service fund:

Self-Insurance Fund – Accounts for all workers' compensation activities. The activity and balances of this fund are included in the governmental activities in the government-wide financial statements. The primary resources are charges to other funds, investment earnings and insurance recoveries. All revenues except for investment revenues and transfers in are considered operating revenue. Operating expenses include salaries, benefits, materials, premium costs, claims, and other related costs.

The District reports the following non-major governmental funds:

Special Revenue Funds – Accounts for certain revenues that are restricted to expenditures for designated purposes.

Debt Service Funds – Accounts for the accumulation of financial resources for the payment of long-term debt principal, interest, and related costs.

Capital Projects Funds – Accounts for financial resources to be used for the acquisition of technology or construction or renovation of major capital facilities.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Appropriations and Budgetary Controls

The District prepares a budget for all funds in accordance with the modified accrual basis of accounting, with certain adjustments, and legal requirements set forth in Local Budget Law.

Consistent with Local Budget Law, expenditures are appropriated by fund for each legally adopted annual operating budget at the following levels of control, as appropriate:

- Instruction
- Support Services
- Enterprise and Community Services
- Facilities Acquisition and Construction
- Debt Service
- Contingency
- Fund Transfers

Capital outlay expenditures are appropriated within the service levels for Instruction, Support Services, Enterprise and Community Services, and Facilities Acquisition and Construction. Debt service expenditures in the General Fund are generally appropriated within the Support Services level of control. For reporting purposes all other debt service expenditures are segregated from the supporting services budgetary control levels and are presented in the debt service expenditures category.

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriations transfer that alters estimated total expenditures by less than 10% of any individual fund may be adopted at the regular meeting of the Board of Education. For conditions that require either supplemental appropriations or an increase in expenditures greater than 10% of an individual fund, a supplemental budget must be adopted, requiring public hearings, publications in newspapers and approval by the Board of Education. Supplemental budgets are submitted, reviewed and certified, similar to the original budget, by the Multnomah County Tax Supervising and Conservation Commission subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year. The District had three supplemental budgets during budget year 2013.

C. Encumbrances

During the year encumbrances are recorded in the accounting records when purchase orders are issued. The use of encumbrances indicates to District employees that appropriations are committed however, all encumbrances expire at year-end.

D. Cash and Cash Equivalents and Investments

For the purpose of the Statement of Cash Flows, the Statement of Net Position and the Balance Sheet, the District's monies in the Oregon Local Government Investment Pool, savings deposits, demand deposits and cash with county treasurer are considered to be cash and cash equivalents. Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Board approval is required in order to purchase investments with a maturity greater than one year. Other investments are stated at amortized cost, which approximates fair value.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Property Taxes

Uncollected real and personal property taxes are reflected on the Statement of Net Position and the Balance Sheet as receivables. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

F. Inventories and Prepaid Items

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at cost using the weighted average method. A portion of the inventory consists of commodities purchased from the United States Department of Agriculture (USDA). The commodities are recorded at wholesale market value as provided by the USDA. The District accounts for the inventory based on the consumption method. Under the consumption method, inventory is recorded when purchased and expenditures are recorded when inventory items are used. Donated foods consumed during the year are reported as revenues and expenditures. The amount of unused donated food at year-end is immaterial. Prepaid assets are recognized as expenses/expenditures based on the consumption method when their use benefits the District.

G. Capital Assets

Expenditures for capital assets, which include land, buildings and site improvements, construction in progress, and vehicles and equipment are reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance by function. The District defines capital assets as assets with an initial cost exceeding the threshold amounts shown in the schedule below, and an estimated useful life in excess of one year. District capital assets are recorded at historical cost, or estimated historical cost if purchased or constructed, and depreciated or amortized, where appropriate, using the straight-line method. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are recorded as construction in progress and capitalized as projects are completed. When the District determines that an asset has been impaired as defined by GASB Statement No. 42 it adjusts the asset value. Under the pronouncements of GASB Statement No. 51 the District capitalizes intangible asset costs, such as costs relating to the internally developed computer software. The intangible asset costs are classified as equipment.

Major asset classifications, useful lives and capitalization thresholds are:

Asset	Capitalization threshold	Useful lives, years
Buildings	\$ 25	100
Site improvements	25	5 to 25
Equipment	5	5 to 15
Vehicles	5	5 to 8

H. Grant Accounting

Unreimbursed expenditures due from grantor agencies are recorded in the financial statements as accounts receivable and revenues. Cash received from grantor agencies in excess of related grant expenditures is reflected as unearned revenue on the Statement of Net Position and the Balance Sheet.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Insurance

The District operates the Self-Insurance Fund to account for the costs of workers' compensation related costs and resources. Charges to other funds are recognized as revenues and as expenditures in the fund incurring the charges. The District accounts for all other insurance related resources and costs, such as general liability claims, property and fire loss claims, and the payment of premiums through the General Fund.

The District recognizes the liabilities for estimated losses to be incurred from pending claims and for claims incurred but not reported (IBNR). The IBNR claims are estimates of claims that are incurred through the end of the fiscal year but have not yet been reported. These liabilities are based on actuarial valuations.

The District's insurance deductibles and policy limits are as follows:

	Deductibles	Excess Coverage per Occurrence
General and Automobile Claims	\$ 1,000	\$ 5,000
Property and Fire Claims	1,000	250,000
Earthquake Claims	250	50,000
Flood Claims	1,000	75,000
Workers' Compensation Claims	1,000	25,000

With the exception of the Marysville School fire, which occurred in November 2009, the District has not exceeded the claims limitation on its insurance policies for the last five years. Marysville School reopened January 2013.

J. Compensated Absences

Depending on years of service and union membership, employees can earn annual vacation leave between 10 days and 22 days per year. Administrators earn 22 days of annual vacation leave. Effective January 1, 2012, employees are allowed to carry over twice their maximum yearly earned balances from one fiscal year to another. All outstanding vacation leave is payable upon resignation, retirement, or death. Compensated absences are recognized as liabilities in the District's proprietary fund. Compensated absences are not reported as liabilities in the governmental funds because they have not "matured," meaning they are not yet payable to the employee.

Sick leave accumulates each month without a limit on the total hours that can be accumulated. Accumulated sick leave does not vest and is forfeited at resignation, retirement or death. Sick leave is recorded as an expense/expenditure when leave is taken and no liability is recorded.

K. Receivables and Payables

Receivables expected to be collected within sixty days following year-end are considered measurable and available and are recognized as revenues in the fund financial statements. Other receivables, except certain grants, are offset by unearned revenues and, accordingly, have not been recorded as revenue. Receivables, net of any allowance for doubtful accounts, are recorded on the Statement of Net Position.

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" in the fund financial statements, and are eliminated in the government-wide statements.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations including claims are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of applicable bond premium or discount. In accordance with GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, bond issuance costs are reported as outflows of resources (expenses) in the period incurred as explained in Note 1, section T.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs as incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

M. Retirement Plans

Most District employees participate in Oregon's Public Employees Retirement System (OPERS). OPERS requires plan contributions on a current basis. Contributions are made on a current basis as required by the plan and are recorded as expense/expenditures.

The District provides tax-deferred annuity contracts established under Section 403(b) of the Internal Revenue Code. Participation in the program is voluntary. Contributions are made from salary deductions from participating employees within the limits specified in the Code.

N. Early Retirement and Other Post Employment Benefits

Certificated employees who have met the requirements for age and years of service with the District are eligible for early retirement benefits. Early retirement benefits are further explained in Note 11 and other post employment benefits are explained in Note 12.

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA's) for eligible District employees who are members of OPERS, and were plan members before January 1, 2004. The plan was established by the Oregon Legislature.

A health and welfare program the District provides for retirees is accounted for under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB). The OPEB obligation is actuarially determined, is reflected as a long-term liability in the government-wide financial statements, and reflects the present value of expected future payments. The net other post employment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year, and are reported on the pay-as-you-go basis.

O. Net Position

Net position represents the difference between the District's total assets and total liabilities and deferred inflows of resources. District net position currently has three components:

Net investment in capital assets represents capital assets less accumulated depreciation and outstanding principal of capital asset related debt.

Restricted net position represents net position upon which constraints have been placed, either externally by creditors, grantors, contributors or others, or legally constrained by law.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

O. Net Position - Continued

Unrestricted net position represents net position that does not meet the definition of “restricted” or “net investment in capital assets”.

P. Management Estimates

The preparation of basic financial statements in accordance 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 during the reporting period. Actual results could differ from those estimates.

Q. Fund Balance Definitions

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance definitions, from most to least restrictive are:

1. *Non-spendable fund balances* – Amounts that are not in spendable form or due to legal or contractual requirements. Examples of resources in this category are prepaids, inventory or notes receivable.
2. *Restricted fund balances* – Amounts constrained to specific purposes by their providers (such as grantors or bond holders), through constitutional provisions or by enabling legislation. These are primarily amounts subject to externally enforceable legal restrictions.
3. *Committed fund balances* – Amounts constrained to specific purposes by resolution of the District’s Board. The District’s Board can modify or rescind a commitment at any time through passage of a new resolution. In order to commit fund balances the District must take formal action prior to the close of the fiscal year.
4. *Assigned fund balances* – Amounts the District intends to use for a specific purpose that are not restricted nor committed are reported as assigned fund balance. Intent can be expressed by the Board or delegated authority to an official. An example of assignment is when the District’s Board adopts the annual budget which includes funds identified as reserved for a specific purpose.
5. *Unassigned fund balance* – Amounts not included in other classifications above. The amount represents spendable fund balance that is not restricted, committed or assigned in the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The District’s Board passed resolution number 4461 on June 13, 2011, titled: *Compliance with Governmental Accounting Standards Board Statement No. 54 (GASB 54): Fund Balance Reporting and Governmental Fund Type Definitions*. The resolution reads as follows:

- The Board affirms that it is the highest level decision authority for the District.
- The Board hereby delegates the authority to classify portions of ending fund balance as “Assigned” to the Superintendent.
- The Board adopts GASB 54 definitions for Non-spendable, Restricted, Committed, Assigned and Unassigned fund balances.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Q. Fund Balance Definitions - Continued

- In conjunction with the adoption of GASB 54 fund balance classifications, the Board declares its budgeting practices and budget allocations for restricted and unrestricted fund balance amounts will be consistent with the fund balance classification hierarchy.
- The Board hereby adopts GASB 54 definitions of fund types for the general fund, special revenue funds, debt services funds, capital projects funds, and permanent funds.

R. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District first applies the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District first applies the expenditure toward restricted fund balance and then to other, less-restrictive classifications, committed and then assigned fund balances, before using unassigned fund balances.

S. Fund Balance Policy

The District's Board policy 8.10.025P mandates that the District budget a minimum of three percent of its General Fund revenue as contingency, and that a three percent fund balance be maintained.

T. New Accounting Standards Implemented

For the fiscal year ended June 30, 2013, the District implemented two new accounting standards:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), established a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of GASB 63 in the District's financial statements was the renaming of "Net Assets" to "Net Position", including changing the name of the financial statement from "Statement of Net Assets" to "Statement of Net Position".

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The implementation of GASB 65 resulted in the write-off of bond issuance costs, and a reduction of beginning Net Position by \$3,321.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The District reports financial position, results of operations, and changes in fund balance/Net Position on the basis of U. S. generally accepted accounting principles (GAAP). The budgetary statements provided as part of required or other supplementary information are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 3 – STATE CONSTITUTIONAL PROPERTY TAX LIMITS

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. Property taxes levied for the payment of bonded indebtedness are exempt from the limitation, provided such bonds are either authorized by a specific provision of the Oregon Constitution or approved by the voters of the District for capital construction or improvements.

The District's tax rates for the year ended June 30, 2013 were:

Permanent rate	\$ 5.2781 per \$1 thousand of assessed value
Local option rate	\$ 1.9900 per \$1 thousand of assessed value

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits with financial institutions include bank demand deposits, deposits in the Local Government Investment Pool, time certificates of deposit, and savings account deposits, as authorized by Oregon statutes.

Cash, cash equivalents and investments on June 30, 2013 are comprised of the following:

Oregon Local Government Investment Pool	\$ 44,830
Cash in demand deposits	71,040
Petty cash	5
Total cash and cash equivalents	<u>115,875</u>
Cash and cash equivalents held by fiscal agents	4,277
U.S Government agency securities	93,352
Commercial Paper	2,319
Corporate Paper	37,387
Municipal Bonds	7,380
Total investments	<u>140,438</u>
Total cash, cash equivalents and investments	<u><u>\$260,590</u></u>

A. Investments

Accounting principles generally accepted in the United States of America require investments with a remaining maturity of more than one year at the time of purchase to be stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. District policy requires that all investments with maturities greater than one year require Board approval. Investments with maturities of less than one year are carried at amortized cost.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – Continued

A. Investments - Continued

Investments in the Oregon Local Government Investment Pool (LGIP) are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments maturing more than 270 days from the date the computation is made. If the fair value totals more than one percent of the balance of the LGIP in terms of unrealized gain or loss, the amount is required to be distributed to the pool participants. Fifty percent of the LGIP portfolio must mature within 93 days. Up to 25% of the LGIP portfolio may mature in over one year and no investment may mature in over three years.

The District requires all securities, except for overnight investments used in conjunction with the District's demand deposit account, to be purchased in the District's name and held in third party safekeeping. During the year, the District invested in overnight U.S. government agency securities for which the dealer held the underlying securities.

Included within investments is a \$2,300 security deposit held by a financial institution in conjunction with a standby letter of credit with the State of Oregon for self-insurance certification (see Note 13).

The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2013 are categorized by Moody's and Standard and Poor's ratings as follows:

Moody's Rating	U.S.				Total
	Government & Agency Obligations	Corporate Commercial Paper	Corporate Notes	Municipal Bonds	
AAA	\$ 93,352	\$ -	\$ -	\$ -	\$ 93,352
AA1	-	-	-	7,380	7,380
AA2	-	-	11,868	-	11,868
AA3	-	-	12,427	-	12,427
A2	-	-	13,092	-	13,092
P1	-	2,319	-	-	2,319
	<u>\$ 93,352</u>	<u>\$ 2,319</u>	<u>\$ 37,387</u>	<u>\$ 7,380</u>	<u>\$ 140,438</u>
Weighted Average Maturity (Yrs)	1.81	0.74	0.62	0.80	

S & P Rating	U.S.				Total
	Government & Agency Obligations	Corporate Commercial Paper	Corporate Notes	Municipal Bonds	
AAA	\$ 93,352	\$ -	\$ -	\$ -	\$ 93,352
AA	-	-	4,728	-	4,728
AA-	-	-	15,944	-	15,944
A+	-	-	11,461	-	11,461
A	-	-	5,254	-	5,254
A1	-	2,319	-	-	2,319
NR	-	-	-	7,380	7,380
	<u>\$ 93,352</u>	<u>\$ 2,319</u>	<u>\$ 37,387</u>	<u>\$ 7,380</u>	<u>\$ 140,438</u>
Weighted Average Maturity (Yrs)	1.81	0.74	0.62	0.80	

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – Continued

A. Investments – Continued

Interest rate risk

In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by structuring the investment portfolio, so that securities mature to meet ongoing operations.

Credit risk

Oregon Revised Statutes authorize school districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, bankers' acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port or school district in Oregon (subject to specific standards), and the LGIP, among others. The Board of Education has adopted a policy which complies with state statutes.

The District's investments in U.S. government securities are not required to be rated. Investments in U.S. government agency securities are rated Aaa by Moody's Investors Service.

Corporate commercial paper is rated P1 by Moody's and A1 by Standard and Poor's. Corporate notes are rated between Aa2 and A2 by Moody's and between AA and A by Standard and Poor's.

Concentration of credit risk-investments

In accordance with GASB 40, the District is required to report all individual non-federal investments, which exceed 5% of total invested funds. As of June 30, 2013 the District held the following:

	Value	Percentage of total investments
Wells Fargo	\$ 7,838	5.6%
3M Company	\$ 7,140	5.1%

Custodial risk-deposits

The District's deposits with financial institutions are insured by the Federal Depository Insurance Corporation (FDIC); interest and non-interest bearing accounts are insured up to \$250 thousand. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At June 30, 2013, bank balances of \$1,001 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2013, the carrying amount of the District's balance was \$71,040 and the bank balance was \$74,385.

Custodial credit risk-investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – Continued

Custodial credit risk-investments - Continued

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP 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, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. Investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to LGIP investments.

NOTE 5 – RECEIVABLES

Receivables at year-end are summarized as follows:

	General Fund	Grant Fund	GO Bonds Fund	Govern- mental and other funds	Total
Accounts and other receivables:					
Interest	\$ 329	\$ -	\$ 223	\$ -	\$ 552
Accounts receivable	3,652	-	-	4,205	7,857
Federal, state and local grants	-	12,728	-	-	12,728
Advances to employees	65	(6)	-	(4)	55
Total accounts and other receivables	<u>4,046</u>	<u>12,722</u>	<u>223</u>	<u>4,201</u>	<u>21,192</u>
Property taxes and other taxes receivables	15,880	-	-	-	15,880
Total receivables	<u>\$19,926</u>	<u>\$12,722</u>	<u>\$ 223</u>	<u>\$ 4,201</u>	<u>\$37,072</u>

NOTE 6 – NOTE RECEIVABLE

In 2003, the District sold the broadcast license and capital assets of its public broadcasting FM station to a not-for-profit foundation. During the current year the District received principal and interest payments of \$338, and the note was repaid in full.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
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NOTE 7 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated or amortized					
Land	\$ 8,274	\$ 900	\$ -	\$ -	\$ 9,174
Construction in progress	13,658	20,523	(3,090)	(12,496)	18,595
Total capital assets not being depreciated or amortized	21,932	21,423	(3,090)	(12,496)	27,769
Capital assets being depreciated or amortized					
Buildings and site improvements	349,040	8,839	-	9,932	367,811
Vehicles and equipment	44,052	509	(30)	2,564	47,095
Total capital assets being depreciated or amortized	393,092	9,348	(30)	12,496	414,906
Total general capital assets	415,024	30,771	(3,120)	-	442,675
Less Accumulated depreciation and amortization					
Buildings and site improvements	(181,803)	(10,147)	-	-	(191,950)
Vehicles and equipment	(34,163)	(2,648)	30	-	(36,781)
Total accumulated depreciation and amortization	(215,966)	(12,795)	30	-	(228,731)
Total capital assets, net of accumulated depreciation	<u>\$199,058</u>	<u>\$ 17,976</u>	<u>\$ (3,090)</u>	<u>\$ -</u>	<u>\$213,944</u>

Depreciation expense for governmental activities is charged to functions as follows:

Instruction	\$ 9,363
Supporting services	3,247
Food services	185
	<u>\$12,795</u>

As of June 30, 2013 the District has two schools that are closed and idle: Clarendon and Smith. As of June 30, 2013 the carrying value of these schools is \$1,564 and is included in the capital assets summary above.

In January 2013 Marysville School reopened, however the insurance reimbursement is still pending for the depreciable replacement. The payment to be received is estimated to be approximately \$819.

As of April 24, 2013 the District leased a portion of the old Foster Elementary School property, referred to as the Foster School Housing Tract, to the City of Portland for 65 years with an option to renew for another 34 years. The lease called for a one-time payment to the District of \$500 payable upon execution of the lease.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 8 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Interfund balances represent cash owed by one fund to another. At June 30, 2013, the General Fund owed the Student Body Activity Fund \$813 and the Grants Fund was advanced \$5,845 by the General Fund to cover unbilled expenses.

Interfund receivables and payables on June 30, 2013 are comprised of the following:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 5,845	\$ 813
Non-major governmental funds	813	-
Grant Fund	-	5,845
	<u>\$ 6,658</u>	<u>\$ 6,658</u>

The District's General Fund made debt service transfers totaling \$7,535 to nonmajor debt funds. The District's General Fund also made transfers totaling \$3,076 to nonmajor capital projects funds. The GO Bonds Fund made debt service transfers totaling \$45,000 to nonmajor debt service funds.

The composition of interfund transfers as of June 30, 2013, is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 10,611
GO Bond Fund	-	45,000
Nonmajor Governmental Funds	55,786	175
	<u>\$ 55,786</u>	<u>\$ 55,786</u>

NOTE 9 – ACCRUED COMPENSATED ABSENCES

The General Fund and Grant Fund are the primary funds from which the compensated absences balance liability is liquidated.

The change in the balance of accrued compensated absences for the year was as follows:

<u>Outstanding July 1, 2012</u>	<u>Increases</u>	<u>Payments</u>	<u>Outstanding June 30, 2013</u>	<u>Accounts Due In One Year</u>
\$ 2,249	\$ 1,688	\$ (1,229)	\$ 2,708	\$ 2,708

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT

Changes in District long-term debt during fiscal year 2013 were as follows:

	Original Amount	Beginning Balance	Additions	Matured and Redeemed	Ending Balance
Pension debt:					
Limited tax pension bonds					
Series 2002	\$ 210,104	\$ 176,119	\$ -	\$ (3,767)	\$ 172,352
Series 2003	281,170	239,539	-	(7,257)	232,282
Series 2012	14,400	14,400	-	-	14,400
Total pension debt (Note 11)	<u>505,674</u>	<u>430,058</u>	<u>-</u>	<u>(11,024)</u>	<u>419,034</u>
Other Debt:					
Limited tax general obligation refunding bonds, Series 2004	11,900	1,580	-	(1,580)	-
Small scale energy loan programs	8,335	325	-	(146)	179
Full faith and credit bonds, Series 2007A and 2007B	15,090	5,080	-	(3,705)	1,375
2009 Credit facility	15,000	13,547	-	(154)	13,393
Recovery Zone Economic Development Bonds	11,000	10,190	-	(834)	9,356
General Obligation Bonds Series 2013A	76,265	-	76,265	-	76,265
Series 2013B	68,575	-	68,575	-	68,575
Multnomah ESD Note Payable	471	-	471	-	471
Line of Credit	27,250	27,250	17,750	(45,000)	-
Total other debt	<u>233,886</u>	<u>57,972</u>	<u>163,061</u>	<u>(51,419)</u>	<u>169,614</u>
Total long-term debt	<u>\$ 739,560</u>	<u>488,030</u>	<u>163,061</u>	<u>(62,443)</u>	<u>588,648</u>
Unamortized bond premium (discount)		(195)	13,870	(530)	13,145
Total long-term debt, net of premiums (discounts)		<u>\$ 487,835</u>	<u>\$ 176,931</u>	<u>\$ (62,973)</u>	<u>\$ 601,793</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT – Continued

A. Limited Tax Pension Bonds

In October 2002 Portland Public Schools participated as one of forty-one Oregon school districts and education service districts in issuing limited tax pension bonds. The proceeds were used to finance a portion of the estimated unfunded actuarial liability of each participating school district with the Oregon Public Employees Retirement System (“OPERS”). The Oregon School Boards Association (“OSBA”) sponsored this pooled limited tax pension bond program. The OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the payment of its pension bond payments and additional charges when due, each participating school district has no obligation or liability to any other participating school district’s pension bonds or liabilities to OPERS. In April 2003, OSBA sponsored another pooled limited tax pension bond program with thirty school districts and education service districts. The District recorded the proceeds of the debt to OPERS as prepaid pension costs and amortizes it as a pension expense over the life of the bonds. Payments of yearly principal and interest are recorded as financial statement expenditures in instruction and in support services. The District anticipates the total costs of financing the District’s actuarial obligation in this manner will result in a significant savings to the District when compared to paying for such costs as additional contribution rates to OPERS.

The District issued \$210,104 Limited Tax Pension Bonds, Series 2002 (Federally Taxable), of which \$53,524 are Series 2002A (deferred interest bonds) and \$156,580 are Series 2002B (current interest bonds). The 2002 series Limited Tax Pension Bonds were issued on October 31, 2002, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 2.06% to 6.10%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.48% to 5.55%. The Series 2002A Bonds are not subject to optional prepayment prior to maturity. The Series 2002B Bonds maturing June 30, 2021, shall be subject to prepayment from pension prepayments on or after June 30, 2009, and those due June 30, 2028 are subject to mandatory prepayment prior to its stated maturity, in whole or part, on any June 30 on or after June 30, 2024. During 2012 \$14,200 of Series 2002 Pension Bonds were refinanced. See description of the new debt instrument (Limited Tax Pension Bonds, Series 2012) below.

The District issued \$281,170 Limited Tax Pension Bonds, Series 2003 (Federally Taxable), of which \$124,800 are Series 2003A (deferred interest bonds) and \$156,370 are Series 2003B (current interest bonds). The Series 2003 Limited Tax Pensions Bonds were issued on April 30, 2003, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 2.76% to 6.27%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.45% to 5.68%. The bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

On January 31, 2012 the District issued \$14,400 in Limited Tax Pension Refunding Bonds, Series 2012. The interest rate is fixed at 2.75% and interest payments on the bonds are payable semiannually in June and December. The bonds mature on June 30, 2021. The total amount of interest savings (economic gain) as a result of the refinancing is \$3,200 dollars. The present value of future cash savings as a result of the refinancing is \$2,800 dollars. The bond proceeds, \$14,200, were used to pay on the Limited Tax Pension Bonds, Series 2002. The Series 2012 bonds are subject to optional prepayment.

Under the terms of the borrowing agreements for the 2002, 2003 and 2012 Limited Tax Pension Bonds, the District is bound by an intercept agreement whereby Wells Fargo Bank Northwest NA, as the trustee, directly receives specified amounts that have been withheld from the District’s State School Fund support payments that are deposited in trust with LGIP. Wells Fargo Bank Northwest NA then makes the scheduled semi-annual debt service payments from the LGIP trust account.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT – Continued

B. Other Debt

In fiscal year 2004 the 1998 series refunding bonds were advance refunded, with proceeds of the Limited Tax General Obligation Refunding Bonds, Series 2004 for \$11,900. The 2004 series refunding bonds were payable annually through June 15, 2013. Interest was payable semi-annually at rates ranging from 2.190% to 5.518%. The bonds were federally taxable and are not subject to redemption prior to their stated maturities. At June 30, 2013 these bonds were fully repaid.

The District borrowed from the Oregon Department of Energy Small Scale Energy Loan Program (SELP) in several increments beginning in 1993 at various interest rates. The obligations are payable monthly by the General Fund. The payment amounts are based on anticipated savings related to retrofitting and other energy conservation measures implemented with the proceeds of the loans. Such loans are not collateralized.

In October 2007 the District issued Full Faith and Credit Bonds, Series 2007, pursuant to the terms and provisions of Oregon Revised Statutes 288.805 to 288.945, inclusive (Uniform Revenue Bond Act). \$10,010 are Series 2007A (Tax-Exempt) and \$5,080 are Series 2007B (Federally Taxable). The proceeds from the sale of the bonds were used to finance a settlement with custodial employees and to pay the costs of issuance. Interest is payable semi-annually at rates yielding from 3.50% to 3.59%. Series 2007B are payable annually in 2013 and 2014. Interest is payable semi-annually at rates ranging from 5.27% to 5.36%. The bonds are not subject to redemption prior to their stated maturities.

In October 2009 the District borrowed \$15,000 from Bank of America, N.A. to finance capital asset projects related to information technology. Loan interest at 3.4% is payable semi-annually beginning December 1, 2009, and principal is payable annually beginning June 1, 2010. The installment loan is a full faith and credit obligation which matures June 1, 2019. It is authorized by ORS 271.390, which requires that the weighted average life of the projects (approximately 7.4 years) must exceed the weighted average life of the loan (approximately 6.8 years).

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), the City of Portland was awarded \$13,500 in Recovery Zone Economic Development Bonds (RZEDBs). In July 2010, the City sub-awarded \$11,000 of the RZED bonds to Portland Public Schools, which are being used to complete energy and water conservation projects that will financially benefit the District in reduced energy and water costs and will yield on-going financial benefit once the bonds are paid off. The District makes semi-annual interest payments and annual principal payments, and the bonds will mature in December 2022. The bond's interest payments of 5.05% are 45% federally subsidized.

On May 1, 2013 the District issued \$76,265 in General Obligation Bonds, Series 2013A. The interest rate is fixed at 5% and interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2013. The final maturity date of the bonds is June 15, 2015 with principal payments of \$35,950 and \$40,315 due on June 15, 2014 and June 15, 2015, respectively. The bonds were issued at a premium of \$5,947 which is being amortized over the life of the bonds.

On May 1, 2013 the District issued \$68,575 in General Obligation Bonds, Series 2013B. The interest rate is fixed at rates ranging from 1.5% to 5%. Interest payments on the bonds are payable semiannually in June and December, beginning December 15, 2013. The bonds mature on June 15, 2033 with principal payments due annually on June 15th. The bonds were issued at a premium of \$7,923 which is being amortized over the life of the bonds.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – BONDED AND OTHER DEBT – Continued

B. Other Debt - Continued

On August 21, 2012 the District signed a contract with Multnomah Education Service District (MESD). The contract was for MESD to purchase the licensing of Edupoint software and conduct the implementation of the software on behalf of the District. The amount financed by the District with MESD is \$471 at a simple interest rate of 2 percent. The agreement calls for three equal payments of principal and interest on July 1 of 2014, 2015 and 2016.

On February 27, 2012 the District secured a Non-revolving Credit Facility (Line of Credit) of \$45,000 to refinance the School Modernization Loan of \$25,750 and fund the purchase of Rosa Parks Elementary School and replacement of boiler burners at over 40 of the District's facilities. This Line of Credit was repaid on May 2, 2013 with proceeds from the Series 2013A and 2013B General Obligation Bonds. During 2013 the District borrowed \$17,750 against the Line of Credit for boiler burner replacements and the October 29, 2012 purchase of Rosa Parks Elementary School. The total amount drawn on the Line of Credit prior to repayment was \$45,000. The annualized interest rate when the debt was repaid was 0.53 percent.

Federal arbitrage restrictions apply to substantially all debt. Any liabilities to the federal government are accrued and paid semi-annually. Long-term debt payments are made from the debt service funds.

The following is a summary of the future annual debt service requirements for the District:

Fiscal year	Limited tax pension bonds	Recovery zone bonds	Other full faith & credit	General Obligation Bonds	Total
Principal					
2014	\$ 11,534	\$ 859	\$ 2,575	\$ 35,950	\$ 50,918
2015	11,542	886	2,517	40,315	55,260
2016	11,883	913	2,565	1,555	16,916
2017	11,825	941	2,609	1,705	17,080
2018	12,077	969	2,533	1,890	17,469
2019-2023	95,067	4,788	2,620	13,015	115,490
2024-2028	265,105	-	-	20,560	285,665
2029-2033	-	-	-	29,850	29,850
Total principal	419,033	9,356	15,419	144,840	588,648
Interest					
2014	26,600	462	537	7,312	34,911
2015	28,258	418	431	4,718	33,825
2016	30,431	373	346	2,703	33,853
2017	32,309	326	262	2,679	35,576
2018	34,797	278	175	2,628	37,878
2019-2023	177,801	621	89	11,691	190,202
2024-2028	43,740	-	-	8,090	51,830
2029-2033	-	-	-	3,360	3,360
Total interest	373,936	2,478	1,840	43,181	421,435
Total debt service	\$792,969	\$11,834	\$17,259	\$188,021	\$1,010,083

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 – PENSION PLANS

A. Oregon Public Employees Retirement System (OPERS)

Plan Description

The District contributes to two pension plans administered by the State of Oregon Public Employees Retirement System (OPERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: (1) the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003, and (2) the program for inactive employees who return to employment following a six-month or greater break in service. 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. Beginning January 1, 2004, all OPERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. OPERS members retain their existing OPERS accounts, but any future member contributions go to the member's IAP, not the member's OPERS account.

Both OPERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. OPERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of OPERS. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to OPERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy and Annual Pension Cost.

Members of OPERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan.

In order to finance a portion of its unfunded actuarial OPERS liability, the District issued limited tax pension bonds in 2002-03 and placed the proceeds into an OPERS side account (Note 10). The District's contributions to OPERS are equal to the actuarially determined required contribution, but because funding in the OPERS side account has been sufficient to provide pension rate relief, there have been no contractually required pension contributions for the years ended June 30, 2011, 2012 and 2013. There have been required OPERS contributions for retiree healthcare over this same three-year time period (Note 12 B.), and it is anticipated contractually required pension contributions will be reinstated at the next actuarial determination.

For the year ended June 30, 2013, the District's annual debt service for the limited tax pension bonds included \$11.0 million of principal, and \$24.8 million of interest. Total debt service payments for the years 2011, 2012 and 2013 were \$31.8 million, \$48.6 million and \$35.8 million, respectively.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 – PENSION PLANS - Continued

B. Early Retirement Benefits

Plan Description.

The District provides a single-employer defined benefit early retirement program for members of the Portland Association of Teachers (PAT) and licensed administrators. Certificated employees who are at least 55 years of age with 15 consecutive years of service with the District or at any age with 30 years of service and who retire before age 62 are eligible for the early retirement benefits. Eligible employees are entitled to a monthly benefit of \$425 dollars commencing on the first month after the retirement. Benefits are payable up to the earlier of attaining age 62 or receiving 60 monthly payments. All financial information relating to the early retirement benefits is reported in the General Fund. The District does not issue a stand-alone financial report for this plan.

Funding Policy.

The District pays for the benefits without any cost to employees. The contributions are financed on a pay-as-you-go basis. Because of this policy, no liability has been recorded for early retirement benefits. During fiscal year 2013, expenses/expenditures of approximately \$2 million were recognized.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

A. District Plan

Plan Description

The District provides a single-employer defined benefit post-retirement benefits program for employees who have retired from the District with a minimum of fifteen accumulated years of service and are eligible to retire from the Oregon PERS retirement system. There are 4,805 active and 851 retired members in the plan. Covered employees under the plan are eligible to receive full or part District-paid medical and pharmacy benefits for up to 60 months, or until reaching age 65, whichever comes first. The District also pays a portion of the spouse/domestic partner medical and pharmacy costs during the benefit period. The program was established under separate collective bargaining agreements with the certificated and classified employees and by precedent for all other District employees. All bargaining units and employee groups, except the District Council Unions (DCU), have agreed to terminate this benefit after June 30, 2014. The DCU has agreed to terminate this benefit after December 31, 2014. Under Oregon Revised Statute (ORS) 243.303 any OPERS qualifying public employee is allowed to pay the full cost for continued coverage under the District group health plans until they become Medicare eligible.

Funding Policy

The District pays for the benefits. The contributions are financed on a pay-as-you-go basis. During fiscal year 2013 the District recognized, on a budgetary basis, expenses/expenditures of approximately \$4.8 million for the post-employment healthcare benefits.

The General Fund and the Grant Fund are the primary funds from which the Other Post Employment Benefit liability is liquidated.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - Continued

A. District Plan - Continued

Annual OPEB Cost and Net OPEB Obligation

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

The District's most recent actuarial valuation date was June 30, 2013 and the following table shows the components of the District's annual OPEB cost for the year ending June 30, 2013, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	Governmental Funds	Proprietary Fund	Total
Annual required contribution (ARC)	\$ 10,543	\$ 5	\$ 10,548
Interest on net OPEB obligation	1,006	2	1,008
Adjustment to annual required contribution	(1,663)	(1)	(1,664)
Annual OPEB cost	<u>9,886</u>	<u>6</u>	<u>9,892</u>
Contributions made	(7,221)	(3)	(7,224)
Increase in net OPEB obligation	<u>2,665</u>	<u>3</u>	<u>2,668</u>
Net OPEB obligation - beginning of year	33,562	33	33,595
Net OPEB obligation - end of year	<u>\$ 36,227</u>	<u>\$ 36</u>	<u>\$ 36,263</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 and the preceding years are as follows:

Fiscal year	Annual OPEB cost	% of annual OPEB cost contributed	Net OPEB obligation
2009	\$ 16,110	44.7%	\$ 17,762
2010	16,423	57.5%	24,741
2011	12,860	61.7%	29,667
2012	12,763	69.2%	33,595
2013	9,892	73.0%	36,263

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - Continued

A. District Plan - Continued

Actuarial methods and assumptions

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, mortality, claim cost, and the 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. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

In the June 30, 2013, actuarial valuation the entry age normal cost method was used to determine the District's OPEB liability. In its application of this method: (1) Service was the basis for allocation, (2) Entry age was established with the hire date, (3) Liabilities were individually calculated at the participant level without aggregation, and (4) The 30 year amortization period used for the unfunded Actuarial Accrued Liability (AAL) was based on level dollars over open future periods. The actuarial assumptions included a 3 percent investment rate of return, a 2.5 percent inflation rate, and healthcare cost trend rates ranging from 5%-8% depending on the employee group.

Under the Entry Age Normal Method, the AAL for active members is calculated as the portion of the Actuarial Present Value of projected benefits allocated to prior years. The cost allocated to the current plan year is called the Normal Cost. The AAL for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total AAL over the actuarial value of plan assets is called the unfunded AAL. Funding requirements are determined by adding the normal cost and an amortization of the unfunded AAL. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial data are amortized separately. In addition, all gains or losses are tracked and an unamortized gain or loss may be amortized each year. All amortization bases are spread as level dollar amounts over future open periods

In its most recent actuarial valuation expected retiree claims decreased. This was caused by lower claims and reduced health care trend assumptions and other factors. The liability at June 30, 2013 is as shown:

Accrued actuarial liability (AAL) reported June 30, 2012	\$ 147,565
Accrued actuarial liability (AAL) reported June 30, 2013	<u>121,159</u>
Decrease in AAL	<u>\$ (26,406)</u>

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – Continued

A. District Plan – Continued

Funded Status and Funding Progress

As of June 30, 2013 the actuarial accrued liability for benefits was \$121.2 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$121.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$245.3 million for fiscal year 2013 and the ratio of the UAAL to the covered payroll was 49.4%. Using a 30-year amortization period, the Annual Required Contribution (ARC) for 2013 has been actuarially determined to be \$10.5 million, representing \$4.5 million for the normal cost and \$6.0 million for the UAAL.

A Schedule of Funding Progress for the District Other Post Employment Benefits Plan immediately follows the Notes to the Basic Financial Statements on page 55, and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

B. Retirement Health Insurance Account

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS – Continued

B. Retirement Health Insurance Account - Continued

Funding Policy - Continued

Participating school districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.59% of annual covered OPERF payroll and 0.50% of OPSRP payroll under a contractual requirement in effect until June 30, 2013. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (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 (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2011, 2012 and 2013 were \$.8 million, \$4.3 million and \$3.5 million, respectively, which equaled the required contributions each year.

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the odd-year valuation in which they are first recognized. The assumed rate of return on investments is 8 percent compounded annually. The assumed consumer price inflation rate used is 2.75 percent per year.

NOTE 13 - RISK MANAGEMENT

The Internal Service (Self-Insurance) Fund charges other funds for the costs incurred for workers' compensation claims. Charges to other funds by the Self-Insurance Fund are recognized as revenues in the Self-Insurance Fund and as expenditures/expenses in the fund incurring the charges. The Self-Insurance Fund recognized approximately \$1.9 million of revenues from other governmental funds for the year ended June 30, 2013.

The total claims payable at June 30, 2013 of \$4.5 million was made up of approximately \$3.8 million in worker's compensation claims (recorded in the Internal Service Fund) and \$0.7 million in property and general liability claims (accounted for in the general fund and not accrued on the fund financial statements). Changes in the balances of claims liabilities during the years ended June 30, 2011, through June 30, 2013, were as follows:

Fiscal Year	Beginning Balance	New Claims	Payments on Claims	Ending Balance
2011	\$ 3,977	\$ 4,607	\$ (4,077)	\$ 4,507
2012	4,507	3,187	(3,328)	4,366
2013	4,366	2,810	(2,636)	4,540

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

Operating leases

The District has operating leases for Blanchard Educational Service Center (BESC), the Pearl School and the Community Transition Program. Future minimum required payments under these operating leases are:

2014	\$ 406
2015	295
2016	301
Total minimum payments	<u>\$ 1,002</u>

Contracts

Under Oregon Revised Statute No. 279, should funding not be available, the following contracts may be cancelled without penalty. Estimated future District service commitments in excess of \$2 million are listed as follows:

Contractor	Estimated Commitments
Laidlaw Transit / First Student	\$ 9,789
Dull Olson Weekes Architects	6,355
Bassetti Architects	5,799
Heery International, Inc.	4,079
CDW Government	2,805
Open Meadows	2,644
Portland Community College	2,527
	<u>\$ 33,998</u>

Blanchard Educational Service Center (BESC)

In June 2000, Multnomah County leased a portion of the BESC facility from the District for \$3.5 million under a 99-year agreement. In December 2008, Portland Public Schools reacquired a portion of that space for \$800 thousand, which is payable over a period of 6 years. Future minimum payments under the BESC operating lease back agreement are included in the future minimum payments schedule above.

Pearl School

In September 2009, the District committed to a commercial lease from Nurture 247 LP, for the Pearl School. The lease commenced in 2011 and is renewable in 2016 at the end of the five-year lease period. Initial payments of \$23 thousand per month in year 1, will increase annually to \$25 thousand per month in the fifth year.

Community Transition Program

The District leased commercial space for its Special Education Community Transition Program from Weigel Properties LLC. The space has approximately 2,700 square feet located on N.E. MLK Jr. Boulevard in Portland, Oregon. The lease is for a three-year period with payments of \$2 thousand per month and is renewable in 2013 for an additional two years.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES - Continued

Pending Legal Actions

The District is a defendant in certain pending legal actions. Although the outcome cannot be determined, the District believes that settlement of these matters will not have a material effect on the District's financial position and results of operations.

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2013 are as follows:

	General Fund	Other Major Funds	Other Govern- mental Funds	Total Govern- mental Funds
Nonspendable:				
Prepaid items	\$ 29	\$ -	\$ -	\$ 29
Inventories - Warehouse	110	-	-	110
Inventories - Cafeteria Fund	-	-	473	473
	<u>139</u>	<u>-</u>	<u>473</u>	<u>612</u>
Restricted:				
Special Revenue Funds:				
Student Body Activity Fund	-	-	3,740	3,740
Cafeteria Fund	-	-	4,044	4,044
Dedicated Resource Fund	-	-	7,599	7,599
Capital Projects Funds:				
Construction Excise Tax Fund	-	-	8,572	8,572
School Modernization Fund	-	-	1,954	1,954
IT System Project Fund	-	-	969	969
Recovery Zone Energy and Water Conservation Fund	-	-	1,557	1,557
Energy Efficient Schools Fund	-	-	891	891
Facilities Capital Fund	-	-	5,909	5,909
Capital Asset Renewal Fund	-	-	207	207
GO Bonds Fund	-	109,235	-	109,235
	<u>-</u>	<u>109,235</u>	<u>35,442</u>	<u>144,677</u>
Committed:				
PERS Rate Stabilization Fund	-	15,476	-	15,476
Debt Service Fund- PERS UAL	-	-	10	10
	<u>-</u>	<u>15,476</u>	<u>10</u>	<u>15,486</u>
Unassigned				
	37,318	-	-	37,318
Total fund balances	<u>\$ 37,457</u>	<u>\$ 124,711</u>	<u>\$ 35,925</u>	<u>\$ 198,093</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 16 – RELATED ORGANIZATIONS

The District includes eight charter schools that are legally separate, tax-exempt organizations. The most recent data available indicates charter school total students were 1,627 (representing 3.4% of the District's total enrollment); and that charter schools' Net Position was \$2.4 million (representing 1.2% of District's Net Position). Because of their size relative to the District the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

NOTE 17 – SUBSEQUENT EVENTS

In October 2013 the Washington Monroe High School was sold for \$2 million. Proceeds from the sale are designated to the Capital Asset Renewal Fund to be used for replacement costs of our newer capital investments including bond rehabilitated schools.

REQUIRED SUPPLEMENTARY INFORMATION

The information in this section compares budget to actual for the District's General and major special revenue funds.

The budgetary basis of accounting for all funds is modified accrual, which is the same as that required by accounting principles generally accepted in the United States of America. Unless otherwise noted, a reconciliation of budgetary to generally accepted accounting principles activity is not required.

Under the provisions of GASB Statement No. 45, a Schedule of Funding Progress for the District's Other Post Employment Benefit Plan is included in the Required Supplementary Information.



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress and Employer Contributions
June 30, 2013
(amounts expressed in thousands)

Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/2009	\$ -	\$ 177,180	\$ 177,180	0%	\$ 256,919	69.0%
07/01/2011	\$ -	\$ 145,855	\$ 145,855	0%	\$ 267,981	54.4%
07/01/2013	\$ -	\$ 121,159	\$ 121,159	0%	\$ 245,261	49.4%

The above table presents the most recent actuarial valuations for the District's post-retirement health and welfare benefits plan and it provides information that approximates the funding progress of the plan.

Employer Contributions

Fiscal Year End	Annual Required Contribution	Contribution Made	Percentage Contributed
6/30/2011	13,343	7,934	59.5%
6/30/2012	13,343	8,835	66.2%
6/30/2013	10,548	7,224	68.5%

The above table presents trend information about the amounts contributed to the plan by the District in comparison to the Annual Required Contribution.

Requests for Information:

Copies of the District's most recent actuarial report of its Other Post Employment Benefit Plan are available. Please direct requests to the Accounting and Payroll Services Department; Portland Public Schools; 501 N. Dixon Street; Portland, OR 97227.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

General Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property and other taxes	\$ 202,476	\$ 202,476	\$ 204,618	\$ 2,142
State School Fund	152,623	152,623	151,369	(1,254)
Local option taxes	52,819	50,743	51,720	977
County and intermediate sources	13,080	13,080	11,728	(1,352)
Restricted state grants	500	500	984	484
State Common School Fund	3,909	3,909	4,608	699
Charges for services	2,929	2,929	3,482	553
Investment earnings	600	600	491	(109)
Other	6,670	6,835	8,069	1,234
Total revenues	435,606	433,695	437,069	3,374
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	178,249	175,274	172,786	2,488
Materials and services	7,745	7,700	6,180	1,520
Total regular programs	185,994	182,974	178,966	4,008
Special programs:				
Salaries and benefits	53,138	52,572	50,734	1,838
Materials and services	20,824	21,023	21,046	(23)
Total special programs	73,962	73,595	71,780	1,815
Summer school programs:				
Salaries and benefits	-	120	26	94
Total summer school programs	-	120	26	94
Total instruction	259,956	256,689	250,772	5,917
Support services:				
Students:				
Salaries and benefits	32,073	32,957	32,690	267
Materials and services	3,312	3,477	2,376	1,101
Total students	35,385	36,434	35,066	1,368
Instructional staff:				
Salaries and benefits	13,575	14,006	13,490	516
Materials and services	1,947	2,036	1,061	975
Total instructional staff	15,522	16,042	14,551	1,491
General administration:				
Salaries and benefits	3,465	3,623	3,261	362
Materials and services	1,252	1,374	1,511	(137)
Total general administration	4,717	4,997	4,772	225

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support services (continued):				
School administration:				
Salaries and benefits	\$ 28,703	\$ 28,690	\$ 28,801	\$ (111)
Materials and services	715	690	302	388
Total school administration	29,418	29,380	29,103	277
Business:				
Salaries and benefits	36,707	37,077	35,329	1,748
Materials and services	35,866	35,683	32,755	2,928
Total business	72,573	72,760	68,084	4,676
Central:				
Salaries and benefits	11,623	11,459	10,733	726
Materials and services	5,488	5,311	5,972	(661)
Total central	17,111	16,770	16,705	65
Total support services	174,726	176,383	168,281	8,102
Enterprise and Community Services:				
Salaries and benefits	524	524	490	34
Materials and services	1,000	1,040	1,009	31
Total Enterprise and community services	1,524	1,564	1,499	65
Facilities acquisition & construction:				
Salaries and benefits	-	-	13	(13)
Materials and services	205	211	180	31
Total facilities acquisition & construction	205	211	193	18
Operating contingency	17,669	21,162	-	21,162
Total expenditures	454,080	456,009	420,745	35,264
Excess (deficit) of revenues over expenditures	(18,474)	(22,314)	16,324	38,638
OTHER FINANCING SOURCES (USES)				
Transfers in	1,900	1,900	-	(1,900)
Transfers out	(10,184)	(10,611)	(10,611)	-
Proceeds from the sale of capital assets	100	100	348	248
Issuance of debt	-	-	471	471
Total other financing sources and (uses)	(8,184)	(8,611)	(9,792)	(1,181)
Net change in fund balance	(26,658)	(30,925)	6,532	37,457
Fund balance - beginning of year	26,658	30,925	30,925	-
Fund balance - end of year	\$ -	\$ -	\$ 37,457	\$ 37,457

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Grant Fund

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

For the year ended June 30, 2013

(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 65,133	\$ 65,133	\$ 57,698	\$ (7,435)
Federal stimulus	2,452	2,452	1,914	(538)
County and intermediate sources	677	677	718	41
Other	1,053	1,053	1,165	112
Total revenues	69,315	69,315	61,495	(7,820)
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	13,901	13,947	13,029	918
Materials and services	6,742	3,980	3,256	724
Total regular programs	20,643	17,927	16,285	1,642
Special programs:				
Salaries and benefits	13,898	14,090	13,092	998
Materials and services	5,004	6,752	5,636	1,116
Total special programs	18,902	20,842	18,728	2,114
Summer school programs:				
Salaries and benefits	255	448	231	217
Materials and services	227	210	191	19
Total summer school programs	482	658	422	236
Total instruction	40,027	39,427	35,435	3,992
Support Services:				
Students:				
Salaries and benefits	8,822	8,182	7,572	610
Materials and services	4,879	4,020	2,233	1,787
Total students	13,701	12,202	9,805	2,397
Instructional staff:				
Salaries and benefits	7,648	8,415	8,147	268
Materials and services	3,483	2,852	2,186	666
Total instructional staff	11,131	11,267	10,333	934
General administration:				
Salaries and benefits	102	21	17	4
Materials and services	7	-	1	(1)
Total school administration	109	21	18	3
School administration:				
Salaries and benefits	969	1,195	1,327	(132)
Materials and services	259	917	870	47
Total school administration	1,228	2,112	2,197	(85)
Business:				
Salaries and benefits	17	109	135	(26)
Materials and services	157	225	195	30
Total business	174	334	330	4

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support Services (continued):				
Central:				
Salaries and benefits	\$ 43	\$ 85	\$ 290	\$ (205)
Materials and services	293	658	464	194
Total central	<u>336</u>	<u>743</u>	<u>754</u>	<u>(11)</u>
Total support services	<u>26,679</u>	<u>26,679</u>	<u>23,437</u>	<u>3,242</u>
Enterprise and Community Services:				
Food Services:				
Salaries and benefits	-	38	-	38
Materials and services	508	724	738	(14)
Total food services	<u>508</u>	<u>762</u>	<u>738</u>	<u>24</u>
Community Services:				
Salaries and benefits	1,050	1,329	1,396	(67)
Materials and services	806	773	210	563
Total community services	<u>1,856</u>	<u>2,102</u>	<u>1,606</u>	<u>496</u>
Total enterprise and community services	<u>2,364</u>	<u>2,864</u>	<u>2,344</u>	<u>520</u>
Facilities acquisition & construction:				
Materials and services	245	345	279	66
Total facilities acquisition & construction	<u>245</u>	<u>345</u>	<u>279</u>	<u>66</u>
 Total expenditures	 <u>69,315</u>	 <u>69,315</u>	 <u>61,495</u>	 <u>7,820</u>
 Excess (deficit) of revenues over expenditures	 -	 -	 -	 -
 Fund balance - beginning of year	 -	 -	 -	 -
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
PERS Rate Stabilization Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 197	\$ 197	\$ 198	\$ 1
Total revenues	<u>197</u>	<u>197</u>	<u>198</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,900)</u>	<u>(1,900)</u>	-	<u>1,900</u>
Total other financing sources (uses)	<u>(1,900)</u>	<u>(1,900)</u>	<u>-</u>	<u>1,900</u>
Net change in fund balance	(1,703)	(1,703)	198	1,901
Fund balance - beginning of year	15,279	15,278	15,278	-
Fund balance - end of year	<u>\$ 13,576</u>	<u>\$ 13,575</u>	<u>\$ 15,476</u>	<u>\$ 1,901</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SUPPLEMENTARY INFORMATION



COMBINING STATEMENTS

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds account for certain revenues that are restricted to expenditures for designated purposes.

Student Body Activity Fund

This fund has separate accounts for each school's student body activities. Principal revenue sources are donations, fund raisers, individual support from PTAs, booster clubs, student store sales and club dues.

Cafeteria Fund

The Cafeteria Fund accounts for revenues and expenditures of the District's food service programs. Principal revenue sources are cash sales and federal subsidies under the National School Lunch and Breakfast Programs, and the sales of food in the BESC Cafeteria.

Dedicated Resource Fund

The Dedicated Resource Fund (formerly called the Special Revenue Fund) accounts for specific project revenues and expenditures such as state grants, foundation grants, donations, and charges to participants.

DEBT SERVICE FUNDS

Debt service funds account for the accumulation of financial resources to pay long-term debt principal, interest and related costs.

Bond Sinking Fund

The Bond Sinking Fund accounts for debt service payments of the 2004 Limited Tax General Obligation Refunding Bonds. The principal funding source is transfers from the General Fund.

School Modernization Debt Service Fund

The School Modernization Debt Service Fund accounts for debt service payments expenditures related to the District's school modernization activities.

Settlement Debt Service Fund

This fund is used for debt service payments of 2007 series Full Faith and Credit Bonds that were issued to settle \$14.5 million in claims to 280 custodians that were laid off in 2002. The principal source of funding is transfers from the General Fund.

IT Projects Debt Service Fund

This fund is used for debt service payments of a \$15.0 million Full Faith and Credit bank loan that was executed on October 8, 2009. The debt relates to the activities in the IT Systems Projects Fund described below.

PERS UAL Debt Service Fund

This fund was established to separately account for debt service payments related to series 2002 and 2003 Limited Tax Pension Obligation Bonds, which were previously accounted for in the General Fund.

SELP Debt Service Fund

Energy Loan Program loans from the Oregon Department of Energy, which had previously been accounted for in the General Fund.

Recovery Zone Debt Service Fund

This fund is used for debt service payments of \$11.0 million in ARRA Recovery Zone Economic Development Bonds that were sub-awarded to the District by the City of Portland in July, 2010.

Facilities Capital Debt Service Fund

This fund is used to account for principal and interest payments resulting from the District's capital improvement projects.

COMBINING STATEMENTS

Nonmajor Governmental Funds (continued)

CAPITAL PROJECTS FUNDS

Capital projects funds account for financial resources used to acquire technology or construction, or for major renovation of capital facilities.

Construction Excise Tax Fund

This fund accounts for facilities improvements and construction set forth in Oregon Senate Bill 1036, which authorizes school districts to impose a construction excise tax in order to fund real property improvements.

School Modernization Fund

This fund accounts for the resources and requirements for projects related to the District's school modernization efforts.

IT System Project Fund

This fund accounts for projects relating to teacher/classroom technology, information systems, and technical infrastructure.

Recovery Zone Energy and Water Conservation Fund

This fund accounts for energy and water conservation projects that will financially benefit the District in reduced energy and water costs.

Energy Efficient Schools Fund

This fund was established to separately account for resources and requirements of the Energy Efficient Schools Program receipts from the collections of the Public Purpose Charge funds by an electric company.

Facilities Capital Fund

This fund was established to separately account for resources and requirements resulting from capital improvements work conducted by the District. Primary sources of revenue are transfers from the General Fund and debt proceeds.

Capital Asset Renewal Fund

This fund was established to separately account for future resources and requirements that relate to life-cycle renewal of major building components. Primary sources of revenue are lease revenues, surplus property sales, athletic field rental income, and redirection of savings resulting from retirement of debt.

Insurance Recoveries Fund

This fund accounts for insurance recoveries that fund capital projects at Marysville School, which was damaged by a fire in November, 2009.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet by Fund Types
June 30, 2013
(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
ASSETS				
Cash and cash equivalents	\$ 15,646	\$ 10	\$ 20,075	\$ 35,731
Accounts and other receivables	1,498	-	2,703	4,201
Due from other funds	813	-	-	813
Inventories	473	-	-	473
Total assets	<u>\$ 18,430</u>	<u>\$ 10</u>	<u>\$ 22,778</u>	<u>\$ 41,218</u>
LIABILITIES				
Accounts payable	\$ 1,201	\$ -	\$ 1,894	\$ 3,095
Accrued wages and benefits	1,373	-	6	1,379
Total liabilities	<u>2,574</u>	<u>-</u>	<u>1,900</u>	<u>4,474</u>
DEFERRED INFLOWS OF RESOURCES				
Insurance recovery	-	-	819	819
FUND BALANCES				
Nonspendable	473	-	-	473
Restricted	15,383	-	20,059	35,442
Committed	-	10	-	10
Total fund balances	<u>15,856</u>	<u>10</u>	<u>20,059</u>	<u>35,925</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 18,430</u>	<u>\$ 10</u>	<u>\$ 22,778</u>	<u>\$ 41,218</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2013
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	Dedicated Resource Fund	Total
ASSETS				
Cash and cash equivalents	\$ 3,424	\$ 3,814	\$ 8,408	\$ 15,646
Accounts and other receivables	51	760	687	1,498
Due from other funds	813	-	-	813
Inventories	-	473	-	473
Total assets	<u>\$ 4,288</u>	<u>\$ 5,047</u>	<u>\$ 9,095</u>	<u>\$ 18,430</u>
LIABILITIES				
Accounts payable	\$ 548	\$ 397	\$ 256	\$ 1,201
Accrued wages and benefits	-	133	1,240	1,373
Total liabilities	<u>548</u>	<u>530</u>	<u>1,496</u>	<u>2,574</u>
FUND BALANCES				
Nonspendable	-	473	-	473
Restricted	3,740	4,044	7,599	15,383
Total Fund balances	<u>3,740</u>	<u>4,517</u>	<u>7,599</u>	<u>15,856</u>
Total liabilities and fund balances	<u>\$ 4,288</u>	<u>\$ 5,047</u>	<u>\$ 9,095</u>	<u>\$ 18,430</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Balance Sheet
June 30, 2013
(amounts expressed in thousands)

	PERS UAL Debt Service Fund
ASSETS	
Cash and cash equivalents	\$ 10
Total assets	\$ 10
LIABILITIES	
Total liabilities	-
FUND BALANCES	
Committed	10
Total fund balances	10
Total liabilities and fund balances	\$ 10

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2013
(amounts expressed in thousands)

	Construction Excise Tax Fund	School Modernization Fund	IT System Project Fund	Recovery Zone Energy & Water Cons. Fund
ASSETS				
Cash and cash equivalents	\$ 7,315	\$ 2,367	\$ 1,004	\$ 1,798
Accounts and other receivables	1,257	-	-	-
Total assets	<u>\$ 8,572</u>	<u>\$ 2,367</u>	<u>\$ 1,004</u>	<u>\$ 1,798</u>
LIABILITIES				
Accounts payable	\$ -	\$ 413	\$ 32	\$ 238
Accrued wages and benefits	-	-	3	3
Total liabilities	<u>-</u>	<u>413</u>	<u>35</u>	<u>241</u>
DEFERRED INFLOWS OF RESOURCES				
Insurance recovery	-	-	-	-
FUND BALANCES				
Restricted	8,572	1,954	969	1,557
Total fund balances	<u>8,572</u>	<u>1,954</u>	<u>969</u>	<u>1,557</u>
Total liabilities and fund balances	<u>\$ 8,572</u>	<u>\$ 2,367</u>	<u>\$ 1,004</u>	<u>\$ 1,798</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds (continued)
Combining Balance Sheet
June 30, 2013
(amounts expressed in thousands)

	Energy Efficient Schools Fund	Facilities Capital Fund	Capital Asset Renewal Fund	Insurance Recoveries Fund	Total
ASSETS					
Cash and cash equivalents	\$ 968	\$ 6,172	\$ 207	\$ 244	\$ 20,075
Accounts and other receivables	65	530	-	851	2,703
Total assets	<u>\$ 1,033</u>	<u>\$ 6,702</u>	<u>\$ 207</u>	<u>\$ 1,095</u>	<u>\$ 22,778</u>
LIABILITIES					
Accounts payable	\$ 142	\$ 793	\$ -	\$ 276	\$ 1,894
Accrued wages and benefits	-	-	-	-	6
Total liabilities	<u>142</u>	<u>793</u>	<u>-</u>	<u>276</u>	<u>1,900</u>
DEFERRED INFLOWS OF RESOURCES					
Insurance recovery	-	-	-	819	819
FUND BALANCES					
Restricted	891	5,909	207	-	20,059
Total fund balances	<u>891</u>	<u>5,909</u>	<u>207</u>	<u>-</u>	<u>20,059</u>
Total liabilities and fund balances	<u>\$ 1,033</u>	<u>\$ 6,702</u>	<u>\$ 207</u>	<u>\$ 1,095</u>	<u>\$ 22,778</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances by Fund Type

For the year ended June 30, 2013

(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
REVENUES				
Property and other taxes	\$ -	\$ -	\$ 3,618	\$ 3,618
Federal and state support	12,874	217	169	13,260
County and intermediate sources	1,611	-	503	2,114
Charges for services	9,245	35,740	207	45,192
Extracurricular activities	7,867	-	-	7,867
Federal stimulus	6	-	-	6
Investment earnings	-	99	31	130
Other	4,315	-	2,766	7,081
Total revenues	<u>35,918</u>	<u>36,056</u>	<u>7,294</u>	<u>79,268</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	16,499	-	-	16,499
Special programs	340	-	-	340
Summer school programs	314	-	-	314
Total instruction	<u>17,153</u>	<u>-</u>	<u>-</u>	<u>17,153</u>
Support services:				
Students	315	-	-	315
Instructional staff	115	-	-	115
General administration	5	-	-	5
School administration	318	-	-	318
Business	228	-	-	228
Central	22	-	654	676
Total support services	<u>1,003</u>	<u>-</u>	<u>654</u>	<u>1,657</u>
Enterprise and community services:				
Food services	15,830	-	-	15,830
Community services	37	-	-	37
Total enterprise and community services	<u>15,867</u>	<u>-</u>	<u>-</u>	<u>15,867</u>
Facilities acquisition and construction:	<u>1</u>	<u>-</u>	<u>26,616</u>	<u>26,617</u>
Debt Service:				
Principal	-	62,443	-	62,443
Interest and fiscal charges	-	26,318	-	26,318
Total debt service	<u>-</u>	<u>88,761</u>	<u>-</u>	<u>88,761</u>
Total expenditures	<u>34,024</u>	<u>88,761</u>	<u>27,270</u>	<u>150,055</u>
Excess (deficit) of revenues over expenditures	<u>1,894</u>	<u>(52,705)</u>	<u>(19,976)</u>	<u>(70,787)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	52,710	3,076	55,786
Transfers out	-	-	(175)	(175)
Issuance of debt	-	-	17,750	17,750
Proceeds from the sale of capital assets	307	-	-	307
Total other financing sources (uses)	<u>307</u>	<u>52,710</u>	<u>20,651</u>	<u>73,668</u>
Net change in fund balances	2,201	5	675	2,881
Fund balances - beginning of year	13,655	5	19,384	33,044
Fund balances - end of year	<u>\$ 15,856</u>	<u>\$ 10</u>	<u>\$ 20,059</u>	<u>\$ 35,925</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2013
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	Dedicated Resource Fund	Total
REVENUES				
Federal and state support	\$ -	\$ 12,703	\$ 171	\$ 12,874
County and intermediate sources	-	-	1,611	1,611
Charges for services	-	3,585	5,660	9,245
Extracurricular activities	7,867	-	-	7,867
Federal stimulus	-	6	-	6
Other	-	28	4,287	4,315
Total revenues	<u>7,867</u>	<u>16,322</u>	<u>11,729</u>	<u>35,918</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	7,659	-	8,840	16,499
Special programs	-	-	340	340
Summer school programs	-	-	314	314
Total instruction	<u>7,659</u>	<u>-</u>	<u>9,494</u>	<u>17,153</u>
Support services:				
Students	-	-	315	315
Instructional staff	-	-	115	115
General administration	-	-	5	5
School administration	-	-	318	318
Business	-	-	228	228
Central	-	-	22	22
Total support services	<u>-</u>	<u>-</u>	<u>1,003</u>	<u>1,003</u>
Enterprise and community services:				
Food services	-	15,829	1	15,830
Community services	-	-	37	37
Total enterprise & community service	<u>-</u>	<u>15,829</u>	<u>38</u>	<u>15,867</u>
Facilities acquisition & construction:				
Total expenditures	<u>7,659</u>	<u>15,829</u>	<u>10,536</u>	<u>34,024</u>
Excess (deficit) of revenues over expenditures	<u>208</u>	<u>493</u>	<u>1,193</u>	<u>1,894</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	307	307
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>307</u>	<u>307</u>
Net change in fund balances	208	493	1,500	2,201
Fund balances - beginning of year	3,532	4,024	6,099	13,655
Fund balances - end of year	<u>\$ 3,740</u>	<u>\$ 4,517</u>	<u>\$ 7,599</u>	<u>\$ 15,856</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2013
(amounts expressed in thousands)

	Bond Sinking Fund	School Modernization Debt Service Fund	Settlement Debt Service Fund	IT Projects Debt Service Fund
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-
Federal and state support	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt Service:				
Principal	1,580	25,750	3,705	154
Interest and fiscal charges	87	128	269	461
Total expenditures	<u>1,667</u>	<u>25,878</u>	<u>3,974</u>	<u>615</u>
Excess (deficit) of revenues over expenditures	<u>(1,667)</u>	<u>(25,878)</u>	<u>(3,974)</u>	<u>(615)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,667	25,878	3,974	615
Total other financing sources (uses)	<u>1,667</u>	<u>25,878</u>	<u>3,974</u>	<u>615</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the year ended June 30, 2013
(amounts expressed in thousands)

	PERS UAL Debt Service Fund	SELP Debt Service Fund	Recovery Zone Debt Service Fund	Facilities Capital Debt Service Fund	Total
REVENUES					
Charges for Services	\$ 35,740	\$ -	\$ -	\$ -	\$ 35,740
Investment Earnings	99	-	-	-	99
Federal and state support	-	-	217	-	217
Total revenues	<u>35,839</u>	<u>-</u>	<u>217</u>	<u>-</u>	<u>36,056</u>
EXPENDITURES					
Current:					
Debt Service:					
Principal	11,024	146	834	19,250	62,443
Interest and fiscal charges	24,810	12	504	47	26,318
Total expenditures	<u>35,834</u>	<u>158</u>	<u>1,338</u>	<u>19,297</u>	<u>88,761</u>
Excess (deficit) of revenues over expenditure	<u>5</u>	<u>(158)</u>	<u>(1,121)</u>	<u>(19,297)</u>	<u>(52,705)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	158	1,121	19,297	52,710
Total other financing sources (uses)	<u>-</u>	<u>158</u>	<u>1,121</u>	<u>19,297</u>	<u>52,710</u>
Net change in fund balances	5	-	-	-	5
Fund balances - beginning of year	5	-	-	-	5
Fund balances - end of year	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2013
(amounts expressed in thousands)

	Construction Excise Tax Fund	School Modernization Fund	IT System Project Fund	Recovery Zone Energy & Water Cons. Fund
REVENUES				
Property and other taxes	\$ 3,618	\$ -	\$ -	\$ -
County and intermediate sources	-	-	-	-
Federal and state support	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	9	12	2	8
Other	-	-	-	126
Total revenues	<u>3,627</u>	<u>12</u>	<u>2</u>	<u>134</u>
EXPENDITURES				
Current:				
Support services:				
Central				
Salaries and benefits	-	-	238	-
Materials and services	-	-	416	-
Total central	<u>-</u>	<u>-</u>	<u>654</u>	<u>-</u>
Facilities acquisition and construction:				
Salaries and benefits	-	401	-	88
Materials and services	895	1,242	-	3,021
Total facilities acquisition and construction	<u>895</u>	<u>1,643</u>	<u>-</u>	<u>3,109</u>
Total expenditures	<u>895</u>	<u>1,643</u>	<u>654</u>	<u>3,109</u>
Excess (deficit) of revenues over expenditures	<u>2,732</u>	<u>(1,631)</u>	<u>(652)</u>	<u>(2,975)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(175)	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>(175)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,557	(1,631)	(652)	(2,975)
Fund balances - beginning of year	6,015	3,585	1,621	4,532
Fund balances - end of year	<u>\$ 8,572</u>	<u>\$ 1,954</u>	<u>\$ 969</u>	<u>\$ 1,557</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the year ended June 30, 2013
(amounts expressed in thousands)

	Energy Efficient Schools Fund	Facilities Capital Fund	Capital Asset Renewal Fund	Insurance Recoveries Fund	Total
REVENUES					
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,618
County and intermediate sources	-	503	-	-	503
Federal and state support	-	169	-	-	169
Charges for services	-	-	207	-	207
Investment earnings	-	-	-	-	31
Other	861	1,096	-	683	2,766
Total revenues	<u>861</u>	<u>1,768</u>	<u>207</u>	<u>683</u>	<u>7,294</u>
EXPENDITURES					
Current:					
Support services:					
Central					
Salaries and benefits	-	-	-	-	238
Materials and services	-	-	-	-	416
Total central	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>654</u>
Facilities acquisition and construction:					
Salaries and benefits	-	12	-	-	501
Materials and services	1,176	17,505	-	2,276	26,115
Total facilities acquisition and construction	<u>1,176</u>	<u>17,517</u>	<u>-</u>	<u>2,276</u>	<u>26,616</u>
Total expenditures	<u>1,176</u>	<u>17,517</u>	<u>-</u>	<u>2,276</u>	<u>27,270</u>
Excess (deficit) of revenues over expenditures	<u>(315)</u>	<u>(15,749)</u>	<u>207</u>	<u>(1,593)</u>	<u>(19,976)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,076	-	-	3,076
Transfers out	-	-	-	-	(175)
Issuance of debt	-	17,750	-	-	17,750
Total other financing sources (uses)	<u>-</u>	<u>20,826</u>	<u>-</u>	<u>-</u>	<u>20,651</u>
Net change in fund balances	(315)	5,077	207	(1,593)	675
Fund balances - beginning of year	1,206	832	-	1,593	19,384
Fund balances - end of year	<u>\$ 891</u>	<u>\$ 5,909</u>	<u>\$ 207</u>	<u>\$ -</u>	<u>\$ 20,059</u>



BUDGETARY COMPARISON SCHEDULES
Nonmajor Governmental Funds

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Student Body Activity Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Extracurricular activities	\$ 8,819	\$ 8,819	\$ 7,867	\$ (952)
Total revenues	<u>8,819</u>	<u>8,819</u>	<u>7,867</u>	<u>(952)</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs				
Materials and services	8,954	8,954	7,659	1,295
Total instruction	<u>8,954</u>	<u>8,954</u>	<u>7,659</u>	<u>1,295</u>
Total expenditures	<u>8,954</u>	<u>8,954</u>	<u>7,659</u>	<u>1,295</u>
Excess (deficit) of revenues over expenditures	<u>(135)</u>	<u>(135)</u>	<u>208</u>	<u>343</u>
Net change in fund balance	(135)	(135)	208	343
Fund balance - beginning of year	2,960	3,532	3,532	-
Fund balance - end of year	<u>\$ 2,825</u>	<u>\$ 3,397</u>	<u>\$ 3,740</u>	<u>\$ 343</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Cafeteria Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 13,199	\$ 13,154	\$ 12,703	\$ (451)
Federal stimulus	-	-	6	6
Charges for services	3,688	3,688	3,585	(103)
Other	28	15	28	13
Total revenues	16,915	16,857	16,322	(535)
EXPENDITURES				
Current:				
Enterprise and community services:				
Food services:				
Salaries and benefits	7,997	8,038	7,158	880
Materials and services	10,381	11,776	8,671	3,105
Total enterprise and community services	18,378	19,814	15,829	3,985
Total expenditures	18,378	19,814	15,829	3,985
Excess (deficit) of revenues over expenditures	(1,463)	(2,957)	493	3,450
Net change in fund balance	(1,463)	(2,957)	493	3,450
Fund balance - beginning of year	2,530	4,024	4,024	-
Fund balance - end of year	\$ 1,067	\$ 1,067	\$ 4,517	\$ 3,450

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Dedicated Resource Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 5,129	\$ 5,129	\$ 5,660	\$ 531
County and intermediate sources	139	139	1,611	1,472
Federal and state support	240	240	171	(69)
Other	3,369	3,369	4,287	918
Total revenues	8,877	8,877	11,729	2,852
EXPENDITURES				
Current:				
Instruction:				
Regular programs:				
Salaries and benefits	7,919	8,361	7,907	454
Materials and services	1,283	896	933	(37)
Total regular programs	9,202	9,257	8,840	417
Special programs:				
Salaries and benefits	2,304	2,188	110	2,078
Materials and services	1,188	684	230	454
Total special programs	3,492	2,872	340	2,532
Summer school programs:				
Salaries and benefits	389	595	289	306
Materials and services	43	34	25	9
Total summer school programs	432	629	314	315
Total instruction	13,126	12,758	9,494	3,264
Support Services:				
Students:				
Salaries and benefits	237	68	65	3
Materials and services	324	530	250	280
Total students	561	598	315	283
Instructional staff:				
Salaries and benefits	315	161	90	71
Materials and services	259	215	25	190
Total instructional staff	574	376	115	261
General administration:				
Materials and services	359	465	5	460
Total general administration	359	465	5	460
School administration:				
Salaries and benefits	240	357	310	47
Materials and services	142	17	8	9
Total school administration	382	374	318	56

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Dedicated Resource Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
For the year ended June 30, 2013
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Support Services (continued):				
Business:				
Salaries and benefits	\$ 145	\$ 154	\$ 139	\$ 15
Materials and services	100	91	89	2
Total business	245	245	228	17
Central:				
Salaries and benefits	-	11	3	8
Materials and services	9	32	19	13
Total central	9	43	22	21
Total support services	2,130	2,101	1,003	1,098
Enterprise and Community Services:				
Food Services:				
Materials and services	7	15	1	14
Total food services	7	15	1	14
Community Services:				
Salaries and benefits	40	63	34	29
Materials and services	16	15	3	12
Total community services	56	78	37	41
Total enterprise and community services	63	93	38	55
Facilities acquisition & construction:				
Materials and services	424	424	1	423
Total facilities acquisition and construction	424	424	1	423
Total expenditures	15,743	15,376	10,536	4,840
Excess (deficit) of revenues over expenditures	(6,866)	(6,499)	1,193	7,692
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	400	400	307	(93)
Total other financing sources (uses)	400	400	307	(93)
Net change in fund balance	(6,466)	(6,099)	1,500	7,599
Fund balance - beginning of year	6,466	6,099	6,099	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,599</u>	<u>\$ 7,599</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Bond Sinking Fund
Schedule of Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Debt Service:				
Principal	\$ 1,580	\$ 1,580	\$ 1,580	\$ -
Interest and fiscal charges	87	87	87	-
Total debt service	1,667	1,667	1,667	-
Total expenditures	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,667	1,667	1,667	-
Total other financing sources (uses)	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Modernization Debt Service Fund
Schedule of Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Debt Service:				
Principal	\$ -	\$ 25,750	\$ 25,750	\$ -
Interest and fiscal charges	144	144	128	(16)
Total debt service	144	25,894	25,878	(16)
Total expenditures	144	25,894	25,878	(16)
OTHER FINANCING SOURCES (USES)				
Transfers in	144	25,894	25,878	(16)
Total other financing sources (uses)	144	25,894	25,878	(16)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Settlement Debt Service Fund
Schedule of Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Debt Service:				
Principal	\$ 3,705	\$ 3,705	\$ 3,705	\$ -
Interest and fiscal charges	269	269	269	-
Total debt service	3,974	3,974	3,974	-
Total expenditures	<u>3,974</u>	<u>3,974</u>	<u>3,974</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,974	3,974	3,974	-
Total other financing sources (uses)	<u>3,974</u>	<u>3,974</u>	<u>3,974</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
IT Projects Debt Service Fund
Schedule of Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Debt Service:				
Principal	\$ 154	\$ 154	\$ 154	\$ -
Interest and fiscal charges	461	461	461	-
Total debt service	615	615	615	-
Total expenditures	615	615	615	-
OTHER FINANCING SOURCES (USES)				
Transfers in	615	615	615	-
Total other financing sources (uses)	615	615	615	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

PERS UAL Debt Service Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013**

(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Charges for services	\$ 35,767	\$ 35,762	\$ 35,740	\$ (22)
Investment earnings	67	67	99	32
Total revenues	35,834	35,829	35,839	10
EXPENDITURES				
Current:				
Debt Service:				
Principal	11,024	11,024	11,024	-
Interest and fiscal charges	24,810	24,810	24,810	-
Total debt service	35,834	35,834	35,834	-
Total expenditures	35,834	35,834	35,834	-
Excess (deficit) of revenues over expenditures	-	(5)	5	10
Net change in fund balance	-	(5)	5	10
Fund balance - beginning of year	-	5	5	-
Fund balance - end of year	\$ -	\$ -	\$ 10	\$ 10

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

SELP Debt Service Fund

Schedule of Expenditures and

Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2013

(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
EXPENDITURES				
Current:				
Debt Service:				
Principal	\$ 145	\$ 145	\$ 146	\$ 1
Interest and fiscal charges	13	13	12	(1)
Total debt service	158	158	158	-
Total expenditures	158	158	158	-
Excess (deficit) of revenues over expenditures	(158)	(158)	(158)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	158	158	158	-
Total other financing sources (uses)	158	158	158	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Recovery Zone Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 227	\$ 217	\$ 217	\$ -
Total revenues	<u>227</u>	<u>217</u>	<u>217</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt Service:				
Principal	834	834	834	-
Interest and fiscal charges	504	504	504	-
Total debt service	<u>1,338</u>	<u>1,338</u>	<u>1,338</u>	<u>-</u>
Total expenditures	<u>1,338</u>	<u>1,338</u>	<u>1,338</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	<u>(1,111)</u>	<u>(1,121)</u>	<u>(1,121)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,111	1,121	1,121	-
Total other financing sources (uses)	<u>1,111</u>	<u>1,121</u>	<u>1,121</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Facilities Capital Debt Service Fund
Schedule of Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Debt Service:				
Principal	\$ -	\$ 19,250	\$ 19,250	\$ -
Interest and fiscal charges	88	88	47	(41)
Total debt service	88	19,338	19,297	(41)
Total expenditures	(88)	(19,338)	(19,297)	41
Excess (deficit) of revenues over expenditures	(88)	(19,338)	(19,297)	41
OTHER FINANCING SOURCES (USES)				
Transfers in	88	19,338	19,297	(41)
Total other financing sources (uses)	88	19,338	19,297	(41)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Construction Excise Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Construction excise tax	\$ 1,601	\$ 1,601	\$ 3,618	\$ 2,017
Investment earnings	-	-	9	9
Total revenues	<u>1,601</u>	<u>1,601</u>	<u>3,627</u>	<u>2,026</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	6,868	7,385	895	6,490
Total facilities acquisition & construction	<u>6,868</u>	<u>7,385</u>	<u>895</u>	<u>6,490</u>
Total expenditures	<u>6,868</u>	<u>7,385</u>	<u>895</u>	<u>6,490</u>
Excess (deficit) of revenues over expenditures	<u>(5,267)</u>	<u>(5,784)</u>	<u>2,732</u>	<u>8,516</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(231)</u>	<u>(231)</u>	<u>(175)</u>	<u>(56)</u>
Total other financing sources (uses)	<u>(231)</u>	<u>(231)</u>	<u>(175)</u>	<u>(56)</u>
Net change in fund balance	(5,498)	(6,015)	2,557	8,572
Fund balance - beginning of year	5,498	6,015	6,015	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,572</u>	<u>\$ 8,572</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Modernization Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 10	\$ 10	\$ 12	\$ 2
Total revenues	<u>10</u>	<u>10</u>	<u>12</u>	<u>2</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Salaries and benefits	857	918	401	517
Materials and services	1,942	2,177	1,242	935
Total facilities acquisition & construction	<u>2,799</u>	<u>3,095</u>	<u>1,643</u>	<u>1,452</u>
Operating contingency	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>3,299</u>	<u>3,595</u>	<u>1,643</u>	<u>1,952</u>
Excess (deficit) of revenues over expenditures	<u>(3,289)</u>	<u>(3,585)</u>	<u>(1,631)</u>	<u>1,954</u>
Net change in fund balance	(3,289)	(3,585)	(1,631)	1,954
Fund balance - beginning of year	3,289	3,585	3,585	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,954</u>	<u>\$ 1,954</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
IT System Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 1	\$ 1	\$ 2	\$ 1
Total revenues	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>
EXPENDITURES				
Current:				
Support services:				
Instructional staff:				
Salaries and benefits	22	1	-	1
Materials and services	190	-	-	-
Total instructional staff	<u>212</u>	<u>1</u>	<u>-</u>	<u>1</u>
Central:				
Salaries and benefits	308	315	238	77
Materials and services	1,135	1,096	416	680
Total central	<u>1,443</u>	<u>1,411</u>	<u>654</u>	<u>757</u>
Total support services	<u>1,655</u>	<u>1,412</u>	<u>654</u>	<u>758</u>
Operating contingency	<u>159</u>	<u>210</u>	<u>-</u>	<u>210</u>
Total expenditures	<u>1,814</u>	<u>1,622</u>	<u>654</u>	<u>968</u>
Excess (deficit) of revenues over expenditures	<u>(1,813)</u>	<u>(1,621)</u>	<u>(652)</u>	<u>969</u>
Net change in fund balance	(1,813)	(1,621)	(652)	969
Fund balance - beginning of year	1,813	1,621	1,621	-
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 969</u></u>	<u><u>\$ 969</u></u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Recovery Zone Energy and Water Conservation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 19	\$ 19	\$ 8	\$ (11)
Other	-	-	126	126
Total revenues	19	19	134	115
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Salaries and benefits	425	94	88	6
Materials and services	4,044	4,457	3,021	1,436
Total facilities acquisition & construction	4,469	4,551	3,109	1,442
Total expenditures	4,469	4,551	3,109	1,442
Excess (deficit) of revenues over expenditures	(4,450)	(4,532)	(2,975)	1,557
Net change in fund balance	(4,450)	(4,532)	(2,975)	1,557
Fund balance - beginning of year	4,450	4,532	4,532	-
Fund balance - end of year	\$ -	\$ -	\$ 1,557	\$ 1,557

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Energy Efficient Schools Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Other	\$ 854	\$ 854	\$ 861	\$ 7
Total revenues	<u>854</u>	<u>854</u>	<u>861</u>	<u>7</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	2,717	2,060	1,176	884
Total facilities acquisition & construction	<u>2,717</u>	<u>2,060</u>	<u>1,176</u>	<u>884</u>
Total expenditures	<u>2,717</u>	<u>2,060</u>	<u>1,176</u>	<u>884</u>
Excess (deficit) of revenues over expenditures	<u>(1,863)</u>	<u>(1,206)</u>	<u>(315)</u>	<u>891</u>
Net change in fund balance	(1,863)	(1,206)	(315)	891
Fund balance - beginning of year	1,863	1,206	1,206	-
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 891</u></u>	<u><u>\$ 891</u></u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Facilities Capital Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
County and intermediate sources	\$ -	\$ -	\$ 503	\$ 503
Federal and state support	-	500	169	(331)
Other	-	-	1,096	1,096
Total revenues	<u>-</u>	<u>500</u>	<u>1,768</u>	<u>1,268</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Salaries and benefits	-	-	12	(12)
Materials and services	18,363	22,158	17,505	4,653
Total facilities acquisition & construction	<u>18,363</u>	<u>22,158</u>	<u>17,517</u>	<u>4,641</u>
Total expenditures	<u>18,363</u>	<u>22,158</u>	<u>17,517</u>	<u>4,641</u>
Excess (deficit) of revenues over expenditures	<u>(18,363)</u>	<u>(21,658)</u>	<u>(15,749)</u>	<u>5,909</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,658	3,076	3,076	-
Issuance of debt	15,705	17,750	17,750	-
Total other financing sources (uses)	<u>18,363</u>	<u>20,826</u>	<u>20,826</u>	<u>-</u>
Net change in fund balance	-	(832)	5,077	5,909
Fund balance - beginning of year	-	832	832	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,909</u>	<u>\$ 5,909</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Asset Renewal Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 54	\$ 54	\$ 207	\$ 153
Investment earnings	2	2	-	(2)
Total revenues	<u>56</u>	<u>56</u>	<u>207</u>	<u>151</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	<u>56</u>	<u>56</u>	-	<u>56</u>
Total facilities acquisition & construction	<u>56</u>	<u>56</u>	<u>-</u>	<u>56</u>
Total expenditures	<u>56</u>	<u>56</u>	<u>-</u>	<u>56</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>207</u>	<u>207</u>
Net change in fund balance	-	-	207	207
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207</u>	<u>\$ 207</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Insurance Recoveries Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 1	\$ 1	\$ -	\$ (1)
Insurance recoveries	1,532	1,532	683	(849)
Total revenues	<u>1,533</u>	<u>1,533</u>	<u>683</u>	<u>(850)</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Materials and services	2,960	3,126	2,276	850
Total facilities acquisition & construction	<u>2,960</u>	<u>3,126</u>	<u>2,276</u>	<u>850</u>
Total expenditures	<u>2,960</u>	<u>3,126</u>	<u>2,276</u>	<u>850</u>
Excess (deficit) of revenues over expenditures	<u>(1,427)</u>	<u>(1,593)</u>	<u>(1,593)</u>	<u>-</u>
Net change in fund balance	(1,427)	(1,593)	(1,593)	-
Fund balance - beginning of year	1,427	1,593	1,593	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control



BUDGETARY COMPARISON SCHEDULES
Other funds

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
GO Bonds Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 11	\$ 11
Total revenues	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
EXPENDITURES				
Current:				
Facilities acquisition & construction:				
Salaries and benefits	-	366	715	(349)
Materials and services	-	9,634	3,771	5,863
Total facilities acquisition and construction	<u>-</u>	<u>10,000</u>	<u>4,486</u>	<u>5,514</u>
Operating contingency	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Total expenditures	<u>-</u>	<u>120,000</u>	<u>4,486</u>	<u>115,514</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>(120,000)</u>	<u>(4,475)</u>	<u>115,525</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(45,000)	(45,000)	-
Issuance of debt	-	165,000	144,840	20,160
Premium on issuance of debt	-	-	13,870	(13,870)
Total other financing sources (uses)	<u>-</u>	<u>120,000</u>	<u>113,710</u>	<u>6,290</u>
Net change in fund balance	-	-	109,235	(109,235)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,235</u>	<u>\$ (109,235)</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Self-Insurance Fund
Schedule of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,786	\$ 2,786	\$ 1,908	\$ (878)
Insurance recoveries	-	-	2	2
Total operating revenues	2,786	2,786	1,910	(876)
OPERATING EXPENSES				
Support Services:				
Salaries and benefits	148	148	141	7
Materials and services	332	332	298	34
Claims expense	2,697	2,697	2,314	383
Total support services	3,177	3,177	2,753	424
Operating contingency	3,719	2,689	-	2,689
Total operating expenses	6,896	5,866	2,753	3,113
Operating income (loss)	(4,110)	(3,080)	(843)	2,237
NON OPERATING REVENUES				
Investment income	17	17	11	(6)
Federal and state support	263	263	78	(185)
Total non-operating revenues	280	280	89	(191)
Change in net position	(3,830)	(2,800)	(754)	2,046
Beginning net position - budgetary basis	3,830	2,800	2,800	-
Ending net position - budgetary basis	\$ -	\$ -	2,046	\$ 2,046
Reconciliation:				
Other post employment benefits obligation			(36)	
Accrued compensated absences			(13)	
Net position - GAAP basis			\$ 1,997	

Note: Bolded lines indicate legally required appropriation budget levels of control



OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund
Schedule of Property Tax Transactions
For the Year Ended June 30, 2013
(dollars in thousands)

Tax Year	Taxes Uncollected June 30, 2012	Levy as Extended by Assessor	Discounts Allowed	Interest	Cancellations and Adjustments	Property Tax Collections	Taxes Uncollected June 30, 2013
2012-2013	\$ -	\$ 208,518	\$ (5,265)	\$ 89	\$ (710)	\$ (196,930)	\$ 5,702
2011-2012	6,309	-	6	213	(296)	(2,809)	3,423
2010-2011	3,206	-	2	228	(83)	(1,299)	2,054
2009-2010	2,103	-	-	288	(27)	(1,107)	1,257
2008-2009	573	-	-	193	(21)	(640)	105
2007-2008	102	-	-	28	(14)	(69)	47
2006-2007	41	-	-	10	(3)	(23)	25
2005-2006	20	-	-	2	(1)	(5)	16
2004-2005	32	-	-	2	(14)	(5)	15
2003-2004	29	-	-	2	(15)	(3)	13
10+ yrs prior	170	-	-	14	(79)	(22)	83
Total General Tax:	12,585	208,518	(5,257)	1,069	(1,263)	(202,912)	12,740

2012-2013	\$ -	\$ 52,749	\$ (1,331)	\$ 23	\$ (180)	\$ (49,818)	\$ 1,443
2011-2012	1,710	-	2	58	(80)	(762)	928
2010-2011	639	-	-	45	(16)	(259)	409
2009-2010	431	-	-	59	(5)	(227)	258
2008-2009	120	-	-	40	(4)	(133)	23
2007-2008	(9)	-	-	6	27	(15)	9
2006-2007	-	-	-	-	-	-	-
2005-2006	30	-	-	-	(30)	-	-
2004-2005	4	-	-	-	(1)	(1)	2
2003-2004	2	-	-	-	(2)	-	-
10+ yrs prior	6	-	-	1	(2)	(1)	4
Total Local Option Taxes:	2,933	52,749	(1,329)	232	(293)	(51,216)	3,076

2012-2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011-2012	-	-	-	-	-	-	-
2010-2011	-	-	-	-	-	-	-
2009-2010	-	-	-	-	-	-	-
2008-2009	-	-	-	-	-	-	-
2007-2008	-	-	-	-	-	-	-
2006-2007	-	-	-	-	-	-	-
2005-2006	-	-	-	-	-	-	-
2004-2005	7	-	-	1	(3)	(1)	4
2003-2004	7	-	-	-	(3)	(1)	3
10+ yrs prior	20	-	-	1	(7)	(2)	12
Total Bond Taxes	34	-	-	2	(13)	(4)	19

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund

Schedule of Property Tax Transactions
For the Year Ended June 30, 2013
(dollars in thousands)

DISTRICT LEVIES	Tax Year	Taxes	Levy as Extended by Assessor	Discounts Allowed	Interest	Cancellations and Adjustments	Property Tax Collections	Taxes
		Uncollected June 30, 2012						Uncollected June 30, 2013
Cancel/Omit	2012-2013	\$ -	\$ 253	\$ (6)	\$ -	\$ (1)	\$ (239)	7
Current Year	2011-2012	25	-	-	1	(1)	(11)	14
Prior Year	2010-2011	5	-	-	-	-	(2)	3
	2009-2010	3	-	-	-	-	(2)	1
	2008-2009	2	-	-	-	-	(1)	1
	2007-2008	-	-	-	-	-	-	-
	2006-2007	-	-	-	-	-	-	-
	2005-2006	-	-	-	-	-	-	-
	2004-2005	-	-	-	-	-	-	-
	2003-2004	-	-	-	-	-	-	-
Total Cancel/Omit Taxes:		35	253	(6)	1	(2)	(255)	26
Total Multnomah County:		15,587	261,520	(6,592)	1,304	(1,571)	(254,387)	15,861
Washington County:		-	1,662	-	-	-	(1,614)	-
Clackamas County:		-	213	-	-	-	(206)	-
Total All Counties:		\$ 15,587	\$ 263,395	\$ (6,592)	\$ 1,304	\$ (1,571)	\$ (256,207)	\$ 15,861

¹ The total collections from Washington and Clackamas Counties were less than one percent of the District's total property tax collections. The taxes receivable from the two counties at June 30, 2013 were considered immaterial.

All Property Tax Transactions were recorded in the General Fund for FY 2013.

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund
Schedule of Property Tax Transactions
For the Year Ended June 30, 2013
(dollars in thousands)

Reconciliation to Financial Statements:	
Property tax collections for the year ended June 30, 2013	\$ 256,207
Non-levied tax revenue received for the year ended June 30, 2013	390
Uncollected property taxes at June 30, 2013	\$ 15,861
Uncollected property taxes susceptible to accrual at June 30, 2013	1,200 (1,183)
Non-levied tax revenue susceptible to accrual at June 30, 2013	1 (1)
Property taxes & non-levy rev susceptible to accrual at June 30, 2012, and collected during the year ended June 30, 2013	<u>(1,273)</u>
Total property and local option taxes - General Fund	<u>\$ 256,525</u>
Total Unavailable Revenues - General Fund	<u><u>\$ 14,677</u></u>

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2013
(amounts expressed in thousands)

Governmental funds in capital assets:

Land	\$ 9,174
Buildings and site improvements	367,811
Vehicles and equipment	47,095
Construction in progress	18,595
Total governmental funds in capital assets	<u>\$ 442,675</u>

Investments in governmental funds capital assets by source:

General fund	\$ 153,567
Special Revenue funds	37,188
Capital Projects funds	251,920
Total governmental funds in capital assets	<u>\$ 442,675</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2013
(amounts expressed in thousands)

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Site Improvements</u>	<u>Vehicles and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
General government					
Instruction	\$ 7,166	\$ 335,288	\$ 5,009	\$ 13,386	\$ 360,849
Supporting services	2,008	32,513	39,905	5,209	79,635
Food services	-	10	2,181	-	2,191
Total governmental funds in capital assets	<u>\$ 9,174</u>	<u>\$ 367,811</u>	<u>\$ 47,095</u>	<u>\$ 18,595</u>	<u>\$ 442,675</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

Function and Activity	Governmental Funds Capital Assets June 30, 2012	Additions	Deductions	Governmental Funds Capital Assets June 30, 2013
General government				
Instruction	\$ 335,815	\$ 25,034	\$ -	\$ 360,849
Supporting services	77,137	2,528	(30)	79,635
Food services	2,072	119	-	2,191
Total governmental funds in capital assets	<u>\$ 415,024</u>	<u>\$ 27,681</u>	<u>\$ (30)</u>	<u>\$ 442,675</u>

WILSON HIGH SCHOOL

is now safer, drier and more accessible thanks to the PPS School Building Improvement Bond.



Statistical Section

This part of the District's 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.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends (Schedules 1-4)</i>	112
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<i>Revenue Capacity (Schedules 5-8)</i>	120
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<i>Debt Capacity (Schedules 9-11)</i>	124
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.	
<i>Demographic and Economic Information (Schedules 12-13)</i>	127
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<i>Operating Information (Schedules 14-16)</i>	129
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.	

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Condensed Statement of Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

Government-wide Activities

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assets				
Current and other assets	\$ 142,480	\$ 161,328	\$ 169,097	\$ 167,964
Prepaid pension costs	486,072	485,029	478,576	471,759
Net capital assets	<u>224,098</u>	<u>210,589</u>	<u>203,717</u>	<u>195,885</u>
Total assets	<u><u>852,650</u></u>	<u><u>856,946</u></u>	<u><u>851,390</u></u>	<u><u>835,608</u></u>
Liabilities				
Other current liabilities	75,478	75,082	78,829	95,818
Other long-term liabilities	79,987	37,907	32,876	24,271
Limited tax pension bonds payable	490,728	489,685	483,232	476,416
Other post employment benefits	-	-	-	-
Total liabilities	<u><u>646,193</u></u>	<u><u>602,674</u></u>	<u><u>594,937</u></u>	<u><u>596,505</u></u>
Deferred Inflows of Resources				
Insurance recovery				
Net Assets				
Invested in capital assets, net of related debt	156,011	183,482	183,157	180,034
Restricted	-	-	-	-
Unrestricted	<u>50,446</u>	<u>70,790</u>	<u>73,296</u>	<u>59,069</u>
Total Net Assets	<u><u>\$ 206,457</u></u>	<u><u>\$ 254,272</u></u>	<u><u>\$ 256,453</u></u>	<u><u>\$ 239,103</u></u>
Net Position				
Net investment in capital assets				
Restricted				
Unrestricted				
Total Net Position				

Note: The District Implemented GASB 65 beginning in 2013. As a result, Net Assets format is presented for years prior to 2013, and Net Position format is presented for 2013 and subsequent years.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 175,282	\$ 175,091	\$ 174,564	\$ 177,558	\$ 180,957	\$ 298,246
463,507	455,247	445,555	436,790	425,421	414,407
187,312	185,571	194,725	200,731	199,058	213,944
<u>826,101</u>	<u>815,909</u>	<u>814,844</u>	<u>815,079</u>	<u>805,436</u>	<u>926,597</u>
88,936	96,163	75,555	77,535	83,977	87,185
22,377	10,320	34,182	62,851	57,972	182,759
468,163	459,756	450,125	440,491	430,058	419,034
8,852	17,762	24,741	29,667	33,595	36,263
<u>588,328</u>	<u>584,001</u>	<u>584,603</u>	<u>610,544</u>	<u>605,602</u>	<u>725,241</u>
					<u>819</u>
177,198	181,442	186,783	164,033	157,209	
-	-	8,426	25,597	21,577	
60,575	50,466	35,032	14,905	21,048	
<u>\$ 237,773</u>	<u>\$ 231,908</u>	<u>\$ 230,241</u>	<u>\$ 204,535</u>	<u>\$ 199,834</u>	
					146,148
					131,060
					(76,671)
					<u>\$ 200,537</u>

Schedule 2
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

Government-wide Activities

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenditures				
Instruction	\$ 264,430	\$ 278,166	\$ 272,831	\$ 281,308
Support services	160,121	167,789	178,014	198,721
Enterprise and Community Services	13,735	15,425	15,386	15,187
Non-capital facilities maintenance & replacement	9,177	8,394	-	7,633
Interest and fees on long-term debt	5,382	3,919	1,816	1,535
Total expenditures	<u>452,845</u>	<u>473,693</u>	<u>468,047</u>	<u>504,384</u>
Program Revenues				
Charges for services:				
Instruction	3,561	3,672	4,447	4,100
Support services	2,127	1,855	1,712	2,157
Enterprise and Community Services	3,962	3,950	3,153	4,190
Operating grants and contributions:				
Instruction	40,545	43,992	44,131	51,915
Support services	18,076	23,582	23,566	29,163
Enterprise and Community Services	10,983	11,128	11,176	12,500
Total program revenues	<u>79,254</u>	<u>88,179</u>	<u>88,185</u>	<u>104,025</u>
Net Expenditures	<u>(373,591)</u>	<u>(385,514)</u>	<u>(379,862)</u>	<u>(400,359)</u>
General Revenues:				
Property taxes, levies for operations	135,183	138,699	144,543	165,536
Property taxes, levies for debt service	45,673	33,979	921	37
Local option taxes	17,165	31,751	466	200
Construction excise tax	-	-	-	-
State School Fund	183,619	148,013	157,061	166,813
State Common School Fund	1,251	3,784	4,135	4,316
County and intermediate sources	50,806	59,734	59,613	30,009
Federal Stimulus	-	-	-	-
Investment earnings	1,786	3,091	5,554	7,795
Other	11,877	14,278	9,750	8,303
Total general revenues	<u>447,360</u>	<u>433,329</u>	<u>382,043</u>	<u>383,009</u>
Extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>\$ 73,769</u>	<u>\$ 47,815</u>	<u>\$ 2,181</u>	<u>\$ (17,350)</u>

Change in Net Position

Note: The District Implemented GASB 65 beginning in 2013. As a result, Net Assets format is presented for years prior to 2013, and Net Position format is presented for 2013 and subsequent years.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	311,474	\$ 306,993	\$ 323,190	\$ 315,465	\$ 287,424	\$ 267,192
	192,598	196,857	183,267	204,613	206,856	194,270
	15,750	16,653	17,135	19,758	19,108	18,923
	3,140	6,899	14,177	11,649	10,697	31,635
	1,815	1,600	1,642	2,135	25,748	26,813
	<u>524,777</u>	<u>529,002</u>	<u>539,411</u>	<u>553,620</u>	<u>549,833</u>	<u>538,833</u>
	4,151	4,783	4,898	4,799	5,046	5,958
	2,879	3,075	2,883	2,348	2,109	2,852
	4,353	4,442	4,655	4,666	4,422	4,123
	68,180	72,121	71,538	75,981	71,319	62,006
	27,793	28,722	27,585	25,844	25,447	23,437
	1,889	2,620	2,548	3,915	2,863	2,623
	<u>109,245</u>	<u>115,763</u>	<u>114,107</u>	<u>117,553</u>	<u>111,206</u>	<u>100,999</u>
	<u>(415,532)</u>	<u>(413,239)</u>	<u>(425,304)</u>	<u>(436,067)</u>	<u>(438,627)</u>	<u>(437,834)</u>
	174,926	181,928	189,234	194,170	200,906	205,177
	-	-	-	-	-	-
	35,887	37,364	38,292	38,226	53,622	51,357
	69	1,962	1,192	1,361	2,108	3,619
	168,438	151,376	155,566	139,229	149,031	151,369
	4,864	3,717	4,544	4,461	4,138	4,608
	15,511	10,271	10,223	9,543	9,588	14,560
	-	8,816	12,182	14,349	595	6
	7,208	3,477	781	582	403	644
	7,299	8,463	9,905	8,440	13,535	10,518
	<u>414,202</u>	<u>407,374</u>	<u>421,919</u>	<u>410,361</u>	<u>433,926</u>	<u>441,858</u>
	-	-	1,718	-	-	-
\$	<u>(1,330)</u>	<u>(5,865)</u>	<u>(1,667)</u>	<u>(25,706)</u>	<u>(4,701)</u>	
						<u>\$ 4,024</u>

Schedule 3
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

Governmental Activities	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Nonspendable	\$ 1,363	\$ 1,133	\$ 949	\$ 823
Committed	-	-	-	-
Unassigned	<u>11,828</u>	<u>30,704</u>	<u>42,286</u>	<u>43,032</u>
Total general fund	<u>13,191</u>	<u>31,837</u>	<u>43,235</u>	<u>43,855</u>
All Other				
Governmental Funds				
Nonspendable	632	712	798	591
Restricted	24,171	15,801	8,590	8,913
Committed	11,300	20,800	18,800	16,800
Unassigned	<u>-</u>	<u>(222)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	36,103	37,091	28,188	26,304
Total Governmental Fund Balances	<u><u>\$ 49,294</u></u>	<u><u>\$ 68,928</u></u>	<u><u>\$ 71,423</u></u>	<u><u>\$ 70,159</u></u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,949	\$ 1,881	\$ 1,587	\$ 795	\$ 452	\$ 139
2,000	2,000	2,000	1,289	1,583	-
<u>50,556</u>	<u>46,079</u>	<u>50,185</u>	<u>29,457</u>	<u>28,890</u>	<u>37,318</u>
<u>54,505</u>	<u>49,960</u>	<u>53,772</u>	<u>31,541</u>	<u>30,925</u>	<u>37,457</u>
512	635	446	522	390	473
7,267	11,039	21,648	25,137	27,471	144,677
16,800	16,800	16,800	26,899	20,461	15,486
-	(2,467)	(14,536)	-	-	-
24,579	26,007	24,358	52,558	48,322	160,636
<u>\$ 79,084</u>	<u>\$ 75,967</u>	<u>\$ 78,130</u>	<u>\$ 84,099</u>	<u>\$ 79,247</u>	<u>\$ 198,093</u>

Schedule 4
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

Governmental Activities	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Property and other taxes	\$ 181,356	\$ 173,147	\$ 147,352	\$ 166,522
State School Fund	183,619	148,013	157,062	164,182
Local option taxes	17,165	31,751	467	200
County and intermediate sources	50,806	59,734	59,613	30,009
Federal stimulus	-	-	-	-
State Common School Fund	1,251	3,784	4,135	4,316
Federal and state support	59,191	68,903	68,060	80,134
Charges for services	9,651	9,477	9,312	10,446
Extracurricular activities	7,259	6,872	7,123	7,178
Investment earnings	1,752	3,017	5,365	7,531
Other	9,885	10,996	12,352	13,674
Total revenues	<u>521,935</u>	<u>515,694</u>	<u>470,841</u>	<u>484,192</u>
Expenditures				
Current:				
Instruction	261,213	269,938	264,431	276,929
Support services	158,223	167,967	172,953	182,918
Enterprise and Community Services	14,282	15,558	15,448	15,077
Non-capital facilities acquisition & construction	9,177	5,274	6,491	7,633
Debt Service:				
Principal	47,532	42,053	7,721	8,039
Interest	6,563	3,987	1,736	1,412
Total expenditures	<u>496,990</u>	<u>504,777</u>	<u>468,780</u>	<u>492,008</u>
Excess (deficit) of revenues over expenditures	<u>24,945</u>	<u>10,917</u>	<u>2,061</u>	<u>(7,816)</u>
Other Financing Sources (Uses)				
Transfers in	16,535	17,919	10,700	10,704
Transfers out	(16,535)	(17,919)	(10,700)	(10,704)
Issuance of debt	11,900	-	-	2,125
Issuance of refunding bonds	-	-	-	-
Payments to escrow agent	(11,842)	-	-	-
Proceeds from the sale of capital assets	757	8,717	434	1,796
Total other financing sources (uses)	<u>815</u>	<u>8,717</u>	<u>434</u>	<u>3,921</u>
Net change in fund balances	<u>\$ 25,760</u>	<u>\$ 19,634</u>	<u>\$ 2,495</u>	<u>\$ (3,895)</u>
Debt services as a percentage of noncapital expenditures	11.1%	9.2%	2.0%	2.0%

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 174,568	\$ 181,847	\$ 190,105	\$ 196,044	\$ 200,716	\$ 208,434
168,438	151,376	155,566	139,229	149,031	151,369
35,373	37,042	38,470	38,603	53,099	51,720
15,511	10,271	10,224	9,544	9,588	14,560
-	10,206	26,972	28,991	4,591	1,920
4,864	3,717	4,544	4,461	4,138	4,608
82,435	89,014	74,055	79,034	84,704	71,942
11,383	12,300	12,436	11,814	45,953	48,674
7,963	7,524	7,423	7,563	7,355	7,867
6,907	3,310	1,037	649	579	632
14,068	13,450	13,131	11,991	15,127	16,315
<u>521,510</u>	<u>520,057</u>	<u>533,963</u>	<u>527,923</u>	<u>574,881</u>	<u>578,041</u>
301,171	301,457	310,846	314,597	305,238	303,360
203,620	192,384	199,983	205,869	207,691	193,375
15,467	16,386	17,106	20,001	19,782	19,710
3,141	6,899	14,166	11,546	10,613	31,575
6,966	7,291	5,901	8,082	56,963	62,443
1,546	1,499	1,740	2,043	25,608	26,318
<u>531,911</u>	<u>525,916</u>	<u>549,742</u>	<u>562,138</u>	<u>625,895</u>	<u>636,781</u>
<u>(10,401)</u>	<u>(5,859)</u>	<u>(15,779)</u>	<u>(34,215)</u>	<u>(51,014)</u>	<u>(58,740)</u>
8,748	9,913	7,550	9,939	14,090	55,786
(8,748)	(7,913)	(7,550)	(6,939)	(9,680)	(55,786)
15,220	-	15,000	36,750	27,250	176,931
-	-	-	-	14,400	-
-	-	-	-	-	-
1,616	743	2,942	434	102	655
<u>16,836</u>	<u>2,743</u>	<u>17,942</u>	<u>40,184</u>	<u>46,162</u>	<u>177,586</u>
<u>\$ 6,435</u>	<u>\$ (3,116)</u>	<u>\$ 2,163</u>	<u>\$ 5,969</u>	<u>\$ (4,852)</u>	<u>\$ 118,846</u>
1.6%	1.7%	1.4%	1.8%	13.4%	14.7%

Schedule 5
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Assessed Values of Taxable Property within School District No. 1J Boundaries
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)										Less: Reduction and Adjustments	Total Taxes Imposed (Net Levy)
	Real Property	Personal Property	Manufactured Structures	Public Utility	Total Assessed Value	Add: Non-Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Amount tax rate will raise		
2004	\$ 28,176,402	\$ 1,885,801	\$ 12,985	\$ 1,390,717	\$ 31,465,905	\$ 15,861	\$ 1,909,048	\$ 29,572,718	\$ 7.1000	\$ 210,439	\$ 7,145	\$ 203,294
2005	29,273,560	1,835,681	15,126	1,456,843	32,581,210	16,337	2,107,473	30,490,074	7.1792	218,894	7,689	211,205
2006	30,797,829	1,832,766	14,267	1,251,626	33,896,488	16,827	2,512,764	31,400,551	4.7743	149,916	475	149,441
2007	32,185,082	1,863,994	13,755	1,309,159	35,371,990	17,332	2,830,224	32,559,098	5.2781	171,850	1,963	169,887
2008	34,287,573	1,859,615	14,311	1,273,298	37,434,797	18,062	3,200,929	34,251,930	6.5281	223,600	7,940	215,660
2009	36,093,965	1,901,468	14,130	1,383,226	39,392,789	23,270	3,635,372	35,780,687	6.5281	233,580	8,151	225,429
2010	37,714,170	1,883,081	15,640	1,607,399	41,220,290	23,968	4,189,459	37,054,799	6.5281	241,897	8,996	232,901
2011	38,951,439	1,903,652	41,782	1,629,651	42,526,524	19,736	4,425,353	38,120,907	6.5281	248,857	9,390	239,467
2012	40,421,170	1,687,236	41,578	1,568,907	43,718,891	20,328	4,519,149	39,220,070	7.2681	285,055	24,051	261,004
2013	41,725,902	1,691,285	18,523	1,538,735	44,974,445	20,938	4,653,499	40,341,884	7.2681	293,209	29,814	263,395

Notes:

- Beginning July 1, 1997, property taxes were based on an assessed value. Assessed value is defined as the lower of "maximum assessed value" or "real market value". For the 1997-1998 tax year, "maximum assessed value" was set at the 1995-1996 real market value less 10 percent. Assessed value for later years is limited to 3 percent annual increases.
- The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

Source:

FY 2002: Tax Supervising and Conservation Commission annual reports for the relevant fiscal year. Total assessed values do not include urban renewal excess.
FY 2004-2013: Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the combined total for the taxing district, "Portland 1J School", in Multnomah, Clackamas and Washington counties.

Schedule 6
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

District Direct Rates						
Fiscal Year	General Tax Permanent Rate ¹	Local Option	GAP Bonds	General Obligation Debt Service Bonds	Total Direct Tax Rate	
2004	\$ 4.7743	\$ 0.7500	\$ 0.4167	\$ 1.1750	\$ 7.1160	
2005	5.2781	0.7500	-	1.1511	7.1792	
2006	4.7743	-	-	-	4.7743	
2007	5.2781	-	-	-	5.2781	
2008	5.2781	1.2500	-	-	6.5281	
2009	5.2781	1.2500	-	-	6.5281	
2010	5.2781	1.2500	-	-	6.5281	
2011	5.2781	1.2500	-	-	6.5281	
2012	5.2781	1.9900	-	-	7.2681	
2013	5.2781	1.9900	-	-	7.2681	

Overlapping Total Property Tax Rates						
Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
2004	\$ 5.2719	\$ 0.0701	\$ 0.2900	\$ 8.1893	\$ 0.5118	\$ 0.4576
2005	5.2785	0.0701	0.2838	7.9791	0.5099	0.4576
2006	5.3065	0.0701	0.2841	7.9181	0.4950	0.4576
2007	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2008	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2009	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2010	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2011	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2012	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2013	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576

The permanent and local option tax rates are determined by the State of Oregon Constitution and State Statutes. Existing districts cannot increase their permanent rate authority. Local option levies are limited to five years for operations and ten years for capital projects. Elections for local option levies must meet the double majority election test, except in the November general election in even numbered years. Rates for debt service are set based on each year's requirements.

¹ The District paid off its "GAP Bonds" in May, 2004. Under the provisions of Ballot Measure 50, the District's permanent tax rate is increased from \$4.7743 to \$5.2781 to include what had previously been levied for payment of the "Gap Bonds". Legislation passed in 2003 treats the increase the same as local option levies. The increase expired on June 30, 2005 so the District's permanent rate went back to \$4.7743 for the 2005-06 fiscal year.

Legislation passed in 2006 allowed for the annual reauthorization of the GAP bonds for three years beginning in 2006-2007, allowing the District's permanent rate to increase up to \$5.2781. The Oregon legislature made this increase permanent as of July 1, 2009.

Source: The Tax Supervising and Conservation Commission annual reports for the relevant fiscal year.

Schedule 7
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Principal Property Tax Payers for Multnomah County
Prior Year and Nine Years Ago
Taxing District - 311 Portland School District
(dollars in thousands)

Taxpayer	2012 ¹			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ten Largest Taxpayers						
Pacifcorp (PP&L)	\$ 294,664	1	0.74 %	\$ 238,053	2	0.83%
Portland General Electric	257,794	2	0.63	205,926	4	0.71
Weston Investment Co., LLC	224,601	3	0.58	-	-	-
Evraz Inc NA	217,362	4	0.55	-	-	-
Comcast Corporation	207,913	5	0.51	-	-	-
Port of Portland	187,385	6	0.49	-	-	-
LC Portland LLC	178,598	7	0.45	130,197	7	0.45
CenturyLink	137,293	8	0.44	-	-	-
555 SW Oak LLC	134,475	9	0.34	-	-	-
Fred Meyer Stores INC	129,285	10	0.33	-	-	-
Qwest Corporation	-	-	-	373,950	1	1.30
Wacker Siltonic Corp	-	-	-	211,842	3	0.74
Oregon Steel Mills Inc	-	-	-	135,061	5	0.47
Oregon Arena Corporation	-	-	-	107,316	8	0.37
One Eleven Tower LLC	-	-	-	103,409	9	0.36
Northwest Natural Gas	-	-	-	102,170	10	0.35
Freightliner Corporation	-	-	-	131,603	6	0.46
Subtotal of Ten Largest Taxpayers	1,969,369		5.06	1,739,526		6.04
All Other Taxpayers	37,250,701		94.94	27,064,752		93.96
Total All Taxpayers	\$ 39,220,070		100.00 %	\$ 28,804,279		100.00 %

Notes:

¹ 2013 information not available at time of distribution

Source:

Multnomah County, Division of Assessment and Taxation

Schedule 8
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 203,294	\$ 191,750	94.32%	\$ 5,461	\$ 197,211	97.01%
2005	211,205	198,861	94.16	5,833	204,694	96.92
2006	149,862	141,470	94.40	3,831	145,301	96.96
2007	169,887	160,813	94.66	4,285	165,098	97.18
2008	216,645	202,448	93.45	4,854	207,302	95.69
2009	226,206	211,232	93.38	5,157	216,389	95.66
2010	233,861	219,970	94.06	7,165	227,135	97.12
2011	239,467	225,418	94.13	7,422	232,840	97.23
2012	261,004	244,408	93.64	6,741	251,149	96.22
2013	263,395	248,807	94.46	7,400	256,207	97.27

Note:

The net taxes levied are combined for Multnomah, Washington, and Clackamas counties. Responsibility for the collection of all property taxes rests within each County's Department of Assessment and Taxation. Current taxes are assessed as of July 1, become due as of November 15 and become delinquent as of May 15. Assessed taxes become a lien upon real property in the fourth year of delinquency. Proceeds of tax sales are applied to delinquent taxes, interest and other costs attributable to the property sold.

¹ The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997. Additional information can be found on Schedule 5 and the Schedule of Property tax Collections (General Fund), in the Other Financial Section of the CAFR. Note that the Net Taxes Levied in Schedule 5 is based on the Assessed Value, while data for this schedule is based on the actual Net Taxes Levied.

² Collections in subsequent years includes current year revenue received for taxes levied in prior years.

Source: Multnomah, Washington and Clackamas Counties, Division of Assessment and Taxation.

Schedule 9
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per student and per capita)

Fiscal Year	General Bonded Debt				Percentage of Actual Taxable Value of Property ¹	Per Student ²	Per Capita ⁴
	General Obligation Bonds	Less Amount Available for Repayment	Net Unamortized Premium (Discount)	Net General Obligation Bonds Outstanding			
2004	\$ 34,675	\$ (2,256)	\$ -	\$ 32,419	0.11%	\$ 663	\$ 48
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	N/A
2013	144,840	-	13,347	158,187	0.39%	3,329	N/A

Fiscal Year	Other Governmental Activities Debt										Total District ³	Per Student ²	Per Capita ⁴
	Limited Tax Pension Bonds ⁵	Certificates of Participation	Full Faith & Credit Obligations	Refunding Special Obligations	Small Scale Energy Loan Programs	Recovery Zone Bond	Other Debt	Unamortized Premium (Discount)					
2004	\$ 502,628	\$ 23,810	\$ -	\$ 3,960	\$ 5,642	\$ -	\$ -	\$ (323)	\$ 568,136	\$ 11,629	\$ 847		
2005	500,485	19,435	-	2,705	4,967	-	-	(312)	527,280	11,071	784		
2006	492,858	14,880	-	1,385	4,295	-	-	(301)	513,117	10,922	747		
2007	484,836	10,130	-	-	3,596	-	2,125	(289)	500,398	10,803	716		
2008	475,333	5,175	15,090	-	2,862	-	2,078	(167)	500,371	10,856	702		
2009	465,622	-	15,090	-	2,092	-	2,035	(174)	484,665	10,529	667		
2010	454,630	-	26,316	-	1,369	-	1,992	(181)	484,126	10,394	666		
2011	443,571	-	48,095	-	676	11,000	-	(188)	503,154	10,754	673		
2012	431,638	-	45,877	-	325	10,190	-	(195)	487,835	10,320	N/A		
2013	419,034	-	14,768	-	179	9,356	471	(202)	601,793	12,663	N/A		

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

¹ See Schedule 5 for property value data. The total estimated actual value of taxable property cannot be reasonably estimated.

² Student enrollment data can be found in Schedule 16.

³ Includes net general bonded debt and other governmental activities debt.

⁴ Per capita is calculated using the estimated District population from the US Department of Commerce, Bureau of Economic Analysis as reported in Schedule 12.

Data for 2012 and 2013 not available at time of printing.

⁵ Limited Tax Pension Bonds are not included in the General Bonded Debt schedule above since they are not repaid directly with property tax dollars.

Schedule 10
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013
(dollars in thousands)

<u>Overlapping Issuer</u>	<u>Net Property-tax Backed Debt¹</u>	<u>Percent Overlapping</u>	<u>Overlapping Debt²</u>
City of Portland	\$ 125,555	85.51 %	\$ 107,361
Portland Community College	176,450	47.62	84,028
Multnomah County	201,275	74.27	149,485
Portland Metro	248,275	38.12	94,650
City of Lake Oswego	31,727	5.48	1,738
Tualatin Hills Park & Recreation District	101,682	1.21	1,228
Tualatin Valley Fire & Rescue	45,050	1.95	876
Washington County	26,765	0.61	164
Clackamas County	108,260	0.11	123
Mt. Hood Community College	26,100	0.06	15
Clackamas Cty RFPD #1	1,790	0.22	4
Multnomah County Drainage District 1	110	100.00	110
Subtotal, overlapping debt			<u>439,782</u>
Direct District debt (PERS) ³			418,813
Direct District debt (other) ³			<u>182,980</u>
Subtotal, Direct debt			<u>601,793</u>
Total direct and overlapping debt			<u><u>\$ 1,041,575</u></u>

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

¹ Net Property-tax Backed Debt includes all General Obligation (GO) bonds and Limited-tax GO bonds, less Self-supporting Unlimited-tax (GO) and Self-supporting Limited-tax GO debt.

² Overlapping Debt is calculated using Net Property-tax Backed Debt times Percent Overlapping that are provided by Oregon State Treasury, Debt Management Division.

³ Direct District debt is net of unamortized premiums and discounts.

Source:

Oregon State Treasury, Debt Management Division

Schedule 11
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2013

Real Market Value	\$70,496,361
Debt Limit (7.95%) ¹	5,604,461
Amount of Debt Applicable to Debt Limit: General Obligation Bonded Debt	158,187
Less: Amount Available in Debt Service Funds	-
Amount of Debt Applicable to Debt Limit	<u>158,187</u>
Legal Debt Margin	<u>\$ 5,446,274</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 3,810,833	\$ 4,039,060	\$ 4,513,275	\$ 5,036,778	\$ 5,835,393	\$ 6,267,884	\$ 6,194,374	\$ 6,028,990	\$ 5,680,406	\$ 5,604,461
Total net debt applicable to limit	<u>60,747</u>	<u>32,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,187</u>
Legal debt margin	<u>\$ 3,750,086</u>	<u>\$ 4,006,641</u>	<u>\$ 4,513,275</u>	<u>\$ 5,036,778</u>	<u>\$ 5,835,393</u>	<u>\$ 6,267,884</u>	<u>\$ 6,194,374</u>	<u>\$ 6,028,990</u>	<u>\$ 5,680,406</u>	<u>\$ 5,446,274</u>
Total net debt applicable to the limit as a percentage of debt limit	1.59%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.82%

¹ ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values within the District based on the following:

- ^A For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value.
- ^B For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value.

Allowable Percentage of Real Market Value:

^A Kindergarten through eighth grade, 9 x .0055	4.95%
^B Ninth through twelfth, 4 x .0075	<u>3.00%</u>
Allowable Percentage	<u><u>7.95%</u></u>

Source: Market value from Multnomah County, Tax Supervising and Conservation Commission

Schedule 12
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Demographic and Economic Statistics
Last Ten Calendar Years
Multnomah County

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2004	671,172	\$ 24,214,231	\$ 36,078	7.4%
2005	672,947	25,436,032	37,798	6.1
2006	687,373	26,483,785	38,529	5.1
2007	699,186	28,385,388	40,598	4.9
2008	712,539	29,372,019	41,222	5.8 ²
2009	726,855	29,430,654	40,490	10.4 ²
2010	737,476	29,458,183	39,945	9.8 ²
2011	748,031	31,161,157	41,658	8.7 ²
2012	- ¹	- ¹	- ¹	7.8 ²
2013	- ¹	- ¹	- ¹	- ¹

¹ Data for 2012 and 2013 not available at time of printing.

² As of April, 2013.

Sources:

Population, personal income and per capita information: US Department of Commerce, Bureau of Economic Analysis.

Unemployment rate information: US Department of Labor, Bureau of Labor Statistics.

Schedule 13
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Principal Employers for the Portland Metro Area
Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Intel Corporation	16,250	1	1.57%	14,510	1	1.52%
Providence Health System	14,389	2	1.39	13,475	2	1.41
U.S. Federal Government	13,900	3	1.34	-	-	-
Oregon Health & Science University	13,733	4	1.32	11,500	3	1.21
Fred Meyer Stores	10,389	5	1.00	9,492	4	0.99
Legacy Health System	9,662	6	0.93	7,816	6	0.82
Kaiser Permanente Northwest	9,195	7	0.89	8,051	5	0.84
City of Portland	8,951	8	0.86	3,223	16	0.34
State of Oregon	7,559	9	0.73	4,192	11	0.44
Nike Inc.	7,000	10	0.67	4,500	9	0.47
Safeway Inc.	-	-	-	6,000	7	0.63
Multnomah County	4,500	14	0.43	4,801	8	0.50
Tektronix Inc.	-	-	-	4,301	10	0.45
Subtotal of Ten Largest Employers	115,528		9.58	91,861		8.12
All Other Employers	922,772		90.42	862,239		91.88
Total Portland MSA ¹ Employment	<u>1,038,300</u> ²		<u>100.00</u> %	<u>954,100</u>		<u>100.00</u> %

¹ Portland-Vancouver-Hillsboro MSA includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon, and Clark and Skamania counties in Washington.

² As of June 2013, not seasonally adjusted.

Sources:

Portland Business Journal, Book of Lists published December 2004 & December 2012.

Oregon Employment Department, Workforce and Economic Research

Schedule 14
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Full-time Equivalent District Employees by Assignment/Function
Last Five Fiscal Years

Assignment/Function	Full-time Equivalent Employees for the Fiscal Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Teachers (2)	2,486.8	2,425.7	2,440.5	2,315.0	2,353.1
Educational Assistants	680.3	728.8	636.0	555.8	520.9
School Level Administration	150.5	141.0	140.6	142.9	144.2
District Level Administration	25.3	26.9	22.4	13.0	14.0
Other Staff (3)	<u>1,876.2</u>	<u>1,885.2</u>	<u>1,896.9</u>	<u>1,850.3</u>	<u>1,798.5</u>
Total FTE	<u>5,219.1</u>	<u>5,207.6</u>	<u>5,136.4</u>	<u>4,877.0</u>	<u>4,830.7</u>

Note:

¹ The coding and categorization used by the State in the collection of this data changed in fiscal 2008-09.

Over time, ten years of data collected under the new methodology will be presented.

² In prior years, "Teachers" included Guidance Counselors- Non-SpEd and Library/Media Specialists. Beginning in 2009, ODE changed the classification of these employees to "Other Staff". The FTE data for years 2009-2011 have been revised to reflect this change.

³ In 2011, ODE modified its definition of FTE to include Extended Responsibility hours. "Other Staff" data of FY 2010-11 has been revised from 1,947.3 to 1,896.9 to reflect this change.

Schedule 15
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Meal and Transportation Services Provided
Last Ten Fiscal Years

	2004	2005	2006	2007	2008
Nutrition Services					
Number of Meals Served ¹					
Paid Meals	1,216,355	1,187,985	1,347,109	1,333,234	1,553,008
Reduced Meals	505,683	472,370	514,748	481,156	577,275
Free Meals	4,695,517	4,454,440	4,250,527	4,155,965	3,538,655
Total meals served	<u>6,417,555</u>	<u>6,114,795</u>	<u>6,112,384</u>	<u>5,970,355</u>	<u>5,668,938</u>
Average Daily Breakfast Served	18,524	16,376	14,782	14,017	12,343
Average Daily Lunch Served	18,515	18,107	19,798	20,164	19,875
Student Participation	45.20%	43.65%	50.17%	53.46%	52.45%
Transportation					
Number of buses	258	245	234	241	240
Total miles traveled	3,270,179	2,985,868	2,635,510	2,848,220	3,006,996
Cost per mile	\$ 3.77	\$ 3.87	\$ 4.38	\$ 5.09	\$ 5.42
Area encompassed by District (sq mi)	160	160	160	160	160
Nutrition Services					
Number of Meals Served ¹					
Paid Meals	1,439,321	1,443,806	1,421,889	1,382,329	1,354,685
Reduced Meals	562,630	549,157	502,171	441,829	434,353
Free Meals	3,485,451	3,651,647	3,560,515	3,689,643	3,632,901
Total meals served	<u>5,487,402</u>	<u>5,644,610</u>	<u>5,484,575</u>	<u>5,513,801</u>	<u>5,421,939</u>
Average Daily Breakfast Served	11,344	10,592	10,101	10,400	10,768
Average Daily Lunch Served	19,867	20,369	20,295	19,942	19,059
Student Participation	47.98%	46.94%	46.96%	49.14%	47.00%
Transportation					
Number of buses	239	252	258	257	263
Total miles traveled	2,914,877	3,317,636	3,265,683	3,019,548	3,392,622
Cost per mile	\$ 5.77	\$ 5.50	\$ 5.63	\$ 6.24	\$ 5.28
Area encompassed by District (sq mi)	160	160	160	160	160

¹ Number of meals served includes breakfast, lunch, snack, and supper.

² Student Participation percentage is calculated based on the average daily lunches served at elementary schools, middle schools, and high schools, over the average daily attendance (enrollment adjusted per industry factors) at the schools where nutrition services meals are served.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years

		Footnotes	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012	2012-2013
Elementary Schools and Programs												
Abernethy (1925)	(12)											
Gross Floor Area (sq ft): 50,358												
Elementary Enrollment			199	203	366	357	342	349	392	421	455	505
Focus/Alt Prog (Environmental School)	(13,8)		233	-	-	-	-	-	-	-	-	-
Ainsworth w/Annex (1912)												
Gross Floor Area (sq ft): 57,593												
Elementary Enrollment			522	499	492	509	493	520	528	551	568	569
Alameda (1921)												
Gross Floor Area (sq ft): 64,138												
Elementary Enrollment			631	630	669	678	697	717	744	774	782	769
Arleta (1929)	(6)											
Gross Floor Area (sq ft): 76,489												
Elementary Enrollment			330	332	313	370	387	420	420	428	422	462
Astor (1948)	(6)											
Gross Floor Area (sq ft): 47,360												
Elementary Enrollment			283	287	279	331	381	438	458	445	482	478
Atkinson (1953)												
Gross Floor Area (sq ft): 58,057												
Elementary Enrollment			537	553	558	549	524	535	491	484	447	440
Beach (1928)	(6)											
Gross Floor Area (sq ft): 70,404												
Elementary Enrollment			411	419	414	412	426	484	538	561	582	613
Beverly Cleary (1959)	(4)											
Gross Floor Area (sq ft): 90,664												
Elementary Enrollment			225	211	215	210	578	557	552	604	674	730
Boise-Eliot/Humboldt (1926)	(6,24)											
Gross Floor Area (sq ft): 61,369												
Elementary Enrollment			584	523	461	415	412	423	417	390	389	535
Bridger (1951)	(1,6)											
Gross Floor Area (sq ft): 45,142												
Elementary Enrollment			378	387	388	421	470	320	331	365	396	405
Bridlemile (1958)												
Gross Floor Area (sq ft): 59,037												
Elementary Enrollment			460	450	459	458	468	464	480	463	472	457
Buckman (1921)												
Gross Floor Area (sq ft): 82,023												
Elementary Enrollment			526	529	537	506	481	498	492	497	488	460
Capitol Hill (1917)	(12)											
Gross Floor Area (sq ft): 47,275												
Elementary Enrollment			282	255	335	341	354	321	357	351	371	403
Cesar Chavez (1928)	(4)											
Gross Floor Area (sq ft): 75,814												
Middle School Enrollment			338	339	325	401	587	499	484	477	453	473
Chapman (1923)												
Gross Floor Area (sq ft): 62,962												
Elementary Enrollment			449	414	453	478	476	532	544	522	562	592
Chief Joseph (1948)	(12)											
Gross Floor Area (sq ft): 46,204												
Elementary Enrollment			266	234	393	359	361	370	377	408	481	459
Creative Science School (1955)	(1,6)											
Gross Floor Area (sq ft): 50,595												
Elementary Enrollment			-	-	-	-	-	260	301	305	356	388

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012	2012-2013
Creston w/ Annex (1948)	(6)										
Gross Floor Area (sq ft): 80,940											
Elementary Enrollment		301	246	290	309	335	365	333	345	380	345
Duniway (1926)											
Gross Floor Area (sq ft): 67,492											
Elementary Enrollment		453	443	443	446	426	411	423	442	425	423
Faubion (1951)	(6)										
Gross Floor Area (sq ft): 57,846											
Elementary Enrollment		272	269	309	332	355	396	393	401	434	454
Forest Park (1998)											
Gross Floor Area (sq ft): 42,000											
Elementary Enrollment		407	456	517	508	502	512	501	507	491	502
Glencoe (1923)	(12)										
Gross Floor Area (sq ft): 64,378											
Elementary Enrollment		430	442	510	498	506	499	474	480	453	472
Grout (1927)	(16)										
Gross Floor Area (sq ft): 65,838											
Elementary Enrollment		314	320	310	333	349	339	346	361	359	371
Harrison Park (1948)	(18)										
Gross Floor Area (sq ft): 109,059											
Elementary Enrollment		515	499	500	508	507	719	732	751	751	757
Hayhurst (1954)	(13)										
Gross Floor Area (sq ft): 56,266											
Elementary Enrollment		212	353	358	345	329	351	385	396	420	412
Humboldt (1959)	(6,24)										
Gross Floor Area (sq ft): 46,865											
Elementary Enrollment		257	255	270	240	235	258	275	230	219	-
Irvington (1932)	(6)										
Gross Floor Area (sq ft): 65,285											
Elementary Enrollment		491	473	445	473	505	503	505	529	483	460
James John (1929)											
Gross Floor Area (sq ft): 63,697											
Elementary Enrollment		514	481	458	459	430	404	384	394	402	439
Kelly w/ Kelly Center (1952)											
Gross Floor Area (sq ft): 97,546											
Elementary Enrollment		491	478	484	439	464	468	467	509	570	626
King (1927)	(6)										
Gross Floor Area (sq ft): 88,957											
Elementary Enrollment		544	525	491	458	453	399	336	288	292	312
Laurelhurst (1923)	(6)										
Gross Floor Area (sq ft): 46,204											
Elementary Enrollment		561	558	581	561	536	606	708	704	684	665
Lee (1953)	(6)										
Gross Floor Area (sq ft): 73,276											
Elementary Enrollment		387	333	309	354	367	434	458	457	459	497
Lent (1948)	(6)										
Gross Floor Area (sq ft): 76,478											
Elementary Enrollment		335	355	366	400	475	528	549	561	577	573
Lewis (1952)											
Gross Floor Area (sq ft): 48,380											
Elementary Enrollment		289	271	301	293	310	349	374	396	393	400

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012	2012-2013
Llewellyn (1928)											
Gross Floor Area (sq ft): 50,651											
Elementary Enrollment		302	298	301	309	341	396	434	485	543	583
Maplewood (1948)	(12)										
Gross Floor Area (sq ft): 35,022											
Elementary Enrollment		288	285	315	307	308	331	342	350	335	327
Markham (1951)	(12)										
Gross Floor Area (sq ft): 82,794											
Elementary Enrollment		330	301	398	359	349	360	376	376	384	383
Marysville (1921)	(6,17)										
Gross Floor Area (sq ft): 53,490											
Elementary Enrollment		367	349	336	368	407	437	435	404	363	352
Ockley Green (1925)	(10)										
Gross Floor Area (sq ft): 71,937											
Elementary School Enrollment		427	385	318	442	389	337	299	310	269	243
Peninsula (1952)	(6)										
Gross Floor Area (sq ft): 70,151											
Elementary Enrollment		293	271	254	299	326	370	375	361	358	368
Rieke (1961)											
Gross Floor Area (sq ft): 30,647											
Elementary Enrollment		276	266	267	280	322	348	371	356	416	388
Rigler (1931)	(3,6)										
Gross Floor Area (sq ft): 59,760											
Elementary Enrollment		489	466	442	538	562	525	596	588	524	449
Rosa Parks (2006)											
Gross Floor Area (sq ft): 45,147											
Elementary Enrollment		-	-	-	435	562	503	463	434	407	405
Roseway Heights (1923)	(4)										
Gross Floor Area (sq ft): 75,693											
Elementary Enrollment		446	433	429	406	660	565	578	551	589	616
Sabin (1928)	(2,6)										
Gross Floor Area (sq ft): 71,946											
Elementary Enrollment		393	413	422	432	451	363	348	362	392	420
Scott (1949)	(3)										
Gross Floor Area (sq ft): 62,681											
Elementary Enrollment		442	377	369	440	539	530	563	533	521	504
Sitton (1948)											
Gross Floor Area (sq ft): 58,762											
Elementary Enrollment		359	338	300	285	315	309	291	307	333	356
Skyline (1963)	(6)										
Gross Floor Area (sq ft): 37,245											
Elementary Enrollment		214	197	201	233	258	266	294	281	276	273
Stephenson (1965)											
Gross Floor Area (sq ft): 40,539											
Elementary Enrollment		352	348	325	310	320	327	335	324	335	329
Sunnyside Environmental (1925)	(13)										
Gross Floor Area (sq ft): 54,361											
Elementary Enrollment		203	459	443	501	542	565	585	580	608	605
Vernon (1931)	(6)										
Gross Floor Area (sq ft): 72,323											
Elementary Enrollment		445	386	384	404	453	394	397	376	500	440

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012	2012-2013
		<hr/>									
Vestal (1929)	(6)										
Gross Floor Area (sq ft): 66,378											
Elementary Enrollment		344	322	294	343	389	428	433	451	420	395
Whitman (1954)											
Gross Floor Area (sq ft): 69,755											
Elementary Enrollment		431	421	404	384	370	369	372	347	361	351
Winterhaven (1930)											
Gross Floor Area (sq ft): 39,084											
Elementary Enrollment		254	296	339	344	335	345	345	352	346	352
Woodlawn (1926)	(12)										
Gross Floor Area (sq ft): 61,595											
Elementary Enrollment		443	409	531	450	424	462	449	478	443	439
Woodmere (1954)											
Gross Floor Area (sq ft): 59,293											
Elementary Enrollment		477	458	449	422	418	398	397	393	397	383
Woodstock (1910)											
Gross Floor Area (sq ft): 69,135											
Elementary Enrollment		345	343	338	384	407	443	433	466	491	508
Middle Schools and Programs											
Beaumont (1926)											
Gross Floor Area (sq ft): 94,431											
Middle School Enrollment		577	542	536	500	460	458	450	455	481	583
George (1950)											
Gross Floor Area (sq ft): 78,713											
Middle School Enrollment		467	473	403	383	328	375	388	364	360	385
Gray (1952)											
Gross Floor Area (sq ft): 60,624											
Middle School Enrollment		497	520	496	457	421	420	419	428	422	422
Hosford (1925)											
Gross Floor Area (sq ft): 77,050											
Middle School Enrollment		377	405	448	476	516	531	548	547	534	538
Jackson (1966)											
Gross Floor Area (sq ft): 247,779											
Middle School Enrollment		768	773	694	688	714	712	651	584	533	532
Lane (1927)											
Gross Floor Area (sq ft): 87,438											
Middle School Enrollment		638	592	553	527	489	419	397	398	441	486
Mt. Tabor (1952)											
Gross Floor Area (sq ft): 83,076											
Middle School Enrollment		729	696	676	633	588	555	559	579	593	606
Sellwood (1925)											
Gross Floor Area (sq ft): 86,823											
Middle School Enrollment		593	603	564	515	459	474	480	474	486	455
West Sylvan (1954)											
Gross Floor Area (sq ft): 104,009											
Middle School Enrollment		897	884	878	896	886	863	863	849	848	888

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012	2012-2013
High Schools and Programs											
Benson (1916)											
Gross Floor Area (sq ft): 410,910											
High School Enrollment		1,498	1,501	1,452	1,294	1,218	1,134	1,100	986	889	889
Focus/Alt Prog Enroll (Night Sch.)	(8)	10	20	15	10	-	-	-	-	-	-
Cleveland (1928)											
Gross Floor Area (sq ft): 253,895											
High School Enrollment		1,388	1,332	1,449	1,472	1,528	1,516	1,553	1,570	1,520	1,532
Franklin (1915)											
Gross Floor Area (sq ft): 237,027	(5)										
High School Enrollment		1,528	1,547	1,404	1,283	1,233	1,007	1,032	1,036	1,480	1,469
Grant (1923)											
Gross Floor Area (sq ft): 275,173											
High School Enrollment		1,835	1,848	1,815	1,691	1,642	1,553	1,610	1,620	1,565	1,536
Focus/Alt Prog Enroll (Night Sch.)	(9,8)	98	76	91	-	-	-	-	-	-	-
Jefferson (1909)											
Gross Floor Area (sq ft): 360,911	(5,20)										
High School Enrollment		702	661	647	566	707	631	617	621	584	441
Lincoln (1951)											
Gross Floor Area (sq ft): 236,893											
High School Enrollment		1,483	1,444	1,485	1,498	1,404	1,335	1,395	1,410	1,476	1,513
Madison (1955)											
Gross Floor Area (sq ft): 370,112	(3)										
High School Enrollment		1,194	1,063	983	936	859	900	860	910	1,161	1,107
Marshall (1960)											
Gross Floor Area (sq ft): 271,427	(8,9,11,21)										
High School Enrollment		949	906	955	860	775	774	747	707	-	-
Roosevelt w/ Auto Shop (1921)											
Gross Floor Area (sq ft): 274,478											
High School Enrollment		825	850	778	794	730	703	681	683	748	828
Wilson (1954)											
Gross Floor Area (sq ft): 326,062											
High School Enrollment		1,580	1,531	1,632	1,556	1,533	1,480	1,439	1,435	1,387	1,236

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012	2012-2013
Facilities with Focus/Alternative Programs										
daVinci (Monroe) (1928)										
Gross Floor Area (sq ft): 99,219										
Focus/Alt Prog Enroll. (da Vinci)	327	350	380	444	458	445	456	464	462	470
Focus/Alt Prog Enroll. (Monroe) (8)	-	-	-	-	-	-	-	-	-	-
Focus/Alt Prog Enroll. (PIVOT) (8)	-	-	-	-	-	-	-	-	-	-
Focus/Alt Prog Enroll. (Natv. Mont) (8)	-	23	22	9	22	20	-	-	-	-
Meek (1953) (16)										
Gross Floor Area (sq ft): 32,477										
Elementary Enrollment (8)	-	-	-	-	-	-	-	-	-	-
Focus/Alt Prog Enrollment (8)	158	146	117	-	-	-	-	-	-	-
Metropolitan Learning Center (Couch) (1914)										
Gross Floor Area (sq ft): 68,135										
Focus/Alt Prog Enrollment	432	439	447	439	444	424	443	440	447	455
Richmond (1908) (12)										
Gross Floor Area (sq ft): 77,070										
Elementary Enrollment	415	393	309	360	436	505	569	612	662	662
Enrollment in other Focus/Alt. Programs										
Focus/Alt Prog Enroll. (Alliance HS) (9)	-	-	-	366	292	288	267	223	233	222
Focus/Alt Prog Enroll. (Head Start)	539	528	625	606	674	696	732	804	790	824
Focus/Alt Prog Enroll. (ACCESS) (23)	-	-	-	-	-	159	200	196	198	219
Focus/Alt Prog Enroll. (Turnaround) (22)	-	-	-	-	-	-	-	-	21	19
Focus/Alt Prog Enroll. (ESL) (8)	-	-	-	-	-	-	-	-	-	-
Inactive School and Other Facilities										
Applegate (1954) (12)										
Gross Floor Area (sq ft): 26,101										
Elementary Enrollment	198	138	-	-	-	-	-	-	-	-
Ball (1948) [sold in 2007]										
Gross Floor Area (sq ft): 24,594										
Elementary Enrollment	226	228	271	-	-	-	-	-	-	-
BESC (1978)										
Gross Floor Area (sq ft): 381,723										
Binsmead (1949) (1)										
Middle School Enrollment	687	687	680	484	346	-	-	-	-	-
Brooklyn (1930) (16)										
Gross Floor Area (sq ft): 39,084										
Elementary Enrollment	-	-	-	-	-	-	-	-	-	-
Child Service Center (1924)										
Gross Floor Area (sq ft): 190,597										
Clarendon (1970) (4,19)										
Gross Floor Area (sq ft): 42,958										
Elementary Enrollment	466	460	429	286	-	-	-	-	-	-
Columbia Holding (1946)										
Gross Floor Area (sq ft): 37,746										
Columbia Bus Barn Bldg (na)										
Gross Floor Area (sq ft): 9,600										
Columbia Bus Parking (portable) (na)										
Gross Floor Area (sq ft): 960										
Edwards (1961) (12)										
Gross Floor Area (sq ft): 20,502										
Elementary Enrollment	189	199	-	-	-	-	-	-	-	-

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011	2011-2012	2012-2013
Fernwood (1911)	(4,19)										
Middle School Enrollment		644	582	466	347	-	-	-	-	-	-
Foster (1962)											
Gross Floor Area (sq ft): 12,462											
Glenhaven Vocational Village (1913)											
Gross Floor Area (sq ft): 63,714											
Focus/Alt Prog Enroll (Meek HS)	(9)	-	-	-	-	-	-	-	-	-	-
Green Thumb (1974)											
Gross Floor Area (sq ft): 32,767											
Gregory Heights (1923)	(4,19)										
Gross Floor Area (sq ft): 95,438											
Middle School Enrollment		718	630	691	471	-	-	-	-	-	-
Holladay Center w/ Annex (1961)											
Gross Floor Area (sq ft): 61,457											
Kellogg (1913)	(5)										
Gross Floor Area (sq ft): 94,592											
Middle School Enrollment		633	591	482	269	-	-	-	-	-	-
Kenton (1913)	(12)										
Gross Floor Area (sq ft): 52,363											
Elementary Enrollment		225	166	-	-	-	-	-	-	-	-
King Neighborhood Facility (1974)											
Gross Floor Area (sq ft): 9,200											
Mallory Site (portables) (na)											
Gross Floor Area (sq ft): 2,048											
Masonic Temple At Jefferson (na)											
Gross Floor Area (sq ft): 16,245											
Rice (1956)											
Gross Floor Area (sq ft): 16,990											
Sacajawea (1953)											
Gross Floor Area (sq ft): 18,751											
Smith (1958)	(12)										
Gross Floor Area (sq ft): 38,472											
Elementary Enrollment		238	219	-	-	-	-	-	-	-	-
East Sylvan (1933) (Bldg used by W. Sylvan)											
Gross Floor Area (sq ft): 24,986											
Terwilliger (1917)											
Gross Floor Area (sq ft): 24,646											
Tubman w/ Annex (1952)	(5)										
Gross Floor Area (sq ft): 96,860											
Middle School Enrollment		373	294	273	131	-	-	-	-	-	-
Whitaker/Adams - Killingsworth (1967)	(12,19)										
Gross Floor Area (sq ft): 0											
Middle School Enrollment		-	-	-	-	-	-	-	-	-	-
Whitaker Lakeside Holding (1953)	(12,19)										
Gross Floor Area (sq ft): 0											
Middle School Enrollment		357	289	-	-	-	-	-	-	-	-
Wilcox (1959)	(16)										
Gross Floor Area (sq ft): 19,102											
Elementary Enrollment		-	-	-	-	-	-	-	-	-	-
Youngson (1955)	(16)										
Gross Floor Area (sq ft): 32,824											
Elementary Enrollment		-	-	-	-	-	-	-	-	-	-

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
Enrollment Summary:										
Regular Programs										
Elementary Schools	22,733	22,307	22,142	22,671	23,817	24,625	25,145	25,397	25,992	26,577
Middle Schools	9,620	9,250	8,545	7,622	6,252	5,751	5,695	5,619	5,613	5,365
High Schools	12,982	12,683	12,600	11,950	11,629	11,033	11,034	10,978	10,810	10,551
Focus/Alternative Programs	1,470	1,232	1,317	1,430	1,432	1,587	1,642	1,663	1,689	1,739
Plus enrollment not normally within PPS facilities:										
Community Based Programs (8)	1,270	1,171	1,308	1,303	1,342	1,282	1,206	1,275	1,150	1,207
Special Education Programs (7,8,13,14,15)	462	562	525	548	539	522	500	385	502	457
Public Charter Programs (8)	<u>346</u>	<u>451</u>	<u>571</u>	<u>824</u>	<u>1,077</u>	<u>1,246</u>	<u>374</u>	<u>1,486</u>	<u>1,532</u>	<u>1,627</u>
Total Enrollment	<u>48,883</u>	<u>47,656</u>	<u>47,008</u>	<u>46,348</u>	<u>46,088</u>	<u>46,046</u>	<u>46,596</u>	<u>46,803</u>	<u>47,288</u>	<u>47,523</u>
Gross Floor Area (sq ft) Summary:										
		<u>Oldest</u>	<u>Median</u>	<u>Newest</u>						
Elementary Schools	3,534,380	101	74	7						
Middle Schools	919,943	100	63	49						
High Schools	3,016,888	104	87	54						
Focus/Alternative Schools	276,901	105	92	60						
Other Facilities	<u>1,486,782</u>	102	61	35						
Total Gross Floor Area (sq ft)	<u>9,234,894</u>	105	66	7						

Sources:

Gross Floor Area - PPS Facilities and Asset Management "Gross Floor Areas, Site Areas, and Year of Construction for Original Building on Site"; Rel. March 4, 2003. Gross area includes portables, fieldhouses, and tunnels; no unfinished attic space is included.

Office of Data and Policy - School Profiles and Enrollment Data, October 2012-2013. Enrollment counts are compiled on or about the first of October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes:

Program type (i.e., elementary, middle, high, etc.) reflects the most recent administrative assignment. In recent years enrollment counts are compiled on or about the first of October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated. Schools and programs that are no longer in operation are designated as 'closed'.

(1) For the 2008-09 school year, Binnsmead closed and Clark moved from the Clark site into the Binnsmead site. The Creative Science School Program (CSSP) expanded and moved from Bridger Elementary to the Clark site. Clark K-8 at Binnsmead was recently renamed Harrison Park K-8 school.

(2) The ACCESS Program is located at Sabin site but is a district-wide alternative education program drawing students district wide. Starting in 2008-09 the enrollment for ACCESS has been separated from Sabin elementary. Access was sharing Sabin location and on Sept. 2013 relocated to Rose City Park (note#23).

(3) For the 2008-09 school year, Scott and Rigler remained K-7 schools, and those students that matriculated from 7th to 8th grade attended the Madison 8th grade academy. For 2009-10, Scott and Rigler became K-8 Schools. For the 2011-12 school year, Rigler neighborhood 7th and 8th graders attended Vernon.

(4) For the 2007-08 school year, Clarendon ES and Portsmouth MS merged to form a KG-8 school. Enrollment counts for years prior to 2007-08 for Clarendon consist of grades KG-5 only. Enrollment counts for Portsmouth prior to 2007-08 are contained in the MS section of this report. Enrollment counts for the two schools should have been put into Portsmouth MS instead of Clarendon ES. FY 2009-10, enrollment for both schools is captured in the Portsmouth MS line in the elementary section of the report and Clarendon ES is moved to the inactive list. On July 17, 2010, Clarendon-Portsmouth was renamed Cesar Chavez. Similarly, Hollyrood ES and Fernwood MS merged to form a KG-8 school (renamed Beverly Cleary) as did Rose City Park ES and Gregory Heights MS (renamed Roseway Heights).

(5) For the 2007-08 school year, Kellogg MS was closed. Eighth grade students that would have been enrolled at Kellogg for the 2007-08 school year were enrolled at Franklin HS. Tubman MS was also closed and a new Young Women's Academy was opened on the Tubman campus as part of Jefferson High School. Effective 2011-12, students in the Jefferson cluster have the choice to attend either the new Jefferson Middle College program or a neighborhood comprehensive high school program at Roosevelt, Madison or Grant, depending on where they live within the Jefferson cluster boundaries.

(6) Transitioning or recently transitioned to KG - 8.

(7) Day and Residential Treatment Programs (Long term care and treatment).

(8) No students enrolled for current school year.

(9) For the 2006-07 school year, Meek Professional Technical HS, Portland Night HS at Grant, Marshall Night HS, and Madison Focus (shown in Madison enrollment in prior years) merged to form Alliance High School.

(10) For the 2006-07 school year, Ockley Green converted from a Middle School to a KG-8, and Kellogg and Portsmouth no longer received sixth grade students.

(11) For the 2005-06 school year, two high schools located at the Marshall campus, Linus Pauling Academy and Portland Academy of International Studies, merged into one school renamed Pauling Academy of Integrated Sciences.

(12) Applegate, Edwards, Kenton, Richmond and Smith Elementary Schools were closed at the end of the 2004-05 school year. Whitaker Middle school was closed as well. Most elementary school-aged students residing in the Applegate neighborhood area went on to attend Woodlawn. Similarly, students residing in the Edwards neighborhood area went on to attend Abernethy, those at Kenton to Chief Joseph; those at Richmond to Abernethy, Creston or Glencoe; and those at Smith went on to Capitol Hill, Maplewood or Markham. Most middle school students residing in the Whitaker neighborhood area went on to attend Tubman. A new focus/option school was established at the Richmond ES site.

(13) For the 2004-05 school year, the Environmental Middle School combined with Sunnyside Elementary and was renamed as Sunnyside Environmental School. In addition, the Odyssey program and its students (formerly at Chapman Elementary) moved to Hayhurst Elementary. The Family Cooperative program (formerly at Sunnyside) moved to Bridger Elementary.

(14) Pioneer Schools consist of elementary, middle and high school programs. It was formerly known as ES B Program at Youngson, MS B Program at Foster and HS B Program at Columbia.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
DRAFT 11/22/13
Last Ten Fiscal Years (continued)

Footnotes (continued):

(15) As of the 2003-04 school year, enrollment summaries no longer include the following programs: Hospital Programs (Emanuel, Oregon Health Science University, Shriners Hospitals); M.E.S.D. Functional Living Skills; Portland Early Intervention Program (PeiP) and Columbia Regional Programs (Autism, Deaf and Hard of Hearing, Orthopedic and Vision Oregon State and Oregon State and Services). Administration of the Hospital Programs, Functional Living Skills and PeiP was transferred to Multnomah Education Service District (M.E.S.D.). Historically, enrollments reported for Columbia Regional Programs represent non-District students served by PPS staff on a part-time basis. For purposes of State reporting, membership (i.e., enrollment) the Columbia Regional Program students are reported by the resident District.

(16) Brooklyn and Meek Elementary Schools were closed at the end of the 2002-03 school year. Most students residing in the Brooklyn neighborhood area went on to attend Grout Elementary, while those residing in the Meek neighborhood area attended Vernon Elementary. Similarly, Wilcox and Youngson Elementary Schools were closed at the end of the 2001-02 school year. Most students residing in the Wilcox neighborhood area went on to attend Vestal Elementary, while those residing in the Youngson neighborhood area attended Bridger Elementary.

(17) On November 10, 2009, a portion of the Marysville K-8 school was destroyed as a result of a fire. Marysville K-8 school students and staff were moved into the Rose City Park building temporarily until the school was renovated. Marysville moved out of Rose City Park in December, 2012 and moved back to Marysville location in January, 2013.

(18) Clark K-8 @ Binnsmead was renamed Harrison Park K-8 school.

(19) In FY 2009-10 Gregory Heights MS, Clarendon ES and Fernwood were moved to the inactive list. The Whitaker Killingsworth site no longer has a building on it, but the District still owns the land. We have removed the square footage, but have kept the site on the inactive list. Whitaker Lakeside will be removed once there is no activity for the enrollment for the last ten years. Whitaker Lakeside will remain on the list for 0 square footage until that time.

(20) In FY 2009-10, at Jefferson High School, the Academy of Arts & Tech; Science & Tech; School of Champions; School of Pride and the Young Men's Academy programs within Jefferson High School were closed. The Young Men's Academy students returned to Jefferson.

(21) As of 7/1/2011, Marshall High School no longer operated as a high school. Students in the Harrison Park K-8 School area attend Madison High School. Students in the Kelly and Woodmere Elementary School areas, and the Bridger, Lent and Marysville K-8 areas, attend Franklin High School. Students in the Whitman Elementary School area attend Cleveland High School.

(22) For FY 2011-12, the Focus/Alt Program enrollment of 21 at Turnaround includes the Teen Parent Program (4) and Ramona Early Children (17).

(23) Rose City Park location became inactive in December, 2012. On September, 2013 Access Academy relocated in Rose City Park Building.

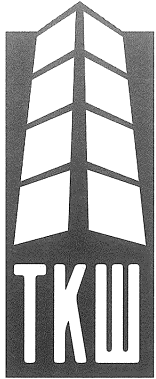
(24) Humboldt closed on June 30, 2012. Students from Humboldt now attend the Boise-Elliot location.

LAURELHURST ELEMENTARY

is now safer and drier thanks to the PPS School Building Improvement Bond.



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**



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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

December 16, 2013

Board of Education
School District No. 1J, Multnomah County
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon, (the District) as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2013.

COMPLIANCE

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial 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.

We performed the 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:

State School Fund Factors and Calculation:

- The District did not properly withdraw one student, from our sample of sixty students, who was absent for more than ten consecutive days.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

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OAR 162-10-230 INTERNAL CONTROL

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

RESTRICTIONS ON USE

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

Talbot, Kowola & Warwick LLP

Certified Public Accountants

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. It is the policy of the Portland Public School Board that there will be no discrimination or harassment of individuals or groups on the grounds of age, color, creed, disability, marital status, national origin, race, religion, sex or sexual orientation in any educational programs, activities or employment.

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

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District 504: Tammy Jackson	Phone: 503-916-2000 x71004
American Disabilities Act: Stephanie Harper, HR Legal Counsel	Phone: 503-916-3246

2012-13 CAFR Preparation

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General Ledger Accountant III
Premila Kumar, General Ledger Accountant III
Amoy Williamson, CPA, Student Body Funds
Auditor

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Matthew Howe, Accounts Receivable Clerk

Special thanks to Sara Bottomley, Assistant Budget Director and the Budget Department staff

