

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2012



Benson House Projects - Mallory House

At Portland Public Schools, this is our goal: By the end of elementary, middle, and high school, every student by name will meet or exceed academic standards and will be fully prepared to make productive life decisions. Portland Public Schools is an equal opportunity educator and employer.

About the cover

Benson House Projects - Mallory House

The Mallory House is located at 4225 NE Mallory Avenue, Portland, Oregon. Construction of the Mallory House was a three-year project. Designs were completed by Benson Architectural students in the spring of 2009 with groundbreaking in December of 2009. The house is an Energy Star-certified home with many desirable features such as hardwood flooring throughout, student-made hardwood cabinets, stainless steel appliances, granite countertops and Fir wood finish trim.

The Benson High School Program offers students hands-on experience in building a residential home through all phases of construction to final completion. The Benson High School Program has sold 16 homes since the late 1970's.

Teachers Tony Franciscone and Rich Weber teach the students all phases of building construction in this program from blueprint reading , foundation systems, floor and wall systems, flooring, window and door installation, roofing , siding, cabinetmaking and woodworking to construction math, building science and basic engineering. These homes are built primarily with student labor and donations of material and labor from industry and community partners. Benson House Projects usually take between two to three years to complete.

Once completed, these homes are offered on the market through a commercial broker. The Mallory House was listed on June 18, 2012 for \$305,000. The District received a purchase offer of \$320,000 on June 24, 2012 and the sale was completed in July 2012. Proceeds from the sale of this home are directed back into the program to sustain the Benson Construction Technology Program.

The next Benson Program House is planned for the adjacent corner lot at 4231 NE Mallory Avenue, cross street NE Skidmore Street. Work on the foundation for this house has begun.

Portland Public Schools

Comprehensive Annual Financial Report

For the year ended June 30, 2012

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, 2012

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Mallory House - Foundation Work



PORTLAND PUBLIC SCHOOLS

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OFFICE OF THE SUPERINTENDENT

Carole Smith
Superintendent

December 3, 2012

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, 2012, 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' 2011 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 marks the second year for implementation of GASB Statement No. 54, which changes the way the District reports its fund balances in the governmental type fund reporting.

The **Statistical Section** includes selected financial and demographic information, generally presented on a multi-year basis. This CAFR marks the eighth year for implementation of GASB Statement No. 44, resulting in schedules designed to improve the understandability and usefulness of the information presented in the statistical section.

The **Audit Comments and Disclosures Section** contains 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 500,000 including portions of the cities of Portland (estimated population 585,800), Lake Oswego (estimated population 36,700), 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 2011 was 47,288. 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-8, PK-5, 1-8 | 26,445 | 56% |
| Middle Schools | 6-8 | 5,160 | 11% |
| High Schools | 9-12, 8-12, 6-11, 6-12 | 10,810 | 23% |
| Total Regular Schools | | 42,415 | 90% |
| Magnet/Special Focus Programs | PK, K-12, 9-12, 10-12 | 1,689 | 4% |
| Total Regular & Special Focus | | 44,104 | 94% |
| Community-Based Programs | 9-12, 6-8, 6-12 | 1,150 | 2% |
| Special Education Programs | K-12 | 502 | 1% |
| Public Charter Programs | K-4, K-5, K-12, 6-8, 9-12 | 1,532 | 3% |
| Total Programs and Enrollment | | 47,288 | 100% |

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

Source: PPS; Enrollment Summaries, October 2011

After more than a decade of steady decline beginning in 1996-97, Portland Public Schools has seen increasing enrollment counts for the last four years since a nadir in October, 2008 with the early counts for 2012 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 numbers in the younger grades offsetting lower numbers 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 medium growth forecast from PSUPRC which showed continued steady but modest increase in District enrollment with the total reaching 49,351 by 2016-17. Under this scenario the numbers in early grades would continue to increase. Middle grades would increase as the students currently in younger grades move through the system, and high school numbers would be relatively flat.

The October 2012 preliminary enrollment count of 47,595 shows an increase of 307 students over October 2011, 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.

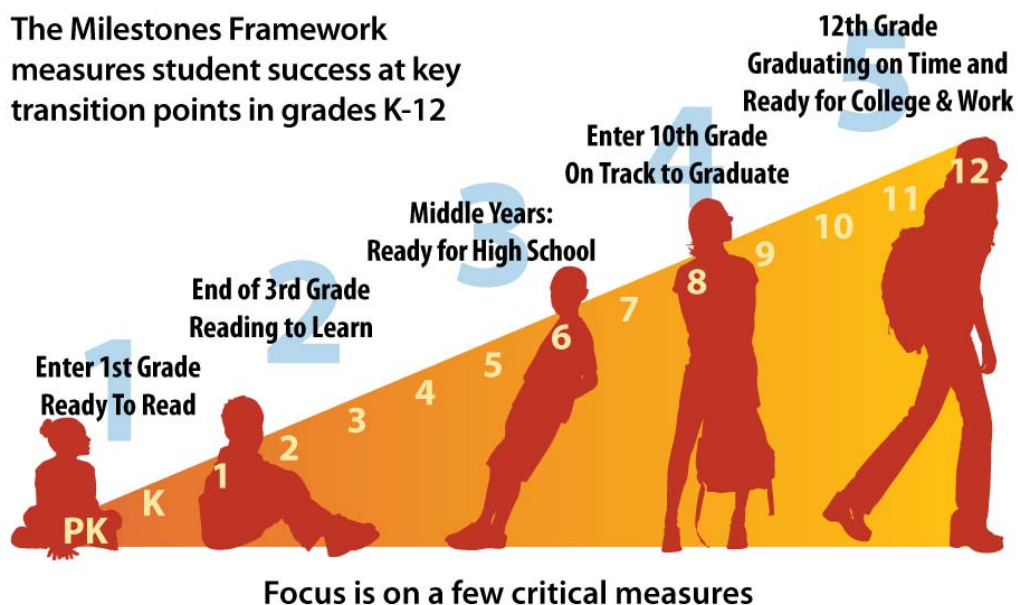
Under Oregon State law, school districts are independent municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. The District discharges this responsibility by building, operating, and maintaining school facilities, 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 – The PPS Milestones Framework

Portland Public Schools' core mission is to ensure that every student, by name, succeeds regardless of race and class. This means that PPS must provide its 47,288 students the instruction and support they need to succeed at every grade, so they graduate on time and are prepared for college, career and citizenship. The District has set measures – a Milestones Framework – to gauge student achievement at key learning stages, from the earliest grades through graduation day.

The Milestones Framework was designed to rely on existing tools and statistics – including annual state assessment results, student credit attainment and graduation rates – to measure how students are performing at particular points in their education. Research shows that these measures, at these junctures, predict whether students will graduate on time and be ready for college or a career. We have set goals for better student performance so we can hold ourselves accountable to our families and our community, and to see which educational strategies are working to produce better results. We have also aligned our Milestones to State Achievement Compacts where possible.



Results for 2011-2012

There are five Milestone/Achievement Compact Measures. PPS sorts data results by racial subgroups to quantify the achievement gap – the extent to which race predicts academic success.

In 2011-12 PPS set specific targets for three key Milestones Measures to evaluate progress (third grade reading, students entering tenth grade on-track to graduate and our 4-year cohort graduation rate). The goal was to increase the overall performance on each of these measures by five percentage points and at the same time to reduce the disparity in outcomes between white students and the lowest reported racial sub-group by five percentage points. The targets were achieved in four out of six cases, and the result was an improvement of three and four percentage points in the remaining two as indicated below.

While, overall, students are showing progress at most Milestones and there has been progress in closing some achievement gaps, there remains much that PPS schools need to do to help students of color to experience results at the same level as their white peers while raising results for all of our students to the levels that they deserve.

| Progress on Milestones/Achievement Compacts | | | |
|---|--|---------------------------------------|-----------------------|
| Milestone | 2010-11 Actual | 2011-12 Target | 2011-12 Actual |
| Reading to Learn (Meet or exceed benchmark by the end of 3rd grade) | 71% | Keep up: +5 | +6 (77%) |
| | Largest gap: Hispanic v. white 34pts | Catch up: -5 Close gap by 5 | -4 (30 pts) |
| On Track to Graduate (Enter 10th grade with 6 credits and 90% attendance) | 63% | Keep up: +5 | +7 (70%) |
| | Largest gap: Multi-racial v. white 25pts | Catch up: -5 Close gap by 5 | -3 (22 pts) |
| | 2009-10 Actual | 2010-11 Target | 2010-11 Actual |
| 4-year Cohort Graduation Rate | 54% | Keep up: +5 | +8 (62%) |
| | Largest gap: Hispanic v. white 27pts | Catch up: -5 Close gap by 5 | -9 (18 pts) |

= Met Target
 = Near Target

1. Students entering first grade should be ready to read.

PPS did not report progress on the first grade milestone for the last two years. Working in partnership with other school districts in Multnomah County under the Cradle-to-Career initiative, we are re-evaluating whether our definition of this Milestone aligns well with the type of student performance shown by other Milestones. In addition, there have been changes to how data for this Milestone have been collected and reported over time that make year-to-year comparisons unreliable. The Oregon Department of Education is currently piloting a Kindergarten Readiness Assessment that we anticipate will be a factor in this Milestone.

2. By the end of third grade, students should be reading to learn.

Result: 77% of third-graders met this measure, an increase of 5 percentage points from 71% in 2010-11. PPS exceeded the target of increasing performance by five percentage points.

How it's measured: Third-graders must meet or exceed the benchmark on a state reading test. PPS has historically used a higher cut score, and we are pleased that ODE raised the Meets cut score to a level more predictive of student success.

Racial achievement gap: The 34 percentage point gap between white and Hispanic students was reduced by four percentage points (to 30 percentage points). PPS missed the target of reducing the largest gap by a single percentage point.

3. Ready for high school.

With the suspension of the State writing test at 7th grade and the change in math standards K-12, the Ready for High School Milestone is currently suspended.

4. Sophomores should be on track to graduate.

Result: 70% of students met this milestone, an increase of seven percentage points from 2010-11. PPS exceeded the target of increasing performance by five percentage points.

How it's measured: Students must enter 10th grade with six or more credits and 90% or better attendance.

Racial achievement gap: In 2010-2011, the largest gap existed between multi-racial and white students (25 percentage points). PPS did not meet the target of reducing this gap by five percentage points, as the gap was reduced by only three percentage points.

5. Students should graduate on time, equipped for work and college.

Students must graduate within four years. In the 2007-08 to 2011-12 cohort, 62% of PPS students graduated on time, an eight percentage point increase from the cohort one year earlier. This exceeded our target.

Racial achievement gap: For the graduation rate, the largest gap, between Hispanic and white students, was closed by nine percentage points, exceeding our targets.

PPS is taking a number of actions to improve student performance. These actions include, but are not limited to, providing greater support for high-needs "Academic Priority Zone" schools, nurturing collaboration across schools, offering focused professional development to improve curriculum and instruction, ensuring students have access to rigorous courses and continuing to support intervention programs such as the summer academies for students who need extra opportunity to stay on track to meet their educational goals and addressing the role and presence of whiteness in our educational system and teaching practices.

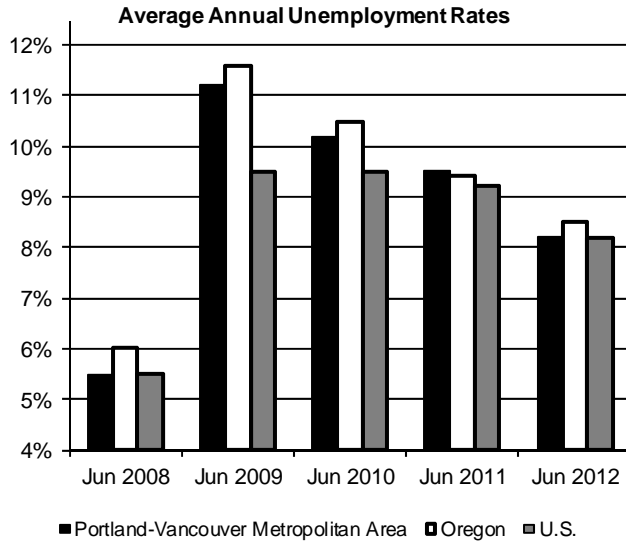
Factors Affecting Financial Condition

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 2012 rate of 8.5%. Oregon's unemployment rates have been higher than the U.S. average, and are an indication the economy remains weaker than the nation as a whole. Reduced housing and construction activity, coupled with reduced home values have been contributing factors in the overall decline in state funding for education.



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 due to the threat of events overseas impacting US and Oregon economic growth. Workforce growth over the past year was a modest 0.9 percent, with growth in all sectors except Government, which declined 2.1 percent and continued to have a negative impact on overall job growth. The majority of this decline occurred in K-12 and community college positions. Further public sector downsizing is a clear possibility, as funding for these positions is tied to the recovery of General Fund revenues and property taxes. One bright spot for Oregon is the housing market, which has begun to show early signs of recovery with an increase in housing prices over the past year. 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 however reflects the state's poor economy with a reduced workforce at June 2012 and an unemployment rate of 8.2%.

| Oregon Employment by Industry (not seasonally adjusted) | June | | Change from prior year |
|--|---------|---------|---------------------------|
| | 2011 | 2012 | |
| Trade, Transportation & Utilities | 311.5 | 319.3 | 2.5% |
| Government | 307.2 | 300.9 | -2.1% |
| Education & Health Services | 231.4 | 233.7 | 1.0% |
| Professional & Business Services | 187.6 | 190.2 | 1.4% |
| Leisure & Hospitality | 170.6 | 172.1 | 0.9% |
| Manufacturing | 168.2 | 169.7 | 0.9% |
| Financial Activities | 92.4 | 93.2 | 0.9% |
| Construction | 69.8 | 70.2 | 0.6% |
| Information | 32.0 | 33.5 | 4.7% |
| Mining & Logging | 7.0 | 7.1 | 1.4% |
| Other Services | 57.3 | 59.0 | 3.0% |
| Total non-farm workforce (in thousands) | 1,635.0 | 1,648.9 | |
| Workforce change from prior year | 1.9% | 0.9% | |

PPS has the authority to generate revenue locally through the local option levy and has, thanks to the generous support 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, locally the revenue available under the local option levy is a reflection of the impact of the economy on tax assessed values and, most particularly, market values of taxable property within PPS. The state of the local economy has an impact on this potential revenue. 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 3.2% in the past year, but are still 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 property levy. PPS operates well over 100 buildings on its 85 school campuses. The average age of the school buildings in service is roughly 65 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 May, 2011, PPS placed a capital bond on the ballot that would have provided \$548 million for school construction and capital improvement projects. The bond was not approved. 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 but has not yet been certified by the county election offices as of the issue date of this report. 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.

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 unqualified 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.

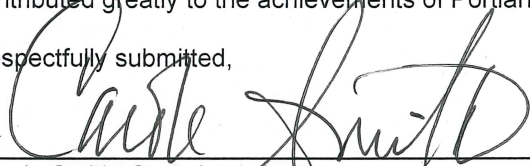
Awards and Acknowledgements

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, 2011. This was the 32nd 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.

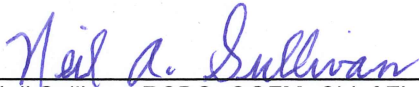
The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the 32nd consecutive year that the District earned this significant 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 2012 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, 2012

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 | 4 | June 30, 2013 | 971-409-3245 | mgonzalez@pps.net |
| Pam Knowles | 5 | June 30, 2013 | 503-334-3668 | pknowles@pps.net |
| Trudy Sargent | 6 | June 30, 2013 | 503-916-6655 | tsargent@pps.net |
| Greg Belisle | 7 | June 30, 2015 | 971-221-6866 | gbelisle@pps.net |

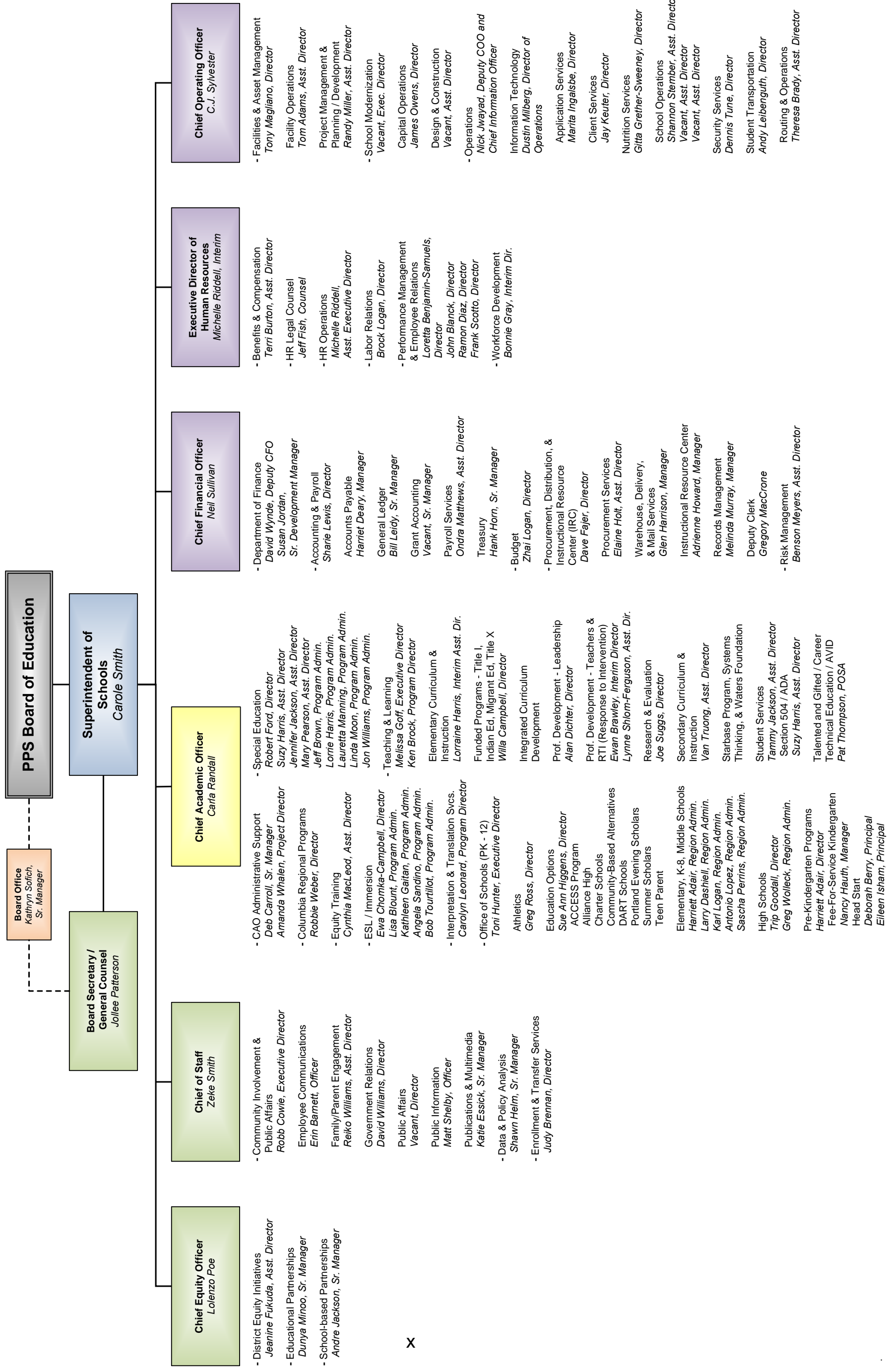
Ruth Adkins, Matt Morton, Bobbie Regan, and Greg Belisle were elected to four-year terms commencing July 1, 2011 and expiring June 30, 2015.

ADMINISTRATIVE STAFF

Carole SmithSuperintendent
 Zeke Smith.....Chief of Staff
 C. J. Sylvester, MSSN.....Chief Operating Officer
 Neil Sullivan, RSBO, CGFM.....Chief Financial Officer
 Carla Randall.....Chief Academic Officer
 Jollee Patterson, J.D.....General Counsel



Portland Public Schools 2011-2012 Organizational Structure



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, 2011*

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



A handwritten signature in black ink, reading "Brian L. Mee".

Brian L. Mee, SFO, RSBA
President

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

John D. Musso, CAE, RSBA
Executive Director

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, 2011

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President

Jeffrey R. Emer

Executive Director



Mallory House - Framing Work



**Talbot, Korvola
& Warwick, LLP**

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INDEPENDENT AUDITOR'S REPORT

December 3, 2012

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

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, 2012, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Other Postemployment Benefits Schedule of Funding Progress, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Board of Education
School District No. 1J, Multnomah County, Oregon
December 3, 2012
Page 2

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.

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

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Introductory and Statistical Sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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, 2012. 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

- ◆ The net assets of Portland Public Schools were \$199.8 million at June 30, 2012. Of that amount \$157.2 million was invested in capital assets net of related debt, \$21.6 million was restricted for capital projects and other restrictions, and \$21.0 million was unrestricted. Further analysis can be found on page 5 in the Analysis of Net Assets.
- ◆ Total net assets for the year decreased by \$4.7 million as shown in the Analysis of Activities on page 6. The overall decrease 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 February 2012 the District entered into a two year \$45 million line of credit agreement to finance: 1) repayment of \$25.75 million of short term debt; 2) purchase of Rosa Parks School in Oct 2012 for \$9.0 million; and 3) replacement of over 40 school boiler burners for \$9.1 million. Capital expenditures and debt are further explained on pages 9-10.
- ◆ In January 2012 the District refinanced \$14.2 million of the PERS limited tax pension bonds with \$14.4 million of new debt to take advantage of lower interest rates. The interest rate of the retired debt was 5.50%, while the new debt is at 2.75%. This refinancing resulted in an interest savings of \$156 thousand in the current year, and is expected to save approximately \$375 thousand per year in future years.
- ◆ The District implemented several policy changes to improve transparency and accountability for debt-related transactions, capital projects, and self-insurance. Five new funds were created or reopened to account for debt service and capital projects separately from the General Fund. In addition, self-insurance activity related to general liability and property claims was moved from the Self Insurance Fund (a proprietary fund) to the General Fund, leaving only Workers Compensation Program activities in the Self Insurance Fund.

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. Both 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 School Modernization Fund, all of which are considered to be major funds. Data from the other sixteen 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 16-23 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 24-26 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 27-52 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.

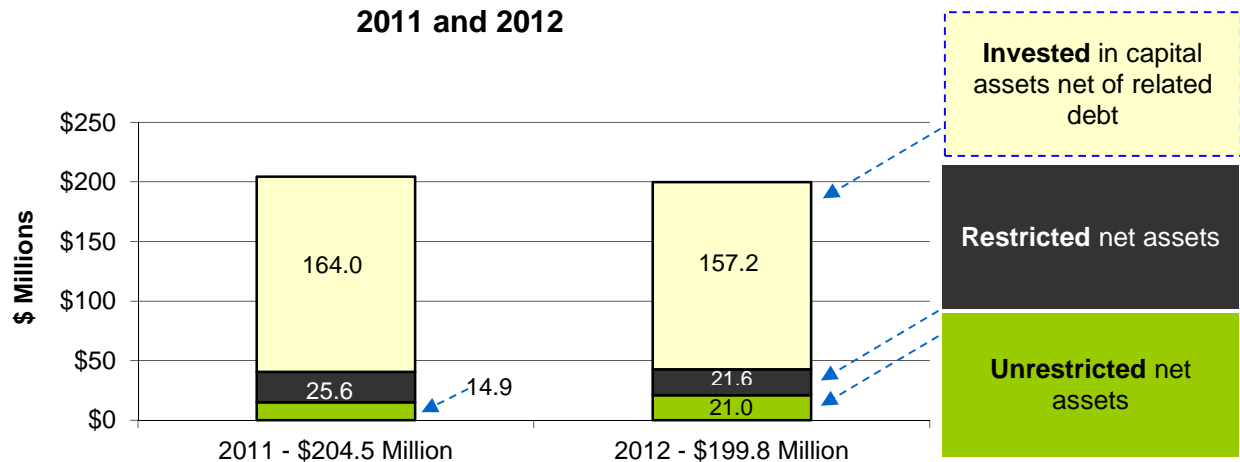
Supplementary Information (SI) presented on pages 61-97 includes combining statements for the nonmajor governmental funds, budgetary comparison schedules for nonmajor and other funds, and other financial schedules.

Government-Wide Financial Analysis

Analysis of Net Assets. The Statement of Net Assets presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time net assets 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 Assets | Government-wide | | | |
|--|-----------------|------------|------------|----------|
| | 2011 | 2012 | Change | % change |
| Assets | | | | |
| Current or other assets | \$ 614,348 | \$ 606,378 | \$ (7,970) | -1.3% |
| Net capital assets | 200,731 | 199,058 | (1,673) | -0.8% |
| Total Assets | 815,079 | 805,436 | (9,643) | -1.2% |
| Liabilities | | | | |
| Long-term liabilities outstanding | 490,046 | 504,183 | 14,137 | 2.9% |
| Other liabilities | 120,498 | 101,419 | (19,079) | -15.8% |
| Total Liabilities | 610,544 | 605,602 | (4,942) | -0.8% |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | 164,033 | 157,209 | (6,824) | -4.2% |
| Restricted | 25,597 | 21,577 | (4,020) | -15.7% |
| Unrestricted | 14,905 | 21,048 | 6,143 | 41.2% |
| Total Net Assets | \$ 204,535 | \$ 199,834 | \$ (4,701) | -2.3% |

GOVERNMENT-WIDE NET ASSETS 2011 and 2012



Net Assets - 2012 compared to 2011.

Net Assets are a primary indicator of financial position. In the case of Portland Public Schools assets exceeded liabilities by \$199.8 million at the close of the most current fiscal year. *Net Assets Invested in Capital Assets Net of Related Debt* (\$157.2 million) is the largest component of District Net Assets, and has decreased by \$6.8 million this year, mainly due to depreciation (\$12.2 million) offset by the

completion of debt financed capital projects (\$6.5 million). *Restricted Net Assets* (\$21.6 million) reports the unspent portions of capital projects debt and net assets restricted by grantors. Restricted net assets have decreased \$4.0 million this year, reflecting primarily the portions of debt expended for capital purposes (\$6.5 million) less unspent revenues in the Construction Excise Tax Fund (\$2.1 million). *Unrestricted Net Assets* (\$21.0 million) are the remaining net assets, and have increased \$6.1 million primarily due to reductions 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 assets 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 assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes, and earned but unused vacation leave).

| Statement of Activities | Government-wide | | | | |
|-------------------------------------|-------------------|-------------------|-----------------|-------------------|--------------|
| | 2011 | 2012 | % of total 2012 | Change | % change |
| Revenues | | | | | |
| Program Revenues | | | | | |
| Charges for services | \$ 11,813 | \$ 11,577 | 2.1% | \$ (236) | -2.0% |
| Operating grants & contributions | 105,740 | 99,629 | 18.3% | (6,111) | -5.8% |
| Total Program Revenues | <u>117,553</u> | <u>111,206</u> | <u>20.4%</u> | <u>(6,347)</u> | <u>-5.4%</u> |
| General Revenues | | | | | |
| Property & other taxes | 194,170 | 200,906 | 36.9% | 6,736 | 3.5% |
| Local option taxes | 38,226 | 53,622 | 9.8% | 15,396 | 40.3% |
| County and intermediate sources | 9,543 | 9,588 | 1.8% | 45 | 0.5% |
| Construction excise tax | 1,361 | 2,108 | 0.4% | 747 | 54.9% |
| State School Fund | 139,229 | 149,031 | 27.3% | 9,802 | 7.0% |
| State Common School Fund | 4,461 | 4,138 | 0.8% | (323) | -7.2% |
| Federal stimulus | 14,349 | 403 | 0.1% | (13,946) | -97.2% |
| Investment earnings | 582 | 595 | 0.1% | 13 | 2.2% |
| Other | 8,440 | 13,535 | 2.5% | 5,095 | 60.4% |
| Total General Revenues | <u>410,361</u> | <u>433,926</u> | <u>79.6%</u> | <u>23,565</u> | <u>5.7%</u> |
| Total Revenues | <u>527,914</u> | <u>545,132</u> | <u>100.0%</u> | <u>17,218</u> | <u>3.3%</u> |
| Expenses | | | | | |
| Instruction | 315,465 | 287,424 | 52.3% | (28,041) | -8.9% |
| Support services | 204,613 | 206,856 | 37.6% | 2,243 | 1.1% |
| Enterprise & community services | 19,758 | 19,108 | 3.5% | (650) | -3.3% |
| Non-capital facilities | | | | | |
| maintenance & replacement | 11,649 | 10,697 | 1.9% | (952) | -8.2% |
| Interest and fees on long-term debt | 2,135 | 25,748 | 4.7% | 23,613 | 1106.0% |
| Total Expenses | <u>553,620</u> | <u>549,833</u> | <u>100.0%</u> | <u>(3,787)</u> | <u>-0.7%</u> |
| Change in net assets | (25,706) | (4,701) | -2.4% | 21,005 | -81.7% |
| Net assets - beginning of year | 230,241 | 204,535 | 102.4% | (25,706) | -11.2% |
| Net assets - end of year | \$ <u>204,535</u> | \$ <u>199,834</u> | <u>100.0%</u> | \$ <u>(4,701)</u> | <u>-2.3%</u> |

REVENUES

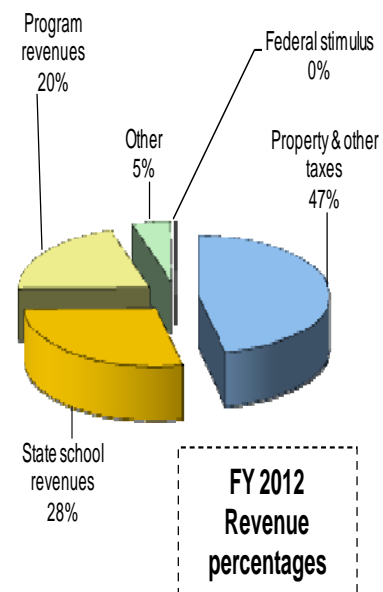
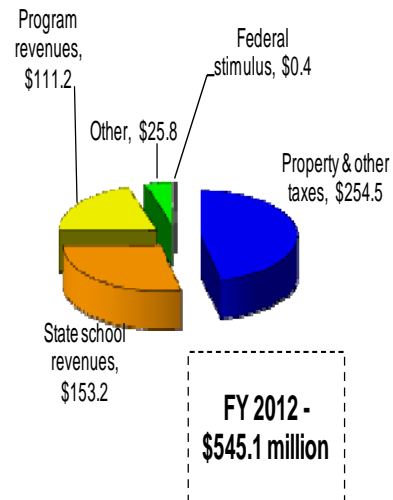
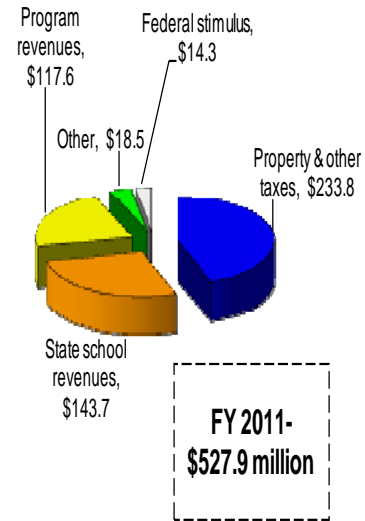
The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees 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 2012 compared to 2011.

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 – 2012 compared to 2011. Total 2012 revenues of \$545.1 million represented a \$17.2 million (or 3.3%) increase from prior year revenues of \$527.9 million. State school revenues increased \$9.5 million from the prior year due to 485 increase in student census and increased state funding rates, Federal stimulus funds decreased \$13.9 million, and grants and contributions decreased \$6.1 million, primarily due to decreases in ARRA, Ed Jobs, SFSF and Title I funding. Property and other taxes increased \$22.8 million due to increases in the local option tax assessed rate (from 1.25 to 1.99 percent) and increases in assessed value of property in the local area.

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 – 2012 compared to 2011. Current year total expenses of \$549.8 million were a decrease of 0.7% (\$3.8 million) from the prior year. The primary component of the \$28.0 million reduction in instruction costs was a reduction in spending in both the General Fund and Grant Funds, in response to the reduction in Federal stimulus funding. Support services costs increased \$2.2 million in the current year due to year-end adjustments to fringe rates. Instruction and support services together accounted for 89.9% of the District's expenses in 2012, compared to 94.0%, in the prior year. Interest expense increased \$23.6 million primarily due to a change in accounting for \$23.8 million of interest on PERS debt. In prior years, payments for PERS bond debt were reported in the general fund as PERS UAL expenditures. Beginning this year, due to a change in accounting method, the debt service was moved to a separate fund (PERS UAL Debt Service), and debt service payments were reported as principal



and interest versus PERS UAL personnel expenditures in the prior year.

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 decrease by \$0.6 million to \$30.9 million. This decrease was less than the \$5.1 million decrease (excluding contingency) anticipated in the current year budget. Instructional-Regular Program cost savings were primarily due to expenditures less than budget for wages (\$1.3 million) and consumable supplies (\$1.4 million). Instructional- Special Program cost savings were primarily due to Maintenance of Effort adjustments for Special Education (\$0.9 million) and under-utilization of budgeted wages for ESL temporary and extended hours staffing (\$0.6 million).

Of the \$30.9 million fund balance, \$28.9 million was Unassigned, another \$1.6 million was Committed by the Board, and the remainder of \$452 thousand was Nonspendable and included prepaid expenditures (\$19 thousand), notes receivable (\$326 thousand) and inventories (\$107 thousand).

Grant Fund. Of the \$67.9 million in grant funds received in 2011-12, \$61.5 million is attributable to federal and state grants. Funding for Title I and other federal Title funds of \$25.4 million was targeted to provide additional services to students disadvantaged by poverty, to support migrant education, innovative programs, and safe and drug-free schools. Approximately \$19.7 million was received for Special Education, Head Start, Striving Readers, Voluntary Public School Choice and 21st Century Grants. Public and private-entity awards and other federal and state sources accounted for \$22.8 million.

School Modernization Fund. Fund activity this year included using proceeds from the \$45 million line of credit mentioned on page three to repay \$25.75 million of short term debt. During the year the fund expended \$3.9 million in school improvement projects.

PERS Rate Stabilization Reserve Fund. By action of the District Board this year, 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 \$191 thousand. 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 transferred \$1.9 million to the General Fund to defray increasing costs for retirement benefits.

Budgetary Highlights

The 2011-12 General Fund budget was adjusted two times and there was one technical correction during the year. The Board approved changes can be briefly summarized as follows:

- In January 2012, the Board increased General Fund budgetary beginning fund balance by \$3.3 million to \$31.5 million. In addition, General Fund resources were revised to reflect increases in State School Fund (\$5.0 million) and insurance recoveries (\$0.6 million), and a decrease in anticipated Local Option Levy revenue (\$7.7 million). Net General Fund increase was \$1.2 million.
- In June 2012, the Board increased the General Fund budget \$2.7 million by increasing support services (\$1.2 million) and instruction (\$1.0 million), by decreasing facilities acquisition and construction (\$0.8 million) and debt service (\$0.5 million). An additional \$1.8 million was then added to contingency. The main reason for the increase was increased E-Rate revenue of \$2.0 million and \$0.7 million for Medicaid reimbursements from MESD.

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, 2012, the District had invested \$199.1 million in capital assets, net of depreciation and amortization, as shown in the following table:

| Capital assets | Government-wide | | | |
|-------------------------------------|-------------------|-------------------|-------------------|--------------|
| | 2011 | 2012 | change | % change |
| Land | \$ 8,274 | \$ 8,274 | \$ - | 0.0% |
| Buildings | 338,644 | 349,040 | 10,396 | 3.1% |
| Vehicles and Equipment | 43,558 | 44,052 | 494 | 1.1% |
| Construction in Progress | 14,013 | 13,658 | (355) | -2.5% |
| | <u>404,489</u> | <u>415,024</u> | <u>10,535</u> | <u>2.6%</u> |
| less accumulated depreciation | <u>(203,758)</u> | <u>(215,966)</u> | <u>(12,208)</u> | <u>6.0%</u> |
| Capital assets, net of depreciation | \$ <u>200,731</u> | \$ <u>199,058</u> | \$ <u>(1,673)</u> | <u>-0.8%</u> |

District-wide, capital assets increased by \$10.5 million in FY2011-12, and \$12.2 million in depreciation and amortization was recorded. The impact of all events has decreased net capital assets by \$1.7 million. Significant additions for the current year included projects for energy efficiency (\$3.4 million), building improvements at Franklin, Madison, and Marshall High schools related to the closure of Marshall (\$1.7 million), classroom and fire alarm upgrades (\$1.7 million), modular buildings (\$1.5 million), and roof repairs (\$1.1 million). Additional information on the District's capital assets can be found in Note 7 on pages 39-40.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$488.0 million, which is comprised of limited tax pension and refunding bonds (\$430.0 million) and debt backed by the full faith and credit of the District (\$58.0 million). During the year the District reduced debt by making scheduled debt service payments of \$17.2 million. The District also retired \$14.2 million of limited tax pension debt, and \$25.75 million of short term School Modernization debt. The two debt retirements were financed with new limited tax pension refunding debt (\$14.4 million) and a two year line of credit with US Bank (\$27.25 million). The result of all activities was an overall net decrease of \$15.3 million in outstanding debt. Further explanation of debt is offered in Note 9 of the Financial Statements (pages 41-44).

| Outstanding Debt | Government-wide | | | | |
|---|-------------------|------------------|--------------------|-------------------|--------------|
| | 2011 | increases | decreases | 2012 | % change |
| Limited tax pension and refunding bonds | \$ 440,491 | \$ 14,400 | \$ (24,833) | \$ 430,058 | -2.4% |
| Other debt | 62,851 | 27,250 | (32,129) | 57,972 | -7.8% |
| Total outstanding debt | \$ <u>503,342</u> | \$ <u>41,650</u> | \$ <u>(56,962)</u> | \$ <u>488,030</u> | <u>-3.0%</u> |

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 \$5.7 billion. More information is available in Statistical Section Schedule 11 on page 122 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 \$22 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.

Additional information on the District’s long-term debt can be found in Note 9 on pages 41-44 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

- The state’s economy, while not technically in a recession, continues at levels significantly below FY 2006-07 levels. As a result funding for K-12 education in 2012-13 is lower than in the prior biennium and continues to account for a diminishing share of the state budget. While the most likely scenario for the state’s economy going forward is for modest growth, there are risks that could upset that eventuality. Fiscal pressures for K-12 education funding are likely to continue for the foreseeable future. Stable and adequate funding remains an aspiration but is no closer to realization than at any time in the past decade. 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. Local unemployment, a lagging indicator, was 10.5% in June 2010, dropped to 9.5% for the year ended June 2011, and equaled the national average of 8.2% in June 2012. 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 May 2011, PPS voters passed a new increased five-year Local Option Levy effective July 1, 2012. The new levy, which replaces the previous levy, will generate \$52.8 million in 2012-13. The impact of the local economy on property tax values has impact on PPS local tax revenues. Market value of residential property declined 5.3 percent from the prior year. The assessed value increased 2.4 percent. These changes resulted in higher direct revenue for PPS.
- The remaining federal stimulus funds have ended under the current program and there is no current prospect for additional federal funding. In the 2011-12 year there were reductions to funding from ARRA, Ed Jobs, SFSF and Title I. This gives rise to concern for further reductions as the federal government struggles to deal with the deficit and a slowly recovering economy. Due to reduced funding for Title I by \$6 million, the District raised Title I eligibility from 40% to 60% for elementary and middle schools. This resulted in nine fewer schools funded under Title I.
- In August 2012, the Superintendent proposed an eight-year, \$482 million capital bond measure. The proposed measure was referred by the Board of Education to the District voters. The bond measure passed but has not yet been certified by the county election offices as of the issue date of this report. This bond will be the first phase of a 20-30 year effort to modernize every school in the district, and will fund:
 - Replace leaking, worn, or deteriorating school roofs.
 - Renovate Franklin High School, Grant High School and Roosevelt High School, and replace Faubion Pre K-8 school.
 - Reinforce schools against earthquakes.
 - Repay previous line of credit that funded 9 roof replacements, 47 boiler conversions, and the purchase of Rosa Parks Elementary School.

- Increase access to schools for students, teachers and visitors with disabilities.
 - Upgrade science classrooms at middle grade schools.
- In 2012-13, the District has been informed of a future PERS rate increase due to an updated actuarial valuation. There remain concerns over the long-term trend in PERS costs. Although PPS offsets some of these costs through the debt financing in place, the outlook for this expense remains of concern.
- To address low enrollment at two schools and a projected \$27.5 million budget gap in the general fund, the District closed Humboldt school and moved the affected students to Boise Eliot in July 2012. In addition, the Harriet Tubman Young Women's Leadership Academy was closed in July 2012, and Jefferson High School was reconfigured to a grade 9-12 school to accommodate the affected students.
- The District will use \$7.2 million from reserves, and \$9.5 million was cut from central services.

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 Assets
June 30, 2012
(amounts expressed in thousands)

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 79,276 |
| Cash and cash equivalents held by fiscal agents | 4,141 |
| Investments | 59,180 |
| Accounts and other receivables | 18,415 |
| Property taxes and other taxes receivable | 15,606 |
| Inventories | 497 |
| Bond issue costs, net of accumulated amortization | 3,516 |
| Note receivable - due within one year | 89 |
| Noncurrent assets: | |
| Prepaid pension and other prepaid costs | 425,421 |
| Note receivable - due in more than one year | 237 |
| Capital assets, net of accumulated depreciation: | |
| Land | 8,274 |
| Construction in progress | 13,658 |
| Buildings and capital improvements | 167,237 |
| Vehicles and equipment | 9,889 |
| Total assets | 805,436 |
| LIABILITIES | |
| Accounts payable | 12,780 |
| Accrued wages and benefits payable | 63,844 |
| Accrued bond interest payable | 122 |
| Unearned revenues | 2,865 |
| Claims payable | 4,366 |
| Non-current liabilities: | |
| Due within one year | 17,442 |
| Due in more than one year | 470,588 |
| Net other post employment benefit obligation | 33,595 |
| Total liabilities | 605,602 |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 157,209 |
| Restricted for: | |
| Capital projects | 15,478 |
| Grants | 6,099 |
| Unrestricted | 21,048 |
| Total Net Assets | \$ 199,834 |

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, 2012
(amounts expressed in thousands)

| Functions/Programs | EXPENSES | PROGRAM REVENUES | | Net (Expense) Revenue and Changes in Net Assets |
|---|-------------------|---------------------------------|---|--|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| GOVERNMENTAL ACTIVITIES | | | | |
| Instruction | \$ 287,424 | \$ 5,046 | \$ 71,319 | \$ (211,059) |
| Support services | 206,856 | 2,109 | 25,447 | (179,300) |
| Enterprise and Community Services | 19,108 | 4,422 | 2,863 | (11,823) |
| Non-capital facilities maintenance and replacement | 10,697 | - | - | (10,697) |
| Interest and fees on long-term debt | 25,748 | - | - | (25,748) |
| Total governmental activities | <u>\$ 549,833</u> | <u>\$ 11,577</u> | <u>\$ 99,629</u> | <u>(438,627)</u> |

GENERAL REVENUES (UNRESTRICTED)

| | |
|---------------------------------------|-------------------|
| Property taxes, levies for operations | 200,906 |
| Construction excise tax | 2,108 |
| Local option taxes | 53,622 |
| State School Fund | 149,031 |
| State Common School Fund | 4,138 |
| County and intermediate sources | 9,588 |
| Investment earnings | 595 |
| Federal stimulus | 403 |
| Other | 13,535 |
| Total general revenues | <u>433,926</u> |
| Change in net assets | (4,701) |
| Net assets - beginning of year | 204,535 |
| Net assets - end of year | <u>\$ 199,834</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, 2012

(amounts expressed in thousands)

| | <u>General Fund</u> | <u>Grant Fund</u> |
|---|-------------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 26,736 | \$ - |
| Cash and cash equivalents held by fiscal agents | 4,141 | - |
| Investments | 56,968 | - |
| Prepaid items | 19 | - |
| Accounts receivable | 3,802 | 10,891 |
| Notes receivable | 326 | - |
| Property taxes and other taxes receivable | 15,606 | - |
| Due from other funds | 3,264 | - |
| Inventories | 107 | - |
| Total assets | <u>\$ 110,969</u> | <u>\$ 10,891</u> |
| LIABILITIES | | |
| Accounts payable | \$ 8,858 | \$ 1,648 |
| Accrued wages and benefits | 55,634 | 4,769 |
| Due to other funds | 894 | 3,264 |
| Deferred revenues | 14,658 | 1,210 |
| Total liabilities | <u>80,044</u> | <u>10,891</u> |
| FUND BALANCES | | |
| Nonspendable | 452 | - |
| Restricted | - | - |
| Committed | 1,583 | - |
| Unassigned | 28,890 | - |
| Total fund balances | <u>30,925</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 110,969</u> | <u>\$ 10,891</u> |

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

| PERS Rate Stabilization Reserve Fund | School Modernization Fund | Other Governmental Funds | Total Governmental Funds |
|---|--|---|---|
| \$ 15,278 | \$ 3,612 | \$ 29,481 | \$ 75,107 |
| - | - | - | 4,141 |
| - | - | - | 56,968 |
| - | - | - | 19 |
| - | 2 | 3,722 | 18,417 |
| - | - | - | 326 |
| - | - | - | 15,606 |
| - | - | 894 | 4,158 |
| - | - | 390 | 497 |
| <u>\$ 15,278</u> | <u>\$ 3,614</u> | <u>\$ 34,487</u> | <u>\$ 175,239</u> |
| \$ - | \$ 5 | \$ 2,217 | \$ 12,728 |
| - | 24 | 1,156 | 61,583 |
| - | - | - | 4,158 |
| - | - | 1,655 | 17,523 |
| <u>-</u> | <u>29</u> | <u>5,028</u> | <u>95,992</u> |
| - | - | 390 | 842 |
| - | - | 27,471 | 27,471 |
| 15,278 | 3,585 | 1,598 | 22,044 |
| - | - | - | 28,890 |
| <u>15,278</u> | <u>3,585</u> | <u>29,459</u> | <u>79,247</u> |
| <u>\$ 15,278</u> | <u>\$ 3,614</u> | <u>\$ 34,487</u> | <u>\$ 175,239</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 Assets
June 30, 2012
(amounts expressed in thousands)

| | |
|---|------------|
| Fund balances - total governmental funds (page 17) | \$ 79,247 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets are not financial resources and are not reported in governmental funds. | 199,058 |
| Long-term taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | 14,332 |
| Assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. | 2,759 |
| Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. | (488,030) |
| Prepaid pension costs are not reported in the governmental funds. | 425,401 |
| Bond issue costs are not amortized over the life of the bonds in the governmental funds and therefore are expensed in the year of the bond issue. | 3,516 |
| Notes receivable are not collectable in the current period and therefore deferred revenue is recognized in the governmental funds. | 326 |
| Accrued compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. | (2,249) |
| 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. | (845) |
| Accrued interest payable is not recognized as a liability in the governmental funds. | (122) |
| Other post employment benefit liability obligation is not reported in governmental funds. | (33,559) |
| Net assets of governmental activities (page 14) | \$ 199,834 |

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, 2012
(amounts expressed in thousands)

| | <u>General Fund</u> | <u>Grant Fund</u> |
|---|-------------------------|-----------------------|
| REVENUES | | |
| Property and other taxes | \$ 198,417 | \$ - |
| State School Fund | 149,031 | - |
| State Common School Fund | 4,138 | - |
| Federal and state support | 10,113 | 61,540 |
| Federal stimulus | 139 | 4,188 |
| Local option taxes | 53,099 | - |
| County and intermediate sources | 6,965 | 993 |
| Charges for services | 3,016 | - |
| Extracurricular activities | - | - |
| Investment earnings | 462 | - |
| Other | 7,221 | 1,169 |
| | <u>432,601</u> | <u>67,890</u> |
| Total revenues | | |
| EXPENDITURES | | |
| Current Operating: | | |
| Instruction | 250,229 | 39,580 |
| Support services | 178,859 | 25,448 |
| Enterprise and Community Services | 967 | 2,824 |
| Non-capital facilities maintenance and replacement | 2,739 | 38 |
| Debt Service: | | |
| Principal | - | - |
| Interest | - | - |
| | <u>432,794</u> | <u>67,890</u> |
| Total expenditures | | |
| Excess (deficit) of revenues over expenditures | <u>(193)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 6,309 | - |
| Transfers out | (7,066) | - |
| Proceeds from the sale of capital assets | 102 | - |
| Issuance of debt | - | - |
| Issuance of refunding bonds | 232 | - |
| Total other financing sources (uses) | <u>(423)</u> | <u>-</u> |
| Net change in fund balances | (616) | - |
| Fund balances - beginning of year | 31,541 | - |
| Fund balances - end of year | <u>\$ 30,925</u> | <u>\$ -</u> |

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

| PERS Rate Stabilization Reserve Fund | School Modernization Fund | Other Governmental Funds | Total Governmental Funds |
|---|--|---|---|
| \$ 191 | \$ - | \$ 2,108 | \$ 200,716 |
| - | - | - | 149,031 |
| - | - | - | 4,138 |
| - | - | 13,051 | 84,704 |
| - | - | 264 | 4,591 |
| - | - | - | 53,099 |
| - | - | 1,630 | 9,588 |
| - | - | 42,937 | 45,953 |
| - | - | 7,355 | 7,355 |
| - | 18 | 99 | 579 |
| - | - | 6,737 | 15,127 |
| <u>191</u> | <u>18</u> | <u>74,181</u> | <u>574,881</u> |
| - | - | 15,429 | 305,238 |
| - | - | 3,384 | 207,691 |
| - | - | 15,991 | 19,782 |
| - | 3,934 | 3,902 | 10,613 |
| - | 25,750 | 31,213 | 56,963 |
| - | 178 | 25,430 | 25,608 |
| - | 29,862 | 95,349 | 625,895 |
| <u>191</u> | <u>(29,844)</u> | <u>(21,168)</u> | <u>(51,014)</u> |
| - | - | 7,781 | 14,090 |
| (1,900) | (37) | (677) | (9,680) |
| - | - | - | 102 |
| - | 25,750 | 1,500 | 27,250 |
| - | - | 14,168 | 14,400 |
| <u>(1,900)</u> | <u>25,713</u> | <u>22,772</u> | <u>46,162</u> |
| (1,709) | (4,131) | 1,604 | (4,852) |
| 16,987 | 7,716 | 27,855 | 84,099 |
| <u>\$ 15,278</u> | <u>\$ 3,585</u> | <u>\$ 29,459</u> | <u>\$ 79,247</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, 2012
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 21) \$ (4,852)

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 depreciation and disposals in the current period of \$12,924 exceeded capital outlays of \$11,251. (1,673)

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. (89)

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 revenue related to property taxes. 3,174

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 net income for the year. (2,092)

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 59

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences. 15,386

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. (10,434)

Other post employment benefits expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds. (3,927)

Change in compensated absences (289)
Change in bond interest payable 36

Change in net assets of governmental activities (page 15) \$ (4,701)

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 Assets
June 30, 2012
(amounts expressed in thousands)

ASSETS

Current Assets

| | |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 4,168 |
| Investments | 2,212 |
| Total assets | <u>6,380</u> |

LIABILITIES

Current Liabilities

| | |
|----------------------------|--------------|
| Accounts payable | 53 |
| Accrued wages and benefits | 12 |
| Claims payable | 3,521 |
| Total current liabilities | <u>3,586</u> |

Long-term Liability

| | |
|--|--------------|
| Other post employment benefit obligation | 35 |
| Total liabilities | <u>3,621</u> |

NET ASSETS

| | |
|--------------|------------------------|
| Unrestricted | <u><u>\$ 2,759</u></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 Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2012
(amounts expressed in thousands)

OPERATING REVENUES

| | |
|--------------------------|----------|
| Charges for services | \$ 3,628 |
| Insurance recoveries | 1,229 |
| Total operating revenues | 4,857 |

OPERATING EXPENSES

| | |
|--------------------------|-------|
| Salaries and benefits | 182 |
| Materials and services | 228 |
| Claims expense | 2,342 |
| Total operating expenses | 2,752 |

| | |
|------------------|-------|
| Operating income | 2,105 |
|------------------|-------|

NON-OPERATING REVENUES

| | |
|------------------------------|-----|
| Federal and state support | 196 |
| Investment earnings | 17 |
| Total non-operating revenues | 213 |

TRANSFERS

| | |
|--|----------|
| Transfers out | (4,410) |
| Change in net assets | (2,092) |
| Net assets - beginning of year | 3,948 |
| Change in Accounting Method (Note 13) | 903 |
| Net assets - beginning of year - as restated | 4,851 |
| Net assets - end of year | \$ 2,759 |

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, 2012
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|----|--------------|
| Cash received from interfund services provided and used | \$ | 3,628 |
| Cash received from insurance recoveries | | 2,759 |
| Cash payments for salaries and benefits | | (196) |
| Cash payments for goods and services | | (252) |
| Cash payments for claims | | (1,479) |
| Net cash from operating activities | | <u>4,460</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | | |
|---|--|----------------|
| Cash subsidy from state for return to work reimbursements | | 196 |
| Transfers to other funds | | (4,410) |
| Net cash from noncapital financing activities | | <u>(4,214)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|------------------------------------|--|-----------|
| Purchases of investments | | (2) |
| Investment earnings | | 17 |
| Net cash from investing activities | | <u>15</u> |

| | | |
|---|--|-----|
| Net increase in cash and cash equivalents | | 261 |
|---|--|-----|

| | | |
|--|----|---------------------|
| Cash and cash equivalents at beginning of year | | 3,907 |
| Cash and cash equivalents at end of year | \$ | <u><u>4,168</u></u> |

RECONCILIATION OF OPERATING INCOME TO CASH FROM OPERATING ACTIVITIES

| | | |
|--|----|---------------------|
| Operating income | \$ | 2,105 |
| Adjustments to reconcile operating income to net cash from operating activities: | | |
| Decrease in prepaid items | | 945 |
| Decrease in accounts and other receivables | | 1,530 |
| Decrease in accounts and other payables | | (24) |
| Decrease in claims payable | | (83) |
| Decrease in accrued wages and benefits | | (15) |
| Increase in net other post employment benefits obligation | | 2 |
| Total adjustments | | <u>2,355</u> |
| Net cash from operating activities | \$ | <u><u>4,460</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, 2012
(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 Assets 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 fire-related 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, 2012
(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.

School Modernization Fund - Accounts for capital improvements that focus on school modernization and construction.

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, 2012
(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

The District's School Board established, by resolution or policy, the following funds during the year:

School Modernization Debt Service Fund (Board Resolution 4599, May 14, 2012) – The General Obligation Debt Service Fund, which was closed July 2007, was reopened and renamed the School Modernization Debt Service Fund. This renamed fund accounts for debt service expenditures related to the District's school modernization activities occurring in the School Modernization Fund. The principal source of revenue is proceeds from debt and transfers from the General Fund.

PERS UAL Debt Service Fund (Board Resolution 4473, June 27, 2011) – Accounts for debt service payments related to series 2002 and 2003 Limited Tax Pension Obligation Bonds, which were previously accounted for in the General Fund. The principal source of revenue comes from charges to other funds incurring wage expenses subject to PERS benefits and transfers from the General Fund.

SELP Debt Service Fund (Board Resolution 4473, June 27, 2011) – Accounts for debt service payments related to 1994 and 1995 Small Scale Energy Loan Program loans from the Oregon Department of Energy, which had previously been accounted for in the General Fund. The principal source of revenue is transfers from the General Fund.

Facilities Capital Fund (Board Resolution 4600, May 14, 2012) – Accounts for resources and requirements resulting from capital improvements work conducted by the District. The principal sources of revenue are from the General Fund and debt proceeds accounted for in the Facilities Capital Debt Service Fund

Energy Efficient Schools Fund (Board Resolution 4591, April 23, 2012) – Accounts for resources and requirements of the Energy Efficient Schools Program receipts from the collections of the Public Purpose Charge funds by an electric company.

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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Appropriations and Budgetary Controls – Continued

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 and one technical correction of wording during budget year 2012.

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 Assets 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.

E. Property Taxes

Uncollected real and personal property taxes are reflected on the Statement of Net Assets 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Inventories and Prepaid Items

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture are included in the District's inventories at USDA wholesale value. 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 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/deferred revenue on the Statement of Net Assets and the Balance Sheet.

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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Insurance – Continued

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:

| | <u>Deductibles</u> | <u>Excess Coverage per Occurrence</u> |
|-------------------------------|--------------------|---|
| 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 is expected to reopen in 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 Assets.

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, 2012
(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, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 10 and other post employment benefits are explained in Note 11.

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA) 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 Assets

Net assets represent the difference between the District's total assets and total liabilities. District net assets currently have three components:

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

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

Unrestricted net assets are net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.
- 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

R. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications, 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 3 percent of its General Fund revenue as contingency, and that a 3 percent fund balance be maintained.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The District reports financial position, results of operations, and changes in fund balance/net assets on the basis of 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.

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, 2012 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

Cash, cash equivalents and investments on June 30, 2012 are comprised of the following:

| | |
|---|-----------|
| Oregon Local Government Investment Pool | \$ 40,457 |
| Cash in demand deposits | 38,814 |
| Petty cash | 5 |
| Total cash and cash equivalents | 79,276 |
| Cash and cash equivalents held by fiscal agents | 4,141 |
| Certificates of deposit | 8,855 |
| U.S Government agency securities | 19,694 |
| Corporate commercial paper | 10,211 |
| Corporate notes | 20,420 |
| Total investments | 59,180 |
| Total cash, cash equivalents and investments | \$142,597 |

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.

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 \$8,855 held by a financial institution in conjunction with the District lease of Rosa Parks Elementary School. The District has elected to exercise an option to purchase the property (Note 17).

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

A. Investments – Continued

The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2012 are categorized by rating as follows:

| | Ratings | | | | | Total | Weighted average maturity (yrs) |
|--------------------------------------|------------------|------------------|-----------------|------------------|-----------------|------------------|--|
| | Moody's Aaa | Moody's P1 | S&P AA | S&P A+ | CDs | | |
| Certificates of deposit | \$ - | \$ - | \$ - | \$ - | \$ 8,855 | \$ 8,855 | 0.375 |
| U.S. Government & agency obligations | 19,694 | - | - | - | - | 19,694 | 0.595 |
| Corporate commercial paper | - | 10,211 | - | - | - | 10,211 | 0.578 |
| Corporate notes | - | - | 8,045 | 12,375 | - | 20,420 | 0.607 |
| | <u>\$ 19,694</u> | <u>\$ 10,211</u> | <u>\$ 8,045</u> | <u>\$ 12,375</u> | <u>\$ 8,855</u> | <u>\$ 59,180</u> | |

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 more conservative investment policy for the District, 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.

Credit risk - Continued

Corporate commercial paper is rated P1 by Moody's and corporate notes are rated AA or 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, 2012 the District held the following:

| | Value | Percentage of total investments |
|---|-----------|------------------------------------|
| US Bank - Commercial paper | \$ 10,211 | 17.3% |
| Proctor & Gamble-Cp - Corporate note | \$ 4,504 | 7.6% |
| GE Electric Capital-Cp - Corporate note | \$ 3,543 | 6.0% |
| JP Morgan-Cp - Corporate note | \$ 9,753 | 16.5% |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS – Continued

A. Investments – Continued

Custodial risk-deposits

The District's deposits with financial institutions are insured by the Federal Depository Insurance Corporation (FDIC); interest bearing accounts are insured up to \$250 thousand and non-interest bearing accounts are fully insured. 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, 2012, bank balances of \$3,732 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2012, the carrying amount of the District's balance was \$38,814 and the bank balance was \$35,197.

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.

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 | School Modern- ization Fund | Govern- mental and other funds | Total |
|--|-----------------|---------------|--------------------------------------|---|----------|
| Accounts and other receivables: | | | | | |
| Interest | \$ 566 | \$ - | \$ - | \$ - | \$ 566 |
| Accounts receivable | 3,146 | - | 2 | 3,721 | 6,869 |
| Federal, state and local grants | - | 10,890 | - | - | 10,890 |
| Advances to employees | 90 | - | - | - | 90 |
| Total accounts and other receivables | 3,802 | 10,890 | 2 | 3,721 | 18,415 |
| Property taxes and other taxes receivables | 15,606 | - | - | - | 15,606 |
| Total receivables | \$19,408 | \$10,890 | \$ 2 | \$ 3,721 | \$34,021 |

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

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

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 \$100. The interest rate at June 30, 2012 was 3.5%.

Future maturities are:

| June 30, | Principal | Interest | Total future payments |
|----------|---------------|--------------|-----------------------------|
| 2013 | \$ 89 | \$ 11 | \$ 100 |
| 2014 | 237 | 8 | 245 |
| | <u>\$ 326</u> | <u>\$ 19</u> | <u>\$ 345</u> |

NOTE 7 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2012 follows:

| | Beginning Balance | Additions | Deletions | Transfers | Ending Balance |
|--|----------------------|-----------------|-------------------|-------------|-------------------|
| Capital assets not being depreciated or amortized | | | | | |
| Land | \$ 8,274 | \$ - | \$ - | \$ - | \$ 8,274 |
| Construction in progress | 14,013 | 8,439 | (998) | (7,796) | 13,658 |
| Total capital assets not being depreciated or amortized | 22,287 | 8,439 | (998) | (7,796) | 21,932 |
| Capital assets being depreciated or amortized | | | | | |
| Buildings and site improvements | 338,644 | 2,958 | (358) | 7,796 | 349,040 |
| Vehicles and equipment | 43,558 | 852 | (358) | - | 44,052 |
| Total capital assets being depreciated or amortized | 382,202 | 3,810 | (716) | 7,796 | 393,092 |
| Total general capital assets | 404,489 | 12,249 | (1,714) | - | 415,024 |
| Less Accumulated depreciation and amortization | | | | | |
| Buildings and site improvements | (172,211) | (9,592) | - | - | (181,803) |
| Vehicles and equipment | (31,547) | (2,974) | 358 | - | (34,163) |
| Total accumulated depreciation and amortization | (203,758) | (12,566) | 358 | - | (215,966) |
| Total capital assets, net of accumulated depreciation | <u>\$200,731</u> | <u>\$ (317)</u> | <u>\$ (1,356)</u> | <u>\$ -</u> | <u>\$199,058</u> |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 7 – CAPITAL ASSETS - Continued

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

| | |
|---------------------|-----------|
| Instruction | \$ 8,960 |
| Supporting services | 3,436 |
| Food services | 170 |
| | \$ 12,566 |

As of June 30, 2012 the District had three schools that were closed and idle: Clarendon, Marysville and Smith. The carrying value of these schools is \$2,161 and is included in the capital assets summary above.

NOTE 8 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Interfund balances represent cash owed by one fund to another. At June 30, 2012, the General Fund owed the Student Body Activity Fund \$894 and the Grants Fund was advanced \$3,264 by the General Fund to cover unbilled expenses.

Interfund receivables and payables on June 30, 2012 are comprised of the following:

| | Due To | Due From |
|------------------------------|----------|----------|
| General Fund | \$ 3,264 | \$ 894 |
| Non-major governmental funds | 894 | - |
| Grant Fund | - | 3,264 |
| | \$ 4,158 | \$ 4,158 |

The District's General Fund made debt service transfers totaling \$7,066 to: the Bond Sinking Fund \$1,667; the Settlement Debt Service Fund \$3,977; the IT Projects Debt Service Fund \$614; the SELP Debt Service Fund \$377; and the Recovery Zone Debt Service Fund \$431. The Construction Excise Fund made a debt service transfer to the Recovery Zone Debt Service Fund of \$677. The School Modernization Fund made a debt service transfer to the School Modernization Debt Service Fund of \$37. The PERS Rate Stabilization Fund transferred \$1,900 to the General Fund to defray increasing costs for retirement benefits. The Self Insurance Fund transferred \$4,410 to the General Fund to pay for non-workers compensation (general liability insurance) expenses.

The composition of interfund transfers as of June 30, 2012, is as follows:

| | Transfers in | Transfers out |
|--------------------------------------|--------------|---------------|
| General Fund | \$ 6,309 | \$ 7,066 |
| PERS Rate Stabilization Reserve Fund | - | 1,900 |
| School Modernization Fund | - | 37 |
| Self Insurance Fund | - | 4,410 |
| Nonmajor Governmental Funds | 7,781 | 677 |
| | \$ 14,090 | \$ 14,090 |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 9 – BONDED AND OTHER DEBT

Changes in District long-term debt during fiscal year 2012 were as follows:

| | <u>Original Amount</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Repayments</u> | <u>Ending Balance</u> |
|--|----------------------------|------------------------------|------------------|--------------------|---------------------------|
| Pension debt: | | | | | |
| Limited tax pension bonds | | | | | |
| Series 2002 | \$210,104 | \$193,670 | \$ - | \$ (17,551) | \$176,119 |
| Series 2003 | 281,170 | 246,821 | - | (7,282) | 239,539 |
| Series 2012 | 14,400 | - | 14,400 | - | 14,400 |
| Total pension debt (Note 10) | <u>505,674</u> | <u>440,491</u> | <u>14,400</u> | <u>(24,833)</u> | <u>430,058</u> |
| Other Debt: | | | | | |
| Limited tax general obligation refunding bonds, Series 2004 | 11,900 | 3,080 | - | (1,500) | 1,580 |
| Small scale energy loan programs | 8,335 | 676 | - | (351) | 325 |
| Full faith and credit bonds, Series 2007A and 2007B | 15,090 | 8,650 | - | (3,570) | 5,080 |
| 2009 Credit facility | 15,000 | 13,695 | - | (148) | 13,547 |
| Recovery Zone Economic Development Bonds | 11,000 | 11,000 | - | (810) | 10,190 |
| Full faith and credit School Modernization Loan | 25,750 | 25,750 | - | (25,750) | - |
| Line of Credit | 27,250 | - | 27,250 | - | 27,250 |
| Total other debt | <u>114,325</u> | <u>62,851</u> | <u>27,250</u> | <u>(32,129)</u> | <u>57,972</u> |
| Total long-term debt | <u>\$619,999</u> | <u>\$503,342</u> | <u>\$41,650</u> | <u>\$ (56,962)</u> | <u>\$488,030</u> |

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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 9 – BONDED AND OTHER DEBT – Continued

Limited Tax Pension Bonds – Continued

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 Pensions 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 \$14.2 million 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.

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.

On January 31, 2012 the District issued \$14.4 million 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 \$3.2 million dollars. The present value of future cash savings as a result of the refinancing is \$2.8 million dollars. The bond proceeds, \$14.2 million, were used to pay on the Limited Tax Pension Bonds, Series 2002. The Series 2012 bonds are subject to optional prepayment.

Other Debt

On February 27, 2012 the District secured a Non-revolving Credit Facility (Line of Credit) of \$45 million to refinance the School Modernization Loan of \$25.75 million and fund the purchase of Rosa Parks Elementary School (Note 17) and replacement of boiler burners at over 40 of the District's facilities. The Line of Credit matures on February 27, 2014 and carries an interest rate tied to the one month LIBOR plus .375%. The interest rate at June 30, 2012 was .61375%. Interest is due monthly and no principal is due until the line matures. During 2012 the District borrowed \$1.5 million against the Line of Credit for boiler burner replacements. Total amount drawn on the Line of Credit as of June 30, 2012 is \$27.25 million.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 9 – BONDED AND OTHER DEBT – Continued

Other Debt – Continued

On February 28, 2011 the District School Modernization Fund borrowed \$25.75 million from Bank of America, N.A. to pay off an interfund loan from the District General Fund. The funds were used to finance capital asset projects such as energy efficient roofs for schools. The loan was a non-revolving loan, that matured on February 28, 2012 with quarterly interest payments. The interest, which was fixed and re-determined quarterly, was based on the LIBOR rate. The annualized rate at maturity was 0.80%. This debt instrument was paid off with the Line of Credit noted above.

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), the City of Portland was awarded \$13.5 million in Recovery Zone Economic Development Bonds (RZEDBs). In July 2010, the City sub-awarded \$11 million 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.

In October 2009 the District borrowed \$15 million 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).

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. Series 2007A are payable annually beginning in 2010 through 2012. 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 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 are payable annually through June 15, 2013. Interest is payable semi-annually at rates ranging from 2.190% to 5.518%. The bonds are federally taxable and are not subject to redemption prior to their stated maturities.

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 2000, the District sold Qualified Zone Academy Bonds, Series 2000, with a face amount of \$6,052, and net proceeds of \$5,922 (after payment of underwriting and other issuance costs). Simultaneous to this transaction, the District purchased U.S. Treasury "Strip" obligations which will mature in fiscal year 2013 in the amount of \$6,052 with a cost of \$2,759, and placed these investments in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the Qualified Zone Academy Bonds, Series 2000, are considered to be defeased and the liability for those bonds is not included in the financial statements.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 9 – BONDED AND OTHER DEBT – Continued

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 | Total |
|--------------------|---------------------------------|---------------------------|---------------------------------|------------------|
| Principal | | | | |
| 2013 | \$ 11,024 | \$ 834 | \$ 5,584 | \$ 17,442 |
| 2014 | 11,534 | 860 | 29,825 | 42,219 |
| 2015 | 11,542 | 886 | 2,363 | 14,791 |
| 2016 | 11,883 | 913 | 2,408 | 15,204 |
| 2017 | 11,826 | 941 | 2,449 | 15,216 |
| 2018-2022 | 81,663 | 5,149 | 5,152 | 91,964 |
| 2023-2027 | 257,326 | 608 | - | 257,934 |
| 2028 | 33,260 | - | - | 33,260 |
| Total principal | <u>430,058</u> | <u>10,191</u> | <u>47,781</u> | <u>488,030</u> |
| Interest | | | | |
| 2013 | 24,810 | 504 | 982 | 26,296 |
| 2014 | 26,600 | 462 | 650 | 27,712 |
| 2015 | 28,258 | 418 | 421 | 29,097 |
| 2016 | 30,431 | 373 | 340 | 31,144 |
| 2017 | 32,309 | 326 | 258 | 32,893 |
| 2018-2022 | 178,038 | 884 | 264 | 179,186 |
| 2023-2027 | 76,428 | 15 | - | 76,443 |
| 2028 | 1,872 | - | - | 1,872 |
| Total interest | <u>398,746</u> | <u>2,982</u> | <u>2,915</u> | <u>404,643</u> |
| Total debt service | <u>\$828,804</u> | <u>\$ 13,173</u> | <u>\$50,696</u> | <u>\$892,673</u> |

NOTE 10 – 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.

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 10 – PENSION PLANS – Continued

A. Oregon Public Employees Retirement System (OPERS) – Continued

Plan Description - Continued

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 9). 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, 2010, 2011 and 2012. There have been required OPERS contributions for retiree healthcare over this same three-year time period (Note 11 B.), and it is anticipated contractually required pension contributions will be reinstated at the next actuarial determination.

For the year ended June 30, 2012, the District's annual debt service for the limited tax pension bonds included \$24.8 million of principal, and \$23.8 million of interest. This included \$14 million in principal and \$163 thousand in interest paid as a result of the 2012 pension obligation refinancing. Total debt service payments for the years 2010, 2011 and 2012 were \$30.9 million, \$31.8 million and \$48.6 million respectively.

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 2012, expenses/expenditures of approximately \$1.9 million were recognized.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

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

NOTE 11 - 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 5,163 active and 927 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 Portland Association of Teachers (PAT), have agreed to terminate this benefit after June 30, 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 2012 the District recognized, on a budgetary basis, expenses/expenditures of approximately \$4.4 million for the post-employment healthcare benefits.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is reflected on the Statement of Net Assets on the accrual basis, and is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's most recent actuarial valuation date was June 30, 2011 and the following table shows the components of the District's annual OPEB cost for the year ending June 30, 2012, 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) | \$ 13,338 | \$ 5 | \$ 13,343 |
| Interest on net OPEB obligation | 890 | - | 890 |
| Adjustment to annual required contribution | <u>(1,469)</u> | <u>(1)</u> | <u>(1,470)</u> |
| Annual OPEB cost | 12,759 | 4 | 12,763 |
| Contributions made | <u>(8,831)</u> | <u>(4)</u> | <u>(8,835)</u> |
| Increase in net OPEB obligation | 3,928 | 0 | 3,928 |
| Net OPEB obligation - beginning of year | 29,634 | 33 | 29,667 |
| Net OPEB obligation - end of year | <u>\$ 33,562</u> | <u>\$ 33</u> | <u>\$ 33,595</u> |

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS – Continued

A. District Plan – Continued

Annual OPEB Cost and Net OPEB Obligation – Continued

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 and the preceding years are as follows:

| Fiscal year | Annual OPEB cost | % of annual OPEB cost contributed | Net OPEB obligation |
|----------------|---------------------|---|------------------------|
| 2008 | \$ 18,439 | 52.0% | \$ 8,852 |
| 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 |

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, 2011, 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 percent inflation rate, and healthcare cost trend rates ranging from 5%-10% 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

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS – Continued

A. District Plan – Continued

Actuarial methods and assumptions – Continued

In its most recent actuarial valuation expected retiree claims did not increase as much as had been predicted in earlier valuations. Higher claims along with raised health care trend assumptions and other factors have resulted in a higher accrued actuarial liability at June 30, 2012 as shown:

| | | |
|--|----|----------|
| Accrued actuarial liability (AAL) reported June 30, 2011 | \$ | 145,855 |
| Accrued actuarial liability (AAL) reported June 30, 2012 | | 147,565 |
| Increase in AAL | | \$ 1,710 |

Funded Status and Funding Progress. As of June 30, 2012 the actuarial accrued liability for benefits was \$147.6 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$147.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$279.2 million for fiscal year 2012 and the ratio of the UAAL to the covered payroll was 52.87%. Using a 30-year amortization period, the Annual Required Contribution (ARC) for 2012 has been actuarially determined to be \$13.3 million, representing \$6.1 million for the normal cost and \$7.2 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
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(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 11 - 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, 2010, 2011 and 2012 were \$.8 million, \$.8 million and \$4.3 million, respectively, which equaled the required contributions each year.

NOTE 12 - 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 \$3.6 million of revenues from other governmental funds for the year ended June 30, 2012. The fund also recognized \$1.2 million in insurance recoveries.

The total claims payable at June 30, 2012 of \$4.4 million was made up of approximately \$3.5 million in workers' compensation claims and \$.9 million in property and general liability claims payable. Changes in the balances of claims liabilities during the years ended June 30, 2010, through June 30, 2012, were as follows:

| <u>Fiscal Year</u> | <u>Beginning Balance</u> | <u>New Claims</u> | <u>Payments on Claims</u> | <u>Ending Balance</u> |
|------------------------|------------------------------|-----------------------|-------------------------------|---------------------------|
| 2010 | \$ 4,106 | \$ 4,296 | \$ (4,425) | \$ 3,977 |
| 2011 | 3,977 | 4,607 | (4,077) | 4,507 |
| 2012 | 4,507 | 3,187 | (3,328) | 4,366 |

NOTE 13 – CHANGE IN ACCOUNTING METHODOLOGY

Effective July 1, 2011, management made a change in accounting method: All activities related to property and general liability insurance, which were previously accounted for in the Self-Insurance Fund, are now accounted for in the General Fund. See page 25 for disclosure of the impact of this change on beginning net assets.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

(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:

| | |
|------------------------|-----------------|
| 2013 | \$ 460 |
| 2014 | 356 |
| 2015 | 295 |
| 2016 | 301 |
| Total minimum payments | <u>\$ 1,412</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:

| <u>Contractor</u> | <u>Estimated Commitments</u> |
|---------------------------------|----------------------------------|
| Laidlaw Transit / First Student | \$ 9,594 |
| Skanska | 5,694 |
| CDW Government | 2,911 |
| Open Meadows | 2,572 |
| Portland Community College | 2,556 |
| Albina Fuel | 2,387 |
| | <u>\$ 25,714</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 commences 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.

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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

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

NOTE 15 – FUND BALANCES

Fund balances by classification for the year ended June 30, 2012 are as follows:

| | General Fund | Other Major Funds | Other Govern- mental Funds | Total Govern- mental Funds |
|---|------------------|----------------------|-------------------------------------|-------------------------------------|
| Nonspendable: | | | | |
| Prepaid items | \$ 19 | \$ - | \$ - | \$ 19 |
| Notes Receivable | 326 | - | - | 326 |
| Inventories - Warehouse | 107 | - | - | 107 |
| Inventories - Cafeteria Fund | - | - | 390 | 390 |
| | <u>452</u> | <u>-</u> | <u>390</u> | <u>842</u> |
| Restricted: | | | | |
| Special Revenue Funds: | | | | |
| Student Body Activity Fund | - | - | 3,532 | 3,532 |
| Cafeteria Fund | - | - | 3,634 | 3,634 |
| Dedicated Resource Fund | - | - | 6,099 | 6,099 |
| Capital Projects Funds: | | | | |
| Construction Excise Tax Fund | - | - | 6,015 | 6,015 |
| IT System Project Fund | - | - | 1,621 | 1,621 |
| Recovery Zone Energy and Water Conservation Fund | - | - | 4,532 | 4,532 |
| Energy Efficient Schools Fund | - | - | 1,206 | 1,206 |
| Facilities Capital Fund | - | - | 832 | 832 |
| | <u>-</u> | <u>-</u> | <u>27,471</u> | <u>27,471</u> |
| Committed: | | | | |
| Greatfields projects | 1,583 | - | - | 1,583 |
| PERS Rate Stabilization Fund | - | 15,278 | - | 15,278 |
| Insurance Recoveries Fund | - | - | 1,593 | 1,593 |
| Debt Service Fund | - | - | 5 | 5 |
| School Modernization Fund | - | 3,585 | - | 3,585 |
| | <u>1,583</u> | <u>18,863</u> | <u>1,598</u> | <u>22,044</u> |
| Unassigned | | | | |
| | 28,890 | - | - | 28,890 |
| Total fund balances | <u>\$ 30,925</u> | <u>\$ 18,863</u> | <u>\$ 29,459</u> | <u>\$ 79,247</u> |

NOTE 16 – RELATED ORGANIZATIONS

The District includes seven charter schools that are legally separate, tax-exempt organizations. The most recent data available (from fiscal 2010-11) indicates charter school total students were 1,532 (representing 3.2% of the District's total enrollment); and that charter school net assets were \$1.8 million (representing .9% of District net assets). 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.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2012

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

NOTE 17 – SUBSEQUENT EVENTS

Property purchase. As of June 28, 2012 the District had the option, within its lease, to purchase the Rosa Parks Elementary School. During July 2012 the District elected to exercise that option. The school was subsequently purchased on October 29, 2012. The purchase price of the school was \$8.9 million dollars. The District borrowed \$8.8 million dollars from the Line of Credit to fund the acquisition.

Portland School District Bond Measure 144. In August 2012, the Superintendent proposed an eight-year, \$482 million capital bond measure. It was referred by the Board of Education, and passed by the District voters in November 2012.

Ballot Measure 26-146. Measure 26-146 creating a limited income tax assessment on Portland, Oregon residents was passed in the November 2012 elections. This tax will provide funding to hire arts and music teachers for kindergarten through 5th grade students at local public schools attended by Portland students. The District will receive funds to hire and maintain one certified arts teacher for every 500 students in grades K-5.

Ballot Measure 85. Measure 85 was passed in the November 2012 elections. This Measure changed the corporate kicker provision of the Oregon Constitution. Prior to the passing of Measure 85, under current law, certain excess corporate income and excise tax revenues collected during a biennium are returned to corporate taxpayers. With the passing of Measure 85, the excess revenues will be retained in the state's General Fund and used to provide additional funding for kindergarten through twelfth grade public education. The effect on the District of Measure 85 passing cannot be determined at this time.

All bond and ballot measures noted above were passed by district voters, but have not yet been certified, by the county election offices, as of the issue date of this report.

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, 2012
(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) |
|---|--|---|--|-----------------------------------|------------------------------------|--|
| 07/01/2006 | \$ - | \$ 179,044 | \$ 179,044 | 0% | \$ 215,749 | 83.0% |
| 07/01/2009 | \$ - | \$ 177,180 | \$ 177,180 | 0% | \$ 256,919 | 69.0% |
| 07/01/2011 | \$ - | \$ 145,855 | \$ 145,855 | 0% | \$ 267,981 | 54.4% |

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 |
|--------------------------------|---|------------------------------|-----------------------------------|
| 6/30/2010 | 16,282 | 9,444 | 58.0% |
| 6/30/2011 | 13,343 | 7,934 | 59.5% |
| 6/30/2012 | 13,343 | 8,835 | 66.2% |

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, 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> | | |
| REVENUES | | | | |
| Property and other taxes | \$ 197,241 | \$ 197,241 | \$ 198,417 | \$ 1,176 |
| State School Fund | 145,056 | 148,046 | 149,031 | 985 |
| Local option taxes | 62,268 | 53,947 | 53,099 | (848) |
| Federal stimulus | - | 139 | 139 | - |
| County and intermediate sources | 6,915 | 6,915 | 6,965 | 50 |
| Restricted state grants | 8,094 | 10,108 | 10,113 | 5 |
| State Common School Fund | 3,654 | 3,654 | 4,138 | 484 |
| Charges for services | 3,271 | 3,271 | 3,016 | (255) |
| Investment earnings | 600 | 600 | 462 | (138) |
| Other | 6,707 | 9,327 | 7,221 | (2,106) |
| Total revenues | 433,806 | 433,248 | 432,601 | (647) |
| EXPENDITURES | | | | |
| Current operating: | | | | |
| Instruction: | | | | |
| Regular programs: | | | | |
| Salaries and benefits | 173,492 | 173,152 | 171,823 | 1,329 |
| Materials and services | 8,156 | 8,071 | 6,868 | 1,203 |
| Total regular programs | 181,648 | 181,223 | 178,691 | 2,532 |
| Special programs: | | | | |
| Salaries and benefits | 52,204 | 52,434 | 51,418 | 1,016 |
| Materials and services | 20,605 | 20,471 | 20,120 | 351 |
| Total special programs | 72,809 | 72,905 | 71,538 | 1,367 |
| Total instruction | 254,457 | 254,128 | 250,229 | 3,899 |
| Support services: | | | | |
| Students: | | | | |
| Salaries and benefits | 33,071 | 32,446 | 32,526 | (80) |
| Materials and services | 2,202 | 3,158 | 2,040 | 1,118 |
| Total students | 35,273 | 35,604 | 34,566 | 1,038 |
| Instructional staff: | | | | |
| Salaries and benefits | 13,897 | 14,280 | 12,333 | 1,947 |
| Materials and services | 1,729 | 1,840 | 1,284 | 556 |
| Total instructional staff | 15,626 | 16,120 | 13,617 | 2,503 |
| General administration: | | | | |
| Salaries and benefits | 3,211 | 3,619 | 4,151 | (532) |
| Materials and services | 1,236 | 1,273 | 1,931 | (658) |
| Total general administration | 4,447 | 4,892 | 6,082 | (1,190) |
| School administration: | | | | |
| Salaries and benefits | 28,085 | 28,796 | 28,949 | (153) |
| Materials and services | 718 | 721 | 228 | 493 |
| Total school administration | 28,803 | 29,517 | 29,177 | 340 |

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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|----------------|---------------------------|--|
| | Original | Final | | |
| Support services (continued): | | | | |
| Business: | | | | |
| Salaries and benefits | \$ 36,483 | \$ 36,431 | \$ 39,859 | \$ (3,428) |
| Materials and services | 36,485 | 36,631 | 37,028 | (397) |
| Total business | 72,968 | 73,062 | 76,887 | (3,825) |
| Central: | | | | |
| Salaries and benefits | 13,847 | 12,956 | 11,933 | 1,023 |
| Materials and services | 6,057 | 7,533 | 6,597 | 936 |
| Total central | 19,904 | 20,489 | 18,530 | 1,959 |
| Total support services | 177,021 | 179,684 | 178,859 | 825 |
| Enterprise and Community Services: | | | | |
| Salaries and benefits | - | 527 | 512 | 15 |
| Materials and services | 550 | 550 | 455 | 95 |
| Total Enterprise and community services | 550 | 1,077 | 967 | 110 |
| Facilities acquisition & construction: | | | | |
| Salaries and benefits | - | - | 29 | (29) |
| Materials and services | 3,109 | 2,833 | 2,710 | 123 |
| Total facilities acquisition & construction | 3,109 | 2,833 | 2,739 | 94 |
| Other expenditures: | | | | |
| Debt Service | | | | |
| Interest | 293 | - | - | - |
| Total debt service | 293 | - | - | - |
| Total current expenditures | 435,430 | 437,722 | 432,794 | 4,928 |
| Operating contingency | 24,559 | 26,411 | - | 26,411 |
| Total expenditures | 459,989 | 464,133 | 432,794 | 31,339 |
| Excess (deficit) of revenues over expenditures | (26,183) | (30,885) | (193) | 30,692 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 5,170 | 6,310 | 6,309 | (1) |
| Transfers out | (7,312) | (7,066) | (7,066) | - |
| Proceeds from the sale of capital assets | 100 | 100 | 102 | 2 |
| Issuance of refunding bonds | - | - | 232 | 232 |
| Total other financing sources and (uses) | (2,042) | (656) | (423) | 233 |
| Net change in fund balance | (28,225) | (31,541) | (616) | 30,925 |
| Fund balance - beginning of year | 28,225 | 31,541 | 31,541 | - |
| Fund balance - end of year | \$ - | \$ - | \$ 30,925 | \$ 30,925 |

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, 2012

(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|-------------------------------------|-------------------------|---------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal and state support | \$ 64,621 | \$ 68,336 | \$ 61,540 | \$ (6,796) |
| Federal stimulus | 7,883 | 4,168 | 4,188 | 20 |
| County and intermediate sources | 720 | 1,578 | 993 | (585) |
| Other | 1,732 | 1,374 | 1,169 | (205) |
| Total revenues | 74,956 | 75,456 | 67,890 | (7,566) |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Instruction: | | | | |
| Regular programs: | | | | |
| Salaries and benefits | 17,011 | 16,862 | 15,311 | 1,551 |
| Materials and services | 6,614 | 5,445 | 4,833 | 612 |
| Total regular programs | 23,625 | 22,307 | 20,144 | 2,163 |
| Special programs: | | | | |
| Salaries and benefits | 14,758 | 12,754 | 11,988 | 766 |
| Materials and services | 5,617 | 7,790 | 6,132 | 1,658 |
| Total special programs | 20,375 | 20,544 | 18,120 | 2,424 |
| Summer school programs: | | | | |
| Salaries and benefits | 195 | 1,019 | 1,040 | (21) |
| Materials and services | 160 | 485 | 276 | 209 |
| Total summer school programs | 355 | 1,504 | 1,316 | 188 |
| Total instruction | 44,355 | 44,355 | 39,580 | 4,775 |
| Support Services: | | | | |
| Students: | | | | |
| Salaries and benefits | 6,635 | 8,189 | 7,632 | 557 |
| Materials and services | 4,427 | 1,205 | 1,307 | (102) |
| Total students | 11,062 | 9,394 | 8,939 | 455 |
| Instructional staff: | | | | |
| Salaries and benefits | 8,243 | 8,046 | 10,159 | (2,113) |
| Materials and services | 5,239 | 5,500 | 3,125 | 2,375 |
| Total instructional staff | 13,482 | 13,546 | 13,284 | 262 |
| General administration: | | | | |
| Salaries and benefits | - | 20 | 20 | - |
| Materials and services | - | - | 2 | (2) |
| Total school administration | - | 20 | 22 | (2) |
| School administration: | | | | |
| Salaries and benefits | 1,032 | 1,478 | 1,527 | (49) |
| Materials and services | 57 | 590 | 382 | 208 |
| Total school administration | 1,089 | 2,068 | 1,909 | 159 |
| Business: | | | | |
| Salaries and benefits | 286 | 272 | 242 | 30 |
| Materials and services | 391 | 524 | 432 | 92 |
| Total business | 677 | 796 | 674 | 122 |

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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|----------------------|---------------------------|--|
| | Original | Final | | |
| Support Services (continued): | | | | |
| Central: | | | | |
| Salaries and benefits | \$ 77 | \$ 116 | \$ 108 | \$ 8 |
| Materials and services | 480 | 927 | 512 | 415 |
| Total central | <u>557</u> | <u>1,043</u> | <u>620</u> | <u>423</u> |
| Total support services | <u>26,867</u> | <u>26,867</u> | <u>25,448</u> | <u>1,419</u> |
| Enterprise and Community Services: | | | | |
| Food Services: | | | | |
| Materials and services | 422 | 843 | 717 | 126 |
| Total food services | <u>422</u> | <u>843</u> | <u>717</u> | <u>126</u> |
| Community Services: | | | | |
| Salaries and benefits | 897 | 1,545 | 1,381 | 164 |
| Materials and services | 1,987 | 918 | 726 | 192 |
| Total community services | <u>2,884</u> | <u>2,463</u> | <u>2,107</u> | <u>356</u> |
| Total enterprise and community services | <u>3,306</u> | <u>3,306</u> | <u>2,824</u> | <u>482</u> |
| Facilities acquisition & construction: | | | | |
| Materials and services | 428 | 928 | 38 | 890 |
| Total facilities acquisition & construction | <u>428</u> | <u>928</u> | <u>38</u> | <u>890</u> |
| Total current expenditures | <u>74,956</u> | <u>75,456</u> | <u>67,890</u> | <u>7,566</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 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> | | |
| REVENUES | | | | |
| Property and other taxes | \$ 200 | \$ 200 | \$ 191 | \$ (9) |
| Total revenues | <u>200</u> | <u>200</u> | <u>191</u> | <u>(9)</u> |
| Transfers out | <u>(1,900)</u> | <u>(1,900)</u> | <u>(1,900)</u> | <u>-</u> |
| Net change in fund balance | (1,700) | (1,700) | (1,709) | (9) |
| Fund balance - beginning of year | 17,000 | 16,987 | 16,987 | - |
| Fund balance - end of year | <u>\$ 15,300</u> | <u>\$ 15,287</u> | <u>\$ 15,278</u> | <u>\$ (9)</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 operating 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.

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.

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.

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, 2012
(amounts expressed in thousands)

| | Total Nonmajor | | | Total |
|-------------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|------------------|
| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 12,719 | \$ 5 | \$ 16,757 | \$ 29,481 |
| Accounts and other receivables | 1,392 | - | 2,330 | 3,722 |
| Due from other funds | 894 | - | - | 894 |
| Inventories | 390 | - | - | 390 |
| Total assets | <u>\$ 15,395</u> | <u>\$ 5</u> | <u>\$ 19,087</u> | <u>\$ 34,487</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 585 | \$ - | \$ 1,632 | \$ 2,217 |
| Accrued wages and benefits | 1,155 | - | 1 | 1,156 |
| Deferred revenues | - | - | 1,655 | 1,655 |
| Total liabilities | <u>1,740</u> | <u>-</u> | <u>3,288</u> | <u>5,028</u> |
| FUND BALANCES | | | | |
| Nonspendable | 390 | - | - | 390 |
| Restricted | 13,265 | - | 14,206 | 27,471 |
| Committed | - | 5 | 1,593 | 1,598 |
| Total fund balances | <u>13,655</u> | <u>5</u> | <u>15,799</u> | <u>29,459</u> |
| Total liabilities and fund balances | <u>\$ 15,395</u> | <u>\$ 5</u> | <u>\$ 19,087</u> | <u>\$ 34,487</u> |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2012
(amounts expressed in thousands)

| | Student Body Activity Fund | Cafeteria Fund | Dedicated Resource Fund | Total |
|--|---|---------------------------|--|------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,924 | \$ 3,229 | \$ 6,566 | \$ 12,719 |
| Accounts and other receivables | 54 | 653 | 685 | 1,392 |
| Due from other funds | 894 | - | - | 894 |
| Inventories | - | 390 | - | 390 |
| Total assets | <u>\$ 3,872</u> | <u>\$ 4,272</u> | <u>\$ 7,251</u> | <u>\$ 15,395</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 340 | \$ 159 | \$ 86 | \$ 585 |
| Accrued wages and benefits | - | 89 | 1,066 | 1,155 |
| Total liabilities | <u>340</u> | <u>248</u> | <u>1,152</u> | <u>1,740</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | 390 | - | 390 |
| Restricted | 3,532 | 3,634 | 6,099 | 13,265 |
| Total Fund balances | <u>3,532</u> | <u>4,024</u> | <u>6,099</u> | <u>13,655</u> |
| Total liabilities and fund balances | <u>\$ 3,872</u> | <u>\$ 4,272</u> | <u>\$ 7,251</u> | <u>\$ 15,395</u> |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Balance Sheet
June 30, 2012
(amounts expressed in thousands)

| | PERS UAL Debt Service Fund |
|-------------------------------------|---|
| ASSETS | |
| Cash and cash equivalents | \$ 5 |
| Total assets | \$ 5 |
| LIABILITIES | |
| Total liabilities | - |
| FUND BALANCES | |
| Committed | 5 |
| Total fund balances | 5 |
| Total liabilities and fund balances | \$ 5 |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2012
(amounts expressed in thousands)

| | Construction Excise Tax Fund | IT System Project Fund | Recovery Zone Energy & Water Cons. Fund |
|--|---|---------------------------------------|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,340 | \$ 1,750 | \$ 4,588 |
| Accounts and other receivables | 675 | - | - |
| Total assets | <u>\$ 6,015</u> | <u>\$ 1,750</u> | <u>\$ 4,588</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ 129 | \$ 55 |
| Accrued wages and benefits | - | - | 1 |
| Deferred revenues | - | - | - |
| Total liabilities | <u>-</u> | <u>129</u> | <u>56</u> |
| FUND BALANCES | | | |
| Restricted | 6,015 | 1,621 | 4,532 |
| Committed | - | - | - |
| Total fund balances | <u>6,015</u> | <u>1,621</u> | <u>4,532</u> |
| Total liabilities and fund balances | <u>\$ 6,015</u> | <u>\$ 1,750</u> | <u>\$ 4,588</u> |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds (continued)
Combining Balance Sheet
June 30, 2012
(amounts expressed in thousands)

| | Energy Efficient Schools Fund | Facilities Capital Fund | Insurance Recoveries Fund | Total |
|--|--|--|--|------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,206 | \$ 1,164 | \$ 2,709 | \$ 16,757 |
| Accounts and other receivables | - | - | 1,655 | 2,330 |
| Total assets | <u>\$ 1,206</u> | <u>\$ 1,164</u> | <u>\$ 4,364</u> | <u>\$ 19,087</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 332 | \$ 1,116 | \$ 1,632 |
| Accrued wages and benefits | - | - | - | 1 |
| Deferred revenues | - | - | 1,655 | 1,655 |
| Total liabilities | <u>-</u> | <u>332</u> | <u>2,771</u> | <u>3,288</u> |
| FUND BALANCES | | | | |
| Restricted | 1,206 | 832 | - | 14,206 |
| Committed | - | - | 1,593 | 1,593 |
| Total fund balances | <u>1,206</u> | <u>832</u> | <u>1,593</u> | <u>15,799</u> |
| Total liabilities and fund balances | <u>\$ 1,206</u> | <u>\$ 1,164</u> | <u>\$ 4,364</u> | <u>\$ 19,087</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, 2012

(amounts expressed in thousands)

| | Total Nonmajor | | | Total |
|--|--------------------------------------|-----------------------------------|---------------------------------------|------------------|
| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | |
| REVENUES | | | | |
| Property and other taxes | \$ - | \$ - | \$ 2,108 | \$ 2,108 |
| Federal and state support | 12,457 | 246 | 348 | 13,051 |
| County and intermediate sources | 1,630 | - | - | 1,630 |
| Charges for services | 8,561 | 34,376 | - | 42,937 |
| Extracurricular activities | 7,355 | - | - | 7,355 |
| Federal stimulus | 264 | - | - | 264 |
| Investment earnings | - | 77 | 22 | 99 |
| Other | 4,947 | - | 1,790 | 6,737 |
| Total revenues | <u>35,214</u> | <u>34,699</u> | <u>4,268</u> | <u>74,181</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Instruction: | | | | |
| Regular programs | 13,011 | - | - | 13,011 |
| Special programs | 1,963 | - | - | 1,963 |
| Summer school programs | 455 | - | - | 455 |
| Total instruction | <u>15,429</u> | <u>-</u> | <u>-</u> | <u>15,429</u> |
| Support services: | | | | |
| Students | 199 | - | - | 199 |
| Instructional staff | 327 | - | - | 327 |
| General administration | 8 | - | - | 8 |
| School administration | 474 | - | - | 474 |
| Business | 773 | - | - | 773 |
| Central | 6 | - | 1,597 | 1,603 |
| Total support services | <u>1,787</u> | <u>-</u> | <u>1,597</u> | <u>3,384</u> |
| Enterprise and community services: | | | | |
| Food services | 15,964 | - | - | 15,964 |
| Community services | 27 | - | - | 27 |
| Total enterprise and community services | <u>15,991</u> | <u>-</u> | <u>-</u> | <u>15,991</u> |
| Facilities acquisition and construction | <u>132</u> | <u>-</u> | <u>3,770</u> | <u>3,902</u> |
| Debt Service: | | | | |
| Principal | - | 31,213 | - | 31,213 |
| Interest and fiscal charges | - | 25,430 | - | 25,430 |
| Total debt service | <u>-</u> | <u>56,643</u> | <u>-</u> | <u>56,643</u> |
| Total current expenditures | <u>33,339</u> | <u>56,643</u> | <u>5,367</u> | <u>95,349</u> |
| Excess (deficit) of revenues over expenditures | <u>1,875</u> | <u>(21,944)</u> | <u>(1,099)</u> | <u>(21,168)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 7,781 | - | 7,781 |
| Transfers out | - | - | (677) | (677) |
| Issuance of debt | - | - | 1,500 | 1,500 |
| Issuance of refunding bonds | - | 14,168 | - | 14,168 |
| Total other financing sources | <u>-</u> | <u>21,949</u> | <u>823</u> | <u>22,772</u> |
| Net change in fund balances | 1,875 | 5 | (276) | 1,604 |
| Fund balances - beginning of year | 11,780 | - | 16,075 | 27,855 |
| Fund balances - end of year | <u>\$ 13,655</u> | <u>\$ 5</u> | <u>\$ 15,799</u> | <u>\$ 29,459</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, 2012
(amounts expressed in thousands)

| | Student Body Activity Fund | Cafeteria Fund | Dedicated Resource Fund | Total |
|---------------------------------------|---|---------------------------|--|------------------|
| REVENUES | | | | |
| Federal and state support | \$ - | \$ 12,682 | \$ (225) | \$ 12,457 |
| County and intermediate sources | - | - | 1,630 | 1,630 |
| Charges for services | - | 3,615 | 4,946 | 8,561 |
| Extracurricular activities | 7,355 | - | - | 7,355 |
| Federal stimulus | - | 264 | - | 264 |
| Other | - | 13 | 4,934 | 4,947 |
| Total revenues | <u>7,355</u> | <u>16,574</u> | <u>11,285</u> | <u>35,214</u> |
| EXPENDITURES | | | | |
| Current operating: | | | | |
| Instruction: | | | | |
| Regular programs | 6,911 | - | 6,100 | 13,011 |
| Special programs | - | - | 1,963 | 1,963 |
| Summer school programs | - | - | 455 | 455 |
| Total instruction | <u>6,911</u> | <u>-</u> | <u>8,518</u> | <u>15,429</u> |
| Support services: | | | | |
| Students | - | - | 199 | 199 |
| Instructional staff | - | - | 327 | 327 |
| General administration | - | - | 8 | 8 |
| School administration | - | - | 474 | 474 |
| Business | - | - | 773 | 773 |
| Central | - | - | 6 | 6 |
| Total support services | <u>-</u> | <u>-</u> | <u>1,787</u> | <u>1,787</u> |
| Enterprise and community services: | | | | |
| Food services | - | 15,957 | 7 | 15,964 |
| Community services | - | - | 27 | 27 |
| Total enterprise & community service | <u>-</u> | <u>15,957</u> | <u>34</u> | <u>15,991</u> |
| Facilities acquisition & construction | - | - | 132 | 132 |
| Total current expenditures | <u>6,911</u> | <u>15,957</u> | <u>10,471</u> | <u>33,339</u> |
| Excess of revenues over expenditures | 444 | 617 | 814 | 1,875 |
| Fund balances - beginning of year | 3,088 | 3,407 | 5,285 | 11,780 |
| Fund balances - end of year | <u>\$ 3,532</u> | <u>\$ 4,024</u> | <u>\$ 6,099</u> | <u>\$ 13,655</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, 2012
(amounts expressed in thousands)

| | Bond Sinking Fund | School Modernization Debt Service Fund | Settlement Debt Service Fund |
|--|----------------------------------|---|---|
| REVENUES | | | |
| Charges for Services | \$ - | \$ - | \$ - |
| Investment Earnings | - | - | - |
| Federal and state support | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | |
| Debt Service: | | | |
| Principal | 1,500 | - | 3,570 |
| Interest and fiscal charges | 167 | 37 | 407 |
| Total expenditures | <u>1,667</u> | <u>37</u> | <u>3,977</u> |
| Excess (deficit) of revenues over expenditures | (1,667) | (37) | (3,977) |
| OTHER FINANCING SOURCES | | | |
| Transfers in | 1,667 | 37 | 3,977 |
| Issuance of refunding bonds | - | - | - |
| Total other financing sources | <u>1,667</u> | <u>37</u> | <u>3,977</u> |
| Net change in fund balances | - | - | - |
| Fund balances - beginning of year | - | - | - |
| Fund balances - end of year | <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, 2012
(amounts expressed in thousands)

| | IT Projects Debt Service Fund | PERS UAL Debt Service Fund | SELP Debt Service Fund | Recovery Zone Debt Service Fund | Total |
|--|--|---|---|--|---------------|
| REVENUES | | | | | |
| Charges for Services | \$ - | \$ 34,376 | \$ - | \$ - | \$ 34,376 |
| Investment Earnings | - | 77 | - | - | 77 |
| Federal and state support | - | - | - | 246 | 246 |
| Total revenues | <u>-</u> | <u>34,453</u> | <u>-</u> | <u>246</u> | <u>34,699</u> |
| EXPENDITURES | | | | | |
| Debt Service: | | | | | |
| Principal | 148 | 24,834 | 351 | 810 | 31,213 |
| Interest and fiscal charges | 466 | 23,782 | 26 | 545 | 25,430 |
| Total expenditures | <u>614</u> | <u>48,616</u> | <u>377</u> | <u>1,355</u> | <u>56,643</u> |
| Excess (deficit) of revenues over expenditure: | (614) | (14,163) | (377) | (1,109) | (21,944) |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in | 614 | - | 377 | 1,109 | 7,781 |
| Issuance of refunding bonds | - | 14,168 | - | - | 14,168 |
| Total other financing sources | <u>614</u> | <u>14,168</u> | <u>377</u> | <u>1,109</u> | <u>21,949</u> |
| Net change in fund balances | - | 5 | - | - | 5 |
| Fund balances - beginning of year | - | - | - | - | - |
| Fund balances - end of year | <u>\$ -</u> | <u>\$ 5</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5</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, 2012
(amounts expressed in thousands)

| | Construction Excise Tax Fund | IT System Project Fund | Recovery Zone Energy & Water Cons. Fund |
|--|---|---------------------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Property and other taxes | \$ 2,108 | \$ - | \$ - |
| Federal and state support | - | - | - |
| Investment earnings | - | 5 | 17 |
| Other revenues | - | - | - |
| Total revenues | <u>2,108</u> | <u>5</u> | <u>17</u> |
| EXPENDITURES | | | |
| Current Operating: | | | |
| Support services | | | |
| Central | | | |
| Salaries and benefits | - | 354 | - |
| Materials and services | - | 1,243 | - |
| Total central | <u>-</u> | <u>1,597</u> | <u>-</u> |
| Facilities acquisition and construction | | | |
| Salaries and benefits | - | - | 101 |
| Materials and services | - | - | 1,466 |
| Total facilities acquisition and construction | <u>-</u> | <u>-</u> | <u>1,567</u> |
| Total current expenditures | <u>-</u> | <u>1,597</u> | <u>1,567</u> |
| Excess (deficit) of revenues over expenditures | 2,108 | (1,592) | (1,550) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (677) | - | - |
| Issuance of debt | - | - | - |
| Total other financing sources (uses) | <u>(677)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 1,431 | (1,592) | (1,550) |
| Fund balances - beginning of year | 4,584 | 3,213 | 6,082 |
| Fund balances - end of year | <u>\$ 6,015</u> | <u>\$ 1,621</u> | <u>\$ 4,532</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, 2012
(amounts expressed in thousands)

| | Energy | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Efficient | Facilities | Insurance | |
| | Schools | Capital | Recoveries | |
| | Fund | Fund | Fund | Total |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | | |
| Property and other taxes | \$ - | \$ - | \$ - | \$ 2,108 |
| Federal and state support | 348 | - | - | 348 |
| Investment earnings | - | - | - | 22 |
| Other revenues | 876 | - | 914 | 1,790 |
| Total revenues | <u>1,224</u> | <u>-</u> | <u>914</u> | <u>4,268</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Support services | | | | |
| Central | | | | |
| Salaries and benefits | - | - | - | 354 |
| Materials and services | - | - | - | 1,243 |
| Total central | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,597</u> |
| Facilities acquisition and construction | | | | |
| Salaries and benefits | - | - | 2 | 103 |
| Materials and services | 18 | 668 | 1,515 | 3,667 |
| Total facilities acquisition and construction | <u>18</u> | <u>668</u> | <u>1,517</u> | <u>3,770</u> |
| Total current expenditures | <u>18</u> | <u>668</u> | <u>1,517</u> | <u>5,367</u> |
| Excess (deficit) of revenues over expenditures | 1,206 | (668) | (603) | (1,099) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | - | (677) |
| Issuance of debt | - | 1,500 | - | 1,500 |
| Total other financing sources (uses) | <u>-</u> | <u>1,500</u> | <u>-</u> | <u>823</u> |
| Net change in fund balances | 1,206 | 832 | (603) | (276) |
| Fund balances - beginning of year | - | - | 2,196 | 16,075 |
| Fund balances - end of year | <u>\$ 1,206</u> | <u>\$ 832</u> | <u>\$ 1,593</u> | <u>\$ 15,799</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, 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> | | |
| REVENUES | | | | |
| Extracurricular activities | \$ 8,100 | \$ 8,969 | \$ 7,355 | \$ (1,614) |
| Total revenues | <u>8,100</u> | <u>8,969</u> | <u>7,355</u> | <u>(1,614)</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Instruction: | | | | |
| Regular programs | | | | |
| Materials and services | 8,150 | 8,900 | 6,911 | 1,989 |
| Total instruction | 8,150 | 8,900 | 6,911 | 1,989 |
| Total expenditures | <u>8,150</u> | <u>8,900</u> | <u>6,911</u> | <u>1,989</u> |
| Excess (deficit) of revenues over expenditures | (50) | 69 | 444 | 375 |
| Net change in fund balance | (50) | 69 | 444 | 375 |
| Fund balance - beginning of year | 3,207 | 3,088 | 3,088 | - |
| Fund balance - end of year | <u>\$ 3,157</u> | <u>\$ 3,157</u> | <u>\$ 3,532</u> | <u>\$ 375</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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|----------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal and state support | \$ 12,614 | \$ 12,469 | \$ 12,682 | \$ 213 |
| Federal stimulus | 263 | 254 | 264 | 10 |
| Charges for services | 3,750 | 3,704 | 3,615 | (89) |
| Other | 30 | 27 | 13 | (14) |
| Total revenues | <u>16,657</u> | <u>16,454</u> | <u>16,574</u> | <u>120</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Enterprise and Community Services: | | | | |
| Food services: | | | | |
| Salaries and benefits | 7,752 | 7,565 | 7,030 | 535 |
| Materials and services | 9,273 | 9,766 | 8,927 | 839 |
| Total Enterprise and Community Services | <u>17,025</u> | <u>17,331</u> | <u>15,957</u> | <u>1,374</u> |
| Total expenditures | <u>17,025</u> | <u>17,331</u> | <u>15,957</u> | <u>1,374</u> |
| Excess (deficit) revenues over expenditures | (368) | (877) | 617 | 1,494 |
| Net change in fund balance | (368) | (877) | 617 | 1,494 |
| Fund balance - beginning of year | 2,898 | 3,407 | 3,407 | - |
| Fund balance - end of year | <u>\$ 2,530</u> | <u>\$ 2,530</u> | <u>\$ 4,024</u> | <u>\$ 1,494</u> |

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, 2012
(amounts expressed in thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance from</u> <u>Final Budget</u> <u>Positive/</u> <u>(Negative)</u> |
|---------------------------------|-------------------------|----------------------|---------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charges for services | \$ 4,581 | \$ 5,763 | \$ 4,946 | \$ (817) |
| County and intermediate sources | 2,016 | 2,700 | 1,630 | (1,070) |
| Federal and state support | 1,590 | 1,590 | (225) | (1,815) |
| Other | 5,386 | 3,520 | 4,934 | 1,414 |
| Total revenues | <u>13,573</u> | <u>13,573</u> | <u>11,285</u> | <u>(2,288)</u> |
| EXPENDITURES | | | | |
| Current Operating: | | | | |
| Instruction: | | | | |
| Regular programs: | | | | |
| Salaries and benefits | 5,484 | 6,388 | 5,859 | 529 |
| Materials and services | 2,086 | 609 | 241 | 368 |
| Total regular programs | <u>7,570</u> | <u>6,997</u> | <u>6,100</u> | <u>897</u> |
| Special programs: | | | | |
| Salaries and benefits | 2,444 | 4,136 | 1,733 | 2,403 |
| Materials and services | 1,591 | 473 | 230 | 243 |
| Total special programs | <u>4,035</u> | <u>4,609</u> | <u>1,963</u> | <u>2,646</u> |
| Summer school programs: | | | | |
| Salaries and benefits | 415 | 422 | 426 | (4) |
| Materials and services | 34 | 26 | 29 | (3) |
| Total summer school programs | <u>449</u> | <u>448</u> | <u>455</u> | <u>(7)</u> |
| Total instruction | <u>12,054</u> | <u>12,054</u> | <u>8,518</u> | <u>3,536</u> |
| Support Services: | | | | |
| Students: | | | | |
| Salaries and benefits | 4 | 50 | 43 | 7 |
| Materials and services | 216 | 202 | 156 | 46 |
| Total students | <u>220</u> | <u>252</u> | <u>199</u> | <u>53</u> |
| Instructional staff: | | | | |
| Salaries and benefits | 288 | 279 | 268 | 11 |
| Materials and services | 247 | 67 | 59 | 8 |
| Total instructional staff | <u>535</u> | <u>346</u> | <u>327</u> | <u>19</u> |
| General administration: | | | | |
| Materials and services | 333 | 18 | 8 | 10 |
| Total general administration | <u>333</u> | <u>18</u> | <u>8</u> | <u>10</u> |
| School administration: | | | | |
| Salaries and benefits | 433 | 366 | 354 | 12 |
| Materials and services | 17 | 68 | 120 | (52) |
| Total school administration | <u>450</u> | <u>434</u> | <u>474</u> | <u>(40)</u> |

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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|---------------|---------------------------|--|
| | Original | Final | | |
| Support Services (continued): | | | | |
| Business: | | | | |
| Salaries and benefits | \$ 288 | \$ 126 | \$ 130 | \$ (4) |
| Materials and services | 17 | 663 | 643 | 20 |
| Total business | 305 | 789 | 773 | 16 |
| Central: | | | | |
| Materials and services | 3 | 7 | 6 | 1 |
| Total central | 3 | 7 | 6 | 1 |
| Total support services | 1,846 | 1,846 | 1,787 | 59 |
| Enterprise and Community Services: | | | | |
| Food Services: | | | | |
| Materials and services | 7 | 27 | 7 | 20 |
| Total food service | 7 | 27 | 7 | 20 |
| Community Services: | | | | |
| Salaries and benefits | 16 | 109 | 25 | 84 |
| Materials and services | 27 | 14 | 2 | 12 |
| Total community services | 43 | 123 | 27 | 96 |
| Total enterprise and community services | 50 | 150 | 34 | 116 |
| Facilities acquisition & construction: | | | | |
| Salaries and benefits | - | 25 | - | 25 |
| Materials and services | 4,313 | 4,188 | 132 | 4,056 |
| Total facilities acquisition and construction | 4,313 | 4,213 | 132 | 4,081 |
| Total expenditures | 18,263 | 18,263 | 10,471 | 7,792 |
| Excess (deficit) of revenues over expenditures | (4,690) | (4,690) | 814 | 5,504 |
| Net change in fund balance | (4,690) | (4,690) | 814 | 5,504 |
| Fund balance - beginning of year | 4,690 | 4,690 | 5,285 | 595 |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,099</u> | <u>\$ 6,099</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, 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 | | | | |
| Debt Service: | | | | |
| Principal | \$ 1,500 | \$ 1,500 | \$ 1,500 | \$ - |
| Interest and fiscal charges | 167 | 167 | 167 | - |
| 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 | | | | |
| Transfers in | <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, 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 | | | | |
| Debt Service: | | | | |
| Interest and fiscal charges | \$ - | \$ 49 | \$ 37 | \$ (12) |
| Total debt service | - | 49 | 37 | (12) |
| <hr/> | | | | |
| Total expenditures | - | 49 | 37 | (12) |
| <hr/> | | | | |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | 49 | 37 | (12) |
| 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, 2012
(amounts expressed in thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance from |
|----------------------------------|-------------------------|--------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive/ (Negative) |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | \$ 3,570 | \$ 3,570 | \$ 3,570 | \$ - |
| Interest and fiscal charges | 407 | 407 | 407 | - |
| Total debt service | 3,977 | 3,977 | 3,977 | - |
| | | | | |
| Total expenditures | <u>3,977</u> | <u>3,977</u> | <u>3,977</u> | <u>-</u> |
| | | | | |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>3,977</u> | <u>3,977</u> | <u>3,977</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
IT Projects 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 | | | | |
| Debt Service: | | | | |
| Principal | \$ 148 | \$ 148 | \$ 148 | \$ - |
| Interest and fiscal charges | 466 | 466 | 466 | - |
| Total debt service | 614 | 614 | 614 | - |
| | | | | |
| Total expenditures | <u>614</u> | <u>614</u> | <u>614</u> | <u>-</u> |
| | | | | |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>614</u> | <u>614</u> | <u>614</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

PERS UAL Debt Service Fund

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

For the year ended June 30, 2012

(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget |
|--|-------------------------|---------------|---------------------------|---------------------------------------|
| | Original | Final | | Positive/ (Negative) |
| REVENUES | | | | |
| Charges for services | \$ 34,673 | \$ 34,453 | \$ 34,376 | \$ (77) |
| Investment earnings | - | - | 77 | 77 |
| Total revenues | 34,673 | 34,453 | 34,453 | - |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 10,834 | 16,567 | 24,834 | (8,267) |
| Interest and fiscal charges | 23,839 | 32,049 | 23,782 | 8,267 |
| Total debt service | 34,673 | 48,616 | 48,616 | - |
| Total expenditures | 34,673 | 48,616 | 48,616 | - |
| Excess (deficit) of revenues over expenditures | - | (14,163) | (14,163) | - |
| OTHER FINANCING SOURCES | | | | |
| Issuance of refunding bonds | - | 14,163 | 14,168 | 5 |
| Total other financing sources | - | 14,163 | 14,168 | 5 |
| Net change in fund balance | - | - | 5 | 5 |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | \$ - | \$ - | \$ 5 | \$ 5 |

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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget |
|--|-------------------------|--------------|---------------------------|---------------------------------------|
| | Original | Final | | Positive/ (Negative) |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | \$ 351 | \$ 351 | \$ 351 | \$ - |
| Interest and fiscal charges | 26 | 26 | 26 | - |
| Total debt service | 377 | 377 | 377 | - |
| | | | | |
| Total expenditures | <u>377</u> | <u>377</u> | <u>377</u> | <u>-</u> |
| | | | | |
| Excess (deficit) of revenues over expenditures | (377) | (377) | (377) | - |
| | | | | |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>377</u> | <u>377</u> | <u>377</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
Recovery Zone Debt Service Fund
Schedule of Revenues, 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> | | |
| REVENUES | | | | |
| Federal and state support | \$ - | \$ 246 | \$ 246 | \$ - |
| Total revenues | <u>-</u> | <u>246</u> | <u>246</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 810 | 810 | 810 | - |
| Interest and fiscal charges | 545 | 545 | 545 | - |
| Total debt service | 1,355 | 1,355 | 1,355 | - |
| Total expenditures | <u>1,355</u> | <u>1,355</u> | <u>1,355</u> | <u>-</u> |
| Excess (deficit) of revenues over expenditures | (1,355) | (1,109) | (1,109) | - |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 1,355 | 1,109 | 1,109 | - |
| 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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|---------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Construction excise tax | \$ 1,004 | \$ 2,000 | \$ 2,108 | \$ 108 |
| Total revenues | <u>1,004</u> | <u>2,000</u> | <u>2,108</u> | <u>108</u> |
| EXPENDITURES | | | | |
| Facilities acquisition & construction: | | | | |
| Materials and services | 3,300 | 3,300 | - | 3,300 |
| Total facilities acquisition and construction | <u>3,300</u> | <u>3,300</u> | <u>-</u> | <u>3,300</u> |
| Operating contingency | <u>250</u> | <u>2,607</u> | <u>-</u> | <u>2,607</u> |
| Total expenditures | <u>3,550</u> | <u>5,907</u> | <u>-</u> | <u>5,907</u> |
| Excess (deficit) of revenues over expenditures | (2,546) | (3,907) | 2,108 | 6,015 |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(677)</u> | <u>(677)</u> | <u>(677)</u> | <u>-</u> |
| Total other financing uses | <u>(677)</u> | <u>(677)</u> | <u>(677)</u> | <u>-</u> |
| Net change in fund balance | (3,223) | (4,584) | 1,431 | 6,015 |
| Fund balance - beginning of year | 3,223 | 4,584 | 4,584 | - |
| Fund balance - end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 6,015</u></u> | <u><u>\$ 6,015</u></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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|--------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ - | \$ 4 | \$ 5 | \$ 1 |
| Total revenues | - | 4 | 5 | 1 |
| EXPENDITURES | | | | |
| Support services | | | | |
| Instructional staff: | | | | |
| Salaries and benefits | - | 64 | - | 64 |
| Materials and services | - | 62 | - | 62 |
| Total instructional staff | - | 126 | - | 126 |
| Central: | | | | |
| Salaries and benefits | 223 | 326 | 354 | (28) |
| Materials and services | 1,882 | 1,802 | 1,243 | 559 |
| Total central | 2,105 | 2,128 | 1,597 | 531 |
| Total support services expenditures | 2,105 | 2,254 | 1,597 | 657 |
| Operating contingency | 1,325 | 963 | - | 963 |
| Total expenditures | 3,430 | 3,217 | 1,597 | 1,620 |
| Excess (deficit) of revenues over expenditures | (3,430) | (3,213) | (1,592) | 1,621 |
| Net change in fund balance | (3,430) | (3,213) | (1,592) | 1,621 |
| Fund balance - beginning of year | 3,430 | 3,213 | 3,213 | - |
| Fund balance - end of year | \$ - | \$ - | \$ 1,621 | \$ 1,621 |

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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|--------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ 23 | \$ 23 | \$ 17 | \$ (6) |
| Total revenues | <u>23</u> | <u>23</u> | <u>17</u> | <u>(6)</u> |
| EXPENDITURES | | | | |
| Support services | | | | |
| Business: | | | | |
| Materials and services | 13 | - | - | - |
| Total support services expenditures | 13 | - | - | - |
| Facilities acquisition and construction: | | | | |
| Salaries and benefits | 421 | 421 | 101 | 320 |
| Materials and services | 4,089 | 5,171 | 1,466 | 3,705 |
| Total facilities acquisition and construction | 4,510 | 5,592 | 1,567 | 4,025 |
| Total operating expenditures | <u>4,523</u> | <u>5,592</u> | <u>1,567</u> | <u>4,025</u> |
| Operating contingency | 500 | 513 | - | 513 |
| Total expenditures | <u>5,023</u> | <u>6,105</u> | <u>1,567</u> | <u>4,538</u> |
| Excess (deficit) of revenues over expenditures | (5,000) | (6,082) | (1,550) | 4,532 |
| Net change in fund balance | (5,000) | (6,082) | (1,550) | 4,532 |
| Fund balance - beginning of year | 5,000 | 6,082 | 6,082 | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,532</u> | <u>\$ 4,532</u> |

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, 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> | | |
| REVENUES | | | | |
| Federal and state support | \$ - | \$ - | \$ 348 | \$ 348 |
| Other Revenues | - | 1,200 | 876 | (324) |
| Total revenues | <u>-</u> | <u>1,200</u> | <u>1,224</u> | <u>24</u> |
| EXPENDITURES | | | | |
| Facilities acquisition & construction: | | | | |
| Materials and services | - | 1,200 | 18 | 1,182 |
| Total facilities acquisition & construction | <u>-</u> | <u>1,200</u> | <u>18</u> | <u>1,182</u> |
| Total expenditures | <u>-</u> | <u>1,200</u> | <u>18</u> | <u>1,182</u> |
| Excess (deficit) of revenues over expenditures | - | - | 1,206 | 1,206 |
| Net change in fund balance | - | - | 1,206 | 1,206 |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,206</u> | <u>\$ 1,206</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, 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 | | | | |
| Facilities acquisition & construction: | | | | |
| Materials and services | \$ - | \$ 2,500 | \$ 668 | \$ 1,832 |
| Total facilities acquisition & construction | - | 2,500 | 668 | 1,832 |
| | | | | |
| Total expenditures | - | 2,500 | 668 | 1,832 |
| | | | | |
| Excess (deficit) of revenues over expenditures | - | (2,500) | (668) | 1,832 |
| OTHER FINANCING SOURCES | | | | |
| Issuance of debt | - | 2,500 | 1,500 | (1,000) |
| Total other financing sources | - | 2,500 | 1,500 | (1,000) |
| | | | | |
| Net change in fund balance | - | - | 832 | 832 |
| Fund balance - beginning of year | - | - | - | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 832</u> | <u>\$ 832</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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|---------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Other Revenues | \$ - | \$ 914 | \$ 914 | \$ - |
| Total revenues | <u>-</u> | <u>914</u> | <u>914</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Facilities acquisition & construction: | | | | |
| Salaries and benefits | - | - | 2 | (2) |
| Materials and services | 3,000 | 3,110 | 1,515 | 1,595 |
| Total facilities acquisition and construction | <u>3,000</u> | <u>3,110</u> | <u>1,517</u> | <u>1,593</u> |
| | | | | |
| Total expenditures | <u>3,000</u> | <u>3,110</u> | <u>1,517</u> | <u>1,593</u> |
| Excess (deficit) of revenues over expenditures | (3,000) | (2,196) | (603) | 1,593 |
| Net change in fund balance | (3,000) | (2,196) | (603) | 1,593 |
| Fund balance - beginning of year | 3,000 | 2,196 | 2,196 | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,593</u> | <u>\$ 1,593</u> |

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

BUDGETARY COMPARISON SCHEDULES
Other funds

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

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|--|-------------------------|----------------------|---------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ 20 | \$ 20 | \$ 18 | \$ (2) |
| Total revenues | <u>20</u> | <u>20</u> | <u>18</u> | <u>(2)</u> |
| EXPENDITURES | | | | |
| Facilities acquisition & construction: | | | | |
| Salaries and benefits | 1,798 | 905 | 837 | 68 |
| Materials and services | 5,270 | 5,204 | 3,097 | 2,107 |
| Total facilities acquisition & construction | <u>7,068</u> | <u>6,109</u> | <u>3,934</u> | <u>2,175</u> |
| Total current operating | 7,068 | 6,109 | 3,934 | 2,175 |
| Debt service | | | | |
| Principal | - | 25,701 | 25,750 | (49) |
| Interest | - | 227 | 178 | 49 |
| Total debt service | <u>-</u> | <u>25,928</u> | <u>25,928</u> | <u>-</u> |
| Total current expenditures | 7,068 | 32,037 | 29,862 | 2,175 |
| Operating contingency | <u>500</u> | <u>1,400</u> | <u>-</u> | <u>1,400</u> |
| Total expenditures | <u>7,568</u> | <u>33,437</u> | <u>29,862</u> | <u>3,575</u> |
| Excess (deficit) of revenues over expenditures | <u>(7,548)</u> | <u>(33,417)</u> | <u>(29,844)</u> | <u>3,573</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (49) | (37) | 12 |
| Issuance of debt | - | 25,750 | 25,750 | - |
| Total other financing sources (uses) | <u>-</u> | <u>25,701</u> | <u>25,713</u> | <u>12</u> |
| Net change in fund balance | (7,548) | (7,716) | (4,131) | 3,585 |
| Fund balance - beginning of year | 7,548 | 7,716 | 7,716 | - |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,585</u> | <u>\$ 3,585</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, 2012
(amounts expressed in thousands)

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive/ (Negative) |
|---|-------------------------|-------------------|---------------------------|--|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 3,415 | \$ 3,415 | \$ 3,628 | \$ 213 |
| Other | - | 1,660 | 1,229 | (431) |
| Total operating revenues | <u>3,415</u> | <u>5,075</u> | <u>4,857</u> | <u>(218)</u> |
| OPERATING EXPENSES | | | | |
| Support Services: | | | | |
| Salaries and benefits | 213 | 213 | 187 | 26 |
| Materials and services | 539 | 539 | 228 | 311 |
| Claims expense | 2,171 | 2,171 | 2,342 | (171) |
| Total support services | 2,923 | 2,923 | 2,757 | 166 |
| Operating contingency | 500 | 2,015 | - | 2,015 |
| Total operating expenses | <u>3,423</u> | <u>4,938</u> | <u>2,757</u> | <u>2,181</u> |
| Operating income (loss) | <u>(8)</u> | <u>137</u> | <u>2,100</u> | <u>1,963</u> |
| NON OPERATING REVENUES | | | | |
| Investment income | 15 | 15 | 16 | 1 |
| Federal and state support | 263 | 263 | 196 | (67) |
| Total non-operating revenues | <u>278</u> | <u>278</u> | <u>212</u> | <u>(66)</u> |
| TRANSFERS OUT | | | | |
| Change in net assets | <u>(3,000)</u> | <u>(3,995)</u> | <u>(2,098)</u> | <u>1,897</u> |
| Beginning retained earnings - budgetary basis | 3,000 | 3,995 | 3,995 | - |
| Ending retained earnings - budgetary basis | <u>\$ (3,000)</u> | <u>\$ (3,995)</u> | 1,897 | <u>\$ 1,897</u> |
| Reconciliation: | | | | |
| Change in accounting method ¹ | | | 903 | |
| Other post employment benefits obligation | | | (35) | |
| Accrued compensated absences | | | (6) | |
| Retained earnings - GAAP basis | | | <u>\$ 2,759</u> | |

¹ Effective July 1, 2011, management implemented a change in accounting method: All activities related to property and general liability insurance, which were previously accounted for in the Self-Insurance Fund, are now accounted for in the General Fund.

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, 2012
(dollars in thousands)**

| Tax Year | Taxes Uncollected June 30, 2011 | | Levy as Extended by Assessor | Discounts Allowed | Interest | Cancellations and Adjustments | Property Tax Collections | Taxes Uncollected June 30, 2012 | |
|---------------------------|---------------------------------|---|------------------------------|-------------------|------------|-------------------------------|--------------------------|---------------------------------|---------------|
| | \$ | % | | | | | | \$ | \$ |
| 2011-2012 | \$ | - | \$ 203,152 | \$ (5,082) | \$ 88 | \$ (1,662) | \$ (190,187) | \$ | 6,309 |
| 2010-2011 | 5,491 | - | - | 32 | 217 | 272 | (2,806) | - | 3,206 |
| 2009-2010 | 2,527 | - | - | 24 | 218 | 481 | (1,147) | - | 2,103 |
| 2008-2009 | 1,378 | - | - | - | 273 | (16) | (1,062) | - | 573 |
| 2007-2008 | 464 | - | - | - | 146 | (14) | (494) | - | 102 |
| 2006-2007 | 77 | - | - | - | 19 | (2) | (53) | - | 41 |
| 2005-2006 | 30 | - | - | - | 5 | (2) | (13) | - | 20 |
| 2004-2005 | 34 | - | - | - | 2 | 1 | (5) | - | 32 |
| 2003-2004 | 32 | - | - | - | 3 | - | (6) | - | 29 |
| 2002-2003 | 23 | - | - | - | 1 | - | (2) | - | 22 |
| 10+ yrs prior | 154 | - | - | - | 14 | - | (20) | - | 148 |
| Total General Tax: | 10,210 | | 203,152 | (5,026) | 986 | (942) | (195,795) | | 12,585 |

| Tax Year | Taxes Uncollected June 30, 2011 | | Levy as Extended by Assessor | Discounts Allowed | Interest | Cancellations and Adjustments | Property Tax Collections | Taxes Uncollected June 30, 2012 | |
|----------------------------------|---------------------------------|---|------------------------------|-------------------|------------|-------------------------------|--------------------------|---------------------------------|--------------|
| | \$ | % | | | | | | \$ | \$ |
| 2011-2012 | \$ | - | \$ 55,082 | \$ (1,378) | \$ 24 | \$ (451) | \$ (51,567) | \$ | 1,710 |
| 2010-2011 | 1,094 | - | - | 6 | 44 | 54 | (559) | - | 639 |
| 2009-2010 | 518 | - | - | 4 | 45 | 99 | (235) | - | 431 |
| 2008-2009 | 286 | - | - | 1 | 57 | (3) | (221) | - | 120 |
| 2007-2008 | 97 | - | - | - | - | (3) | (103) | - | (9) |
| 2006-2007 | - | - | - | - | - | - | - | - | - |
| 2005-2006 | - | - | - | - | 30 | - | - | - | 30 |
| 2004-2005 | 4 | - | - | - | - | - | - | - | 4 |
| 2003-2004 | 4 | - | - | - | - | - | (2) | - | 2 |
| 2002-2003 | 3 | - | - | - | - | - | - | - | 3 |
| 10+ yrs prior | 3 | - | - | - | - | - | - | - | 3 |
| Total Local Option Taxes: | 2,009 | | 55,082 | (1,367) | 200 | (304) | (52,687) | | 2,933 |

| Tax Year | Taxes Uncollected June 30, 2011 | | Levy as Extended by Assessor | Discounts Allowed | Interest | Cancellations and Adjustments | Property Tax Collections | Taxes Uncollected June 30, 2012 | |
|-------------------------|---------------------------------|---|------------------------------|-------------------|----------|-------------------------------|--------------------------|---------------------------------|-----------|
| | \$ | % | | | | | | \$ | \$ |
| 2011-2012 | \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ | - |
| 2010-2011 | - | - | - | - | - | - | - | - | - |
| 2009-2010 | - | - | - | - | - | - | - | - | - |
| 2008-2009 | - | - | - | - | - | - | - | - | - |
| 2007-2008 | - | - | - | - | - | - | - | - | - |
| 2006-2007 | - | - | - | - | - | - | - | - | - |
| 2005-2006 | - | - | - | - | - | - | - | - | - |
| 2004-2005 | 8 | - | - | - | - | - | (1) | - | 7 |
| 2003-2004 | 7 | - | - | - | 1 | - | (1) | - | 7 |
| 2002-2003 | 6 | - | - | - | - | - | - | - | 6 |
| 10+ yrs prior | 15 | - | - | - | 1 | - | (2) | - | 14 |
| Total Bond Taxes | 36 | | - | - | 2 | - | (4) | | 34 |

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund

Schedule of Property Tax Transactions (continued)
For the Year Ended June 30, 2012
(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, 2011 | | | | | | Uncollected June 30, 2012 |
| Cancel/Omit | | | | | | | | |
| Current Year | 2011-2012 | \$ - | \$ 834 | \$ (21) | \$ - | \$ - | \$ (781) | \$ 25 |
| Prior Years | 2010-2011 | 9 | - | - | - | (7) | (4) | 5 |
| | 2009-2010 | 4 | - | - | - | 1 | (2) | 3 |
| | 2008-2009 | 3 | - | - | 1 | - | (2) | 2 |
| | 2007-2008 | 1 | - | - | - | - | (1) | - |
| | 2006-2007 | - | - | - | - | - | - | - |
| | 2005-2006 | - | - | - | - | - | - | - |
| | 2004-2005 | - | - | - | - | - | - | - |
| | 2003-2004 | - | - | - | - | - | - | - |
| Total Cancel/Omit Taxes: | 17 | | 834 | (21) | 1 | (6) | (790) | 35 |
| Total Multnomah County: | 12,272 | | 259,068 | (6,414) | 1,189 | (1,252) | (249,276) | 15,587 |
| Washington County: | | | | | | | | |
| All Years ¹ | - | | 1,726 | - | - | - | (1,671) | - |
| Clackamas County: | | | | | | | | |
| All Years ¹ | - | | 210 | - | - | - | (202) | - |
| Total All Counties: | 12,272 | \$ | 261,004 | \$ (6,414) | \$ 1,189 | \$ (1,252) | \$ (251,149) | \$ 15,587 |

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, 2012 were considered immaterial.

All Property Tax Transactions were recorded in the General Fund for FY 2012.

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund
Schedule of Property Tax Transactions
For the Year Ended June 30, 2012
(dollars in thousands)

Reconciliation to Financial Statements:

| | |
|--|-------------------|
| Property tax collections for the year ended June 30, 2012 | \$ 251,149 |
| Non-levied tax revenue received for the year ended June 30, 2012 | 458 |
| Uncollected property taxes at June 30, 2012 | \$ 15,587 |
| Uncollected property taxes susceptible to accrual at June 30, 2012 | 1,220 |
| Non-levied tax revenue susceptible to accrual at June 30, 2012 | 53 |
| Property taxes & non-levy rev susceptible to accrual at June 30, 2011, and collected during the year ended June 30, 2012 | <u>(1,132)</u> |
| Total property and local option taxes - General Fund | <u>\$ 251,748</u> |
| Total Deferred Revenues - General Fund | <u>\$ 14,332</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, 2012
(amounts expressed in thousands)

Governmental funds in capital assets:

| | |
|--|--------------------------|
| Land | \$ 8,274 |
| Buildings and site improvements | 349,040 |
| Vehicles and equipment | 44,052 |
| Construction in progress | <u>13,658</u> |
| Total governmental funds in capital assets | <u><u>\$ 415,024</u></u> |

Investments in governmental funds capital assets by source:

| | |
|--|--------------------------|
| General fund | \$ 152,939 |
| Special Revenue funds | 20,583 |
| Capital Projects funds | <u>241,502</u> |
| Total governmental funds in capital assets | <u><u>\$ 415,024</u></u> |

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2012
(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 | \$ 6,266 | \$ 317,671 | \$ 4,756 | \$ 7,122 | \$ 335,815 |
| Supporting services | 2,008 | 31,358 | 37,235 | 6,536 | 77,137 |
| Food services | - | 11 | 2,061 | - | 2,072 |
| Total governmental funds in capital assets | <u>\$ 8,274</u> | <u>\$ 349,040</u> | <u>\$ 44,052</u> | <u>\$ 13,658</u> | <u>\$ 415,024</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, 2012
(amounts expressed in thousands)

| <u>Function and Activity</u> | Governmental Funds Capital Assets June 30, 2011 | Additions | Deductions | Governmental Funds Capital Assets June 30, 2012 |
|---|--|------------------|-----------------|--|
| General government | | | | |
| Instruction | \$ 327,718 | \$ 8,455 | \$ (358) | \$ 335,815 |
| Supporting services | 74,773 | 2,723 | (359) | 77,137 |
| Food services | 1,998 | 74 | - | 2,072 |
| Total governmental funds in capital assets | <u>\$ 404,489</u> | <u>\$ 11,252</u> | <u>\$ (717)</u> | <u>\$ 415,024</u> |



Mallory House - Framing Work

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> | 108 |
| 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> | 116 |
| 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> | 120 |
| 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> | 123 |
| 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> | 125 |
| 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. The District implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

Government-wide Activities

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Assets | | | | |
| Current and other assets | \$ 103,758 | \$ 142,480 | \$ 161,328 | \$ 169,097 |
| Prepaid pension costs | 486,618 | 486,072 | 485,029 | 478,576 |
| Net capital assets | <u>228,616</u> | <u>224,098</u> | <u>210,589</u> | <u>203,717</u> |
| Total assets | <u>818,992</u> | <u>852,650</u> | <u>856,946</u> | <u>851,390</u> |
| Liabilities | | | | |
| Other current liabilities | 116,164 | 75,478 | 75,082 | 78,829 |
| Other long-term liabilities | 78,866 | 79,987 | 37,907 | 32,876 |
| Limited tax pension bonds payable | 491,274 | 490,728 | 489,685 | 483,232 |
| Other post employment benefits | - | - | - | - |
| Total liabilities | <u>686,304</u> | <u>646,193</u> | <u>602,674</u> | <u>594,937</u> |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | 123,872 | 156,011 | 183,482 | 183,157 |
| Restricted | - | - | - | - |
| Unrestricted | <u>8,816</u> | <u>50,446</u> | <u>70,790</u> | <u>73,296</u> |
| Total Net Assets | <u>\$ 132,688</u> | <u>\$ 206,457</u> | <u>\$ 254,272</u> | <u>\$ 256,453</u> |

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 167,964 | \$ 175,282 | \$ 175,091 | \$ 174,564 | \$ 177,558 | 180,957 |
| 471,759 | 463,507 | 455,247 | 445,555 | 436,790 | 425,421 |
| 195,885 | 187,312 | 185,571 | 194,725 | 200,731 | 199,058 |
| <u>835,608</u> | <u>826,101</u> | <u>815,909</u> | <u>814,844</u> | <u>815,079</u> | <u>805,436</u> |
| 95,818 | 88,936 | 96,163 | 75,555 | 77,535 | 83,977 |
| 24,271 | 22,377 | 10,320 | 34,182 | 62,851 | 57,972 |
| 476,416 | 468,163 | 459,756 | 450,125 | 440,491 | 430,058 |
| - | 8,852 | 17,762 | 24,741 | 29,667 | 33,595 |
| <u>596,505</u> | <u>588,328</u> | <u>584,001</u> | <u>584,603</u> | <u>610,544</u> | <u>605,602</u> |
| 180,034 | 177,198 | 181,442 | 186,783 | 164,033 | 157,209 |
| - | - | - | 8,426 | 25,597 | 21,577 |
| 59,069 | 60,575 | 50,466 | 35,032 | 14,905 | 21,048 |
| <u>\$ 239,103</u> | <u>\$ 237,773</u> | <u>\$ 231,908</u> | <u>\$ 230,241</u> | <u>\$ 204,535</u> | <u>\$ 199,834</u> |

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

Government-wide Activities

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|--|------------------|------------------|------------------|------------------|
| Expenditures | | | | |
| Instruction | \$ 246,091 | \$ 264,430 | \$ 278,166 | \$ 272,831 |
| Support services | 160,170 | 160,121 | 167,789 | 178,014 |
| Enterprise and Community Services | 14,736 | 13,735 | 15,425 | 15,386 |
| Non-capital facilities maintenance & replacement | 15,638 | 9,177 | 8,394 | - |
| Interest and fees on long-term debt | 10,607 | 5,382 | 3,919 | 1,816 |
| Total expenditures | <u>447,242</u> | <u>452,845</u> | <u>473,693</u> | <u>468,047</u> |
| Program Revenues | | | | |
| Charges for services: | | | | |
| Instruction | 6,319 | 3,561 | 3,672 | 4,447 |
| Support services | - | 2,127 | 1,855 | 1,712 |
| Enterprise and Community Services | 4,213 | 3,962 | 3,950 | 3,153 |
| Operating grants and contributions: | | | | |
| Instruction | 48,306 | 40,545 | 43,992 | 44,131 |
| Support services | 16,186 | 18,076 | 23,582 | 23,566 |
| Enterprise and Community Services | 11,125 | 10,983 | 11,128 | 11,176 |
| Total program revenues | <u>86,149</u> | <u>79,254</u> | <u>88,179</u> | <u>88,185</u> |
| Net Expenditures | <u>(361,093)</u> | <u>(373,591)</u> | <u>(385,514)</u> | <u>(379,862)</u> |
| General Revenues: | | | | |
| Property taxes, levies for operations | 131,056 | 135,183 | 138,699 | 144,543 |
| Property taxes, levies for debt service | 47,082 | 45,673 | 33,979 | 921 |
| Local option taxes | 16,263 | 17,165 | 31,751 | 466 |
| Construction excise tax | - | - | - | - |
| State School Fund | 150,705 | 183,619 | 148,013 | 157,061 |
| State Common School Fund | 3,100 | 1,251 | 3,784 | 4,135 |
| County and intermediate sources | 24,441 | 50,806 | 59,734 | 59,613 |
| Federal Stimulus | - | - | - | - |
| Investment earnings | 2,188 | 1,786 | 3,091 | 5,554 |
| Other | 5,583 | 11,877 | 14,278 | 9,750 |
| Total general revenues | <u>380,418</u> | <u>447,360</u> | <u>433,329</u> | <u>382,043</u> |
| Extraordinary items | - | - | - | - |
| Change in Net Assets | <u>\$ 19,325</u> | <u>\$ 73,769</u> | <u>\$ 47,815</u> | <u>\$ 2,181</u> |

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| \$ 281,308 | \$ 311,474 | \$ 306,993 | \$ 323,190 | \$ 315,465 | \$ 287,424 |
| 198,721 | 192,598 | 196,857 | 183,267 | 204,613 | 206,856 |
| 15,187 | 15,750 | 16,653 | 17,135 | 19,758 | 19,108 |
| 7,633 | 3,140 | 6,899 | 14,177 | 11,649 | 10,697 |
| 1,535 | 1,815 | 1,600 | 1,642 | 2,135 | 25,748 |
| <u>504,384</u> | <u>524,777</u> | <u>529,002</u> | <u>539,411</u> | <u>553,620</u> | <u>549,833</u> |
| 4,100 | 4,151 | 4,783 | 4,898 | 4,799 | 5,046 |
| 2,157 | 2,879 | 3,075 | 2,883 | 2,348 | 2,109 |
| 4,190 | 4,353 | 4,442 | 4,655 | 4,666 | 4,422 |
| 51,915 | 68,180 | 72,121 | 71,538 | 75,981 | 71,319 |
| 29,163 | 27,793 | 28,722 | 27,585 | 25,844 | 25,447 |
| 12,500 | 1,889 | 2,620 | 2,548 | 3,915 | 2,863 |
| <u>104,025</u> | <u>109,245</u> | <u>115,763</u> | <u>114,107</u> | <u>117,553</u> | <u>111,206</u> |
| <u>(400,359)</u> | <u>(415,532)</u> | <u>(413,239)</u> | <u>(425,304)</u> | <u>(436,067)</u> | <u>(438,627)</u> |
| 165,536 | 174,926 | 181,928 | 189,234 | 194,170 | 200,906 |
| 37 | - | - | - | - | - |
| 200 | 35,887 | 37,364 | 38,292 | 38,226 | 53,622 |
| - | 69 | 1,962 | 1,192 | 1,361 | 2,108 |
| 166,813 | 168,438 | 151,376 | 155,566 | 139,229 | 149,031 |
| 4,316 | 4,864 | 3,717 | 4,544 | 4,461 | 4,138 |
| 30,009 | 15,511 | 10,271 | 10,223 | 9,543 | 9,588 |
| - | - | 8,816 | 12,182 | 14,349 | 595 |
| 7,795 | 7,208 | 3,477 | 781 | 582 | 403 |
| 8,303 | 7,299 | 8,463 | 9,905 | 8,440 | 13,535 |
| <u>383,009</u> | <u>414,202</u> | <u>407,374</u> | <u>421,919</u> | <u>410,361</u> | <u>433,926</u> |
| - | - | - | 1,718 | - | - |
| <u>\$ (17,350)</u> | <u>\$ (1,330)</u> | <u>\$ (5,865)</u> | <u>\$ (1,667)</u> | <u>\$ (25,706)</u> | <u>\$ (4,701)</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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| General Fund | | | | |
| Nonspendable | \$ 1,547 | \$ 1,363 | \$ 1,133 | \$ 949 |
| Committed | - | - | - | - |
| Unassigned | (15,099) | 11,828 | 30,704 | 42,286 |
| Total general fund | <u>(13,552)</u> | <u>13,191</u> | <u>31,837</u> | <u>43,235</u> |
| All Other | | | | |
| Governmental Funds | | | | |
| Nonspendable | 603 | 632 | 712 | 798 |
| Restricted | 34,683 | 24,171 | 15,801 | 8,590 |
| Committed | 1,800 | 11,300 | 20,800 | 18,800 |
| Unassigned | - | - | (222) | - |
| Total all other governmental funds | 37,086 | 36,103 | 37,091 | 28,188 |
| Total Governmental Fund Balances | <u><u>\$ 23,534</u></u> | <u><u>\$ 49,294</u></u> | <u><u>\$ 68,928</u></u> | <u><u>\$ 71,423</u></u> |

In June 2011, the Portland Public Schools Board of Education adopted new fund balance classifications required by GASB Statement No. 54. To allow comparison for years prior to 2011 the schedule above presents the fund balance classifications consistent with the June 2011 Board adoptions.

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 823 | \$ 1,949 | \$ 1,881 | \$ 1,587 | \$ 795 | \$ 452 |
| - | 2,000 | 2,000 | 2,000 | 1,289 | 1,583 |
| <u>43,032</u> | <u>50,556</u> | <u>46,079</u> | <u>50,185</u> | <u>29,457</u> | <u>28,890</u> |
| <u>43,855</u> | <u>54,505</u> | <u>49,960</u> | <u>53,772</u> | <u>31,541</u> | <u>30,925</u> |
| 591 | 512 | 635 | 446 | 522 | 390 |
| 8,913 | 7,267 | 11,039 | 21,648 | 25,137 | 27,471 |
| 16,800 | 16,800 | 16,800 | 16,800 | 26,899 | 20,461 |
| - | - | (2,467) | (14,536) | - | - |
| 26,304 | 24,579 | 26,007 | 24,358 | 52,558 | 48,322 |
| <u>\$ 70,159</u> | <u>\$ 79,084</u> | <u>\$ 75,967</u> | <u>\$ 78,130</u> | <u>\$ 84,099</u> | <u>\$ 79,247</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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---|--------------------|------------------|------------------|-----------------|
| Revenues | | | | |
| Property and other taxes | \$ 178,203 | \$ 181,356 | \$ 173,147 | \$ 147,352 |
| State School Fund | 150,705 | 183,619 | 148,013 | 157,062 |
| Local option taxes | 16,263 | 17,165 | 31,751 | 467 |
| County and intermediate sources | 24,441 | 50,806 | 59,734 | 59,613 |
| Federal stimulus | - | - | - | - |
| State Common School Fund | 3,100 | 1,251 | 3,784 | 4,135 |
| Federal and state support | 64,116 | 59,191 | 68,903 | 68,060 |
| Charges for services | 4,213 | 9,651 | 9,477 | 9,312 |
| Extracurricular activities | 7,171 | 7,259 | 6,872 | 7,123 |
| Investment earnings | 2,128 | 1,752 | 3,017 | 5,365 |
| Other | 15,533 | 9,885 | 10,996 | 12,352 |
| Total revenues | <u>465,873</u> | <u>521,935</u> | <u>515,694</u> | <u>470,841</u> |
| Expenditures | | | | |
| Current Operating: | | | | |
| Instruction | 254,343 | 261,213 | 269,938 | 264,431 |
| Support services | 160,996 | 158,223 | 167,967 | 172,953 |
| Enterprise and Community Services | 14,837 | 14,282 | 15,558 | 15,448 |
| Non-capital facilities acquisition & construction | 15,637 | 9,177 | 5,274 | 6,491 |
| Debt Service: | | | | |
| Principal | 42,981 | 47,532 | 42,053 | 7,721 |
| Interest | 8,983 | 6,563 | 3,987 | 1,736 |
| Total expenditures | <u>497,777</u> | <u>496,990</u> | <u>504,777</u> | <u>468,780</u> |
| Excess (deficiency) of revenues over expenditures | <u>(31,904)</u> | <u>24,945</u> | <u>10,917</u> | <u>2,061</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 8,850 | 16,535 | 17,919 | 10,700 |
| Transfers out | (8,850) | (16,535) | (17,919) | (10,700) |
| Issuance of debt | 490,933 | 11,900 | - | - |
| Issuance of refunding bonds | - | - | - | - |
| Payments to escrow agent | (486,618) | (11,842) | - | - |
| Proceeds from the sale of capital assets | 996 | 757 | 8,717 | 434 |
| Total other financing sources (uses) | <u>5,311</u> | <u>815</u> | <u>8,717</u> | <u>434</u> |
| Net change in fund balances | <u>\$ (26,593)</u> | <u>\$ 25,760</u> | <u>\$ 19,634</u> | <u>\$ 2,495</u> |
| Debt services as a percentage of noncapital expenditures | 10.8% | 11.1% | 9.2% | 2.0% |

| <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-------------------|-----------------|-------------------|-----------------|-----------------|-------------------|
| \$ 166,522 | \$ 174,568 | \$ 181,847 | \$ 190,105 | \$ 196,044 | \$ 200,716 |
| 164,182 | 168,438 | 151,376 | 155,566 | 139,229 | 149,031 |
| 200 | 35,373 | 37,042 | 38,470 | 38,603 | 53,099 |
| 30,009 | 15,511 | 10,271 | 10,224 | 9,544 | 9,588 |
| - | - | 10,206 | 26,972 | 28,991 | 4,591 |
| 4,316 | 4,864 | 3,717 | 4,544 | 4,461 | 4,138 |
| 80,134 | 82,435 | 89,014 | 74,055 | 79,034 | 84,704 |
| 10,446 | 11,383 | 12,300 | 12,436 | 11,814 | 45,953 |
| 7,178 | 7,963 | 7,524 | 7,423 | 7,563 | 7,355 |
| 7,531 | 6,907 | 3,310 | 1,037 | 649 | 579 |
| 13,674 | 14,068 | 13,450 | 13,131 | 11,991 | 15,127 |
| <u>484,192</u> | <u>521,510</u> | <u>520,057</u> | <u>533,963</u> | <u>527,923</u> | <u>574,881</u> |
| 276,929 | 301,171 | 301,457 | 310,846 | 314,597 | 305,238 |
| 182,918 | 203,620 | 192,384 | 199,983 | 205,869 | 207,691 |
| 15,077 | 15,467 | 16,386 | 17,106 | 20,001 | 19,782 |
| 7,633 | 3,141 | 6,899 | 14,166 | 11,546 | 10,613 |
| 8,039 | 6,966 | 7,291 | 5,901 | 8,082 | 56,963 |
| 1,412 | 1,546 | 1,499 | 1,740 | 2,043 | 25,608 |
| <u>492,008</u> | <u>531,911</u> | <u>525,916</u> | <u>549,742</u> | <u>562,138</u> | <u>625,895</u> |
| <u>(7,816)</u> | <u>(10,401)</u> | <u>(5,859)</u> | <u>(15,779)</u> | <u>(34,215)</u> | <u>(51,014)</u> |
| 10,704 | 8,748 | 9,913 | 7,550 | 9,939 | 14,090 |
| (10,704) | (8,748) | (7,913) | (7,550) | (6,939) | (9,680) |
| 2,125 | 15,220 | - | 15,000 | 36,750 | 27,250 |
| - | - | - | - | - | 14,400 |
| - | - | - | - | - | - |
| 1,796 | 1,616 | 743 | 2,942 | 434 | 102 |
| <u>3,921</u> | <u>16,836</u> | <u>2,743</u> | <u>17,942</u> | <u>40,184</u> | <u>46,162</u> |
| <u>\$ (3,895)</u> | <u>\$ 6,435</u> | <u>\$ (3,116)</u> | <u>\$ 2,163</u> | <u>\$ 5,969</u> | <u>\$ (4,852)</u> |
| 2.0% | 1.6% | 1.7% | 1.4% | 1.8% | 13.4% |

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 | | |
| 2003 | \$ 27,152,155 | \$ 1,969,018 | \$ 13,810 | \$ 1,437,798 | \$ 30,572,781 | \$ 15,399 | \$ 1,783,901 | \$ 28,804,279 | \$ 7.2206 | \$ 207,984 | \$ 7,777 | \$ 200,207 |
| 2004 | 28,176,402 | 1,885,801 | 12,985 | 1,390,717 | 31,465,905 | 15,861 | 1,909,048 | 29,572,718 | 7.1160 | 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 |

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 2003-2012: 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 | |
| 2003 | \$ 4.7743 | \$ 0.7500 | \$ 0.4674 | \$ 1.2289 | \$ 7.2206 | |
| 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 | |

| Overlapping Total Property Tax Rates | | | | | | |
|--------------------------------------|------------------|------------------|-----------|------------------|----------------------------|--------------------------------------|
| Fiscal Year | Multnomah County | Port of Portland | Metro | City of Portland | Portland Community College | Multnomah Education Service District |
| 2003 | \$ 5.1742 | \$ 0.0701 | \$ 0.2835 | \$ 6.9663 | \$ 0.4944 | \$ 0.4576 |
| 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 |

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
Current Year and Nine Years Ago
Taxing District - 311 Portland School District
(dollars in thousands)

| Taxpayer | 2011 | | | 2002 | | |
|--|------------------------|------|--|------------------------|------|--|
| | 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&I) | \$ 282,606 | 1 | 0.74 % | \$ 218,117 | 2 | 0.78% |
| Portland General Electric | 241,239 | 2 | 0.63 | 180,053 | 4 | 0.64 |
| Weston Investment Co., LLC | 219,480 | 3 | 0.58 | 45,828 | 23 | 0.16 |
| Port of Portland | 210,834 | 4 | 0.55 | - | - | - |
| Comcast Corporation | 194,788 | 5 | 0.51 | - | - | - |
| US West Communications Inc./ Qwest Corporation | 184,976 | 6 | 0.49 | 402,355 | 1 | 1.44 |
| LC Portland LLC | 173,396 | 7 | 0.45 | - | - | - |
| Evraz Inc. NA | 166,299 | 8 | 0.44 | - | - | - |
| 555 SW Oak LLC | 130,945 | 9 | 0.34 | - | - | - |
| Wacker Siltronic Corporation | - | - | - | 204,816 | 3 | 0.73 |
| Glimcher Lloyd Venture LLC | - | - | - | 127,670 | 6 | 0.46 |
| One Eleven Tower LLC | - | - | - | 100,397 | 9 | 0.36 |
| Fred Meyer Stores Inc. | 126,979 | 10 | 0.33 | 111,520 | 7 | 0.40 |
| Oregon Arena Corporation | - | - | - | 103,468 | 8 | 0.37 |
| Northwest Natural Gas Co. | - | - | - | 95,572 | 10 | 0.34 |
| National Biscuit Co. | - | - | - | 149,337 | 5 | 0.53 |
| Subtotal of Ten Largest Taxpayers | 1,931,542 | | 5.06 | 1,739,133 | | 6.21 |
| All Other Taxpayers | 36,189,365 | | 94.94 | 26,249,585 | | 93.79 |
| Total All Taxpayers | \$ 38,120,907 | | 100.00 % | \$ 27,988,718 | | 100.00% |

Notes:

2012 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 |
| 2003 | \$ 200,207 | \$ 188,165 | 93.99% | \$ 6,516 | \$ 194,681 | 97.24% |
| 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 |

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 | Other Governmental Activities Debt | | | | | | Total District ³ | Per Student ² | Per Capita ⁴ |
|-------------|--------------------------|-------------------------------------|--|---|---|--------------------------|--------------------------------------|-------------------------------|---------------------------------|-------------------------------|----------------------------------|--------------------|-----------------------------|--------------------------|-------------------------|
| | General Obligation Bonds | Less Amount Available for Repayment | Net General Obligation Bonds Outstanding | Percentage of Actual Taxable Value of Property ¹ | | | Limited Tax and G.O. Refunding Bonds | Certificates of Participation | Full Faith & Credit Obligations | Refunding Special Obligations | Small Scale Energy Loan Programs | Recovery Zone Bond | | | |
| 2003 | \$ 65,375 | \$ 2,628 | \$ 62,747 | 0.22% | \$ 1,185 | \$ 513,474 | \$ 28,015 | \$ - | \$ 5,160 | \$ 6,195 | \$ - | \$ - | \$ 615,591 | \$ 11,622 | \$ 908 |
| 2004 | 34,675 | 2,256 | 32,419 | 0.11 | 663 | 502,628 | 23,810 | - | 3,960 | 5,642 | - | - | 568,459 | 11,629 | 847 |
| 2005 | - | - | - | - | - | 500,485 | 19,435 | - | 2,705 | 4,967 | - | - | 527,592 | 11,071 | 784 |
| 2006 | - | - | - | - | - | 492,858 | 14,880 | - | 1,385 | 4,295 | - | - | 513,418 | 10,922 | 747 |
| 2007 | - | - | - | - | - | 484,836 | 10,130 | - | - | 3,596 | - | 2,125 | 500,687 | 10,803 | 716 |
| 2008 | - | - | - | - | - | 475,333 | 5,175 | 15,090 | - | 2,862 | - | 2,078 | 500,538 | 10,856 | 702 |
| 2009 | - | - | - | - | - | 465,622 | - | 15,090 | - | 2,092 | - | 2,035 | 484,839 | 10,529 | 667 |
| 2010 | - | - | - | - | - | 454,630 | - | 26,316 | - | 1,369 | - | 1,992 | 484,307 | 10,394 | 666 |
| 2011 | - | - | - | - | - | 443,571 | - | 48,095 | - | 676 | 11,000 | - | 503,342 | 10,754 | N/A |
| 2012 | - | - | - | - | - | 431,638 | - | 45,877 | - | 325 | 10,190 | - | 488,030 | 10,320 | 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.

Schedule 10
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012
(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 | \$ 149,410 | 85.2715 % | \$ 127,404 |
| Portland Community College | 191,375 | 47.3425 | 90,602 |
| Multnomah County | 89,000 | 73.9964 | 65,857 |
| Portland Metro | 273,485 | 37.8868 | 103,615 |
| Tri-Met | 9,800 | 38.0128 | 3,725 |
| City of Lake Oswego | 35,267 | 5.4352 | 1,917 |
| Tualatin Hills Park & Rec. District | 105,790 | 1.2351 | 1,307 |
| Tualatin Valley Fire & Rescue | 47,470 | 1.9962 | 948 |
| Washington County | 14,325 | 0.6164 | 88 |
| Clackamas County | 72,910 | 0.1121 | 82 |
| Mt. Hood Community College | 22,330 | 0.0579 | 13 |
| Clackamas Cty RFPD #1 | 2,655 | 0.2030 | 5 |
| Multnomah County Drainage District 1 | 125 | 100.0000 | <u>125</u> |
| Subtotal, overlapping debt | | | 395,687 |
| Direct District debt (PERS) | | | 430,058 |
| Direct District debt (other) | | | <u>57,972</u> |
| Total direct and overlapping debt | | | <u>\$ 883,717</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.

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 2012

| | |
|--|------------------------------|
| Real Market Value | \$ 71,451,649 |
| Debt Limit (7.95%) ¹ | 5,680,406 |
| Amount of Debt Applicable to Debt Limit: | |
| General Obligation Bonded Debt | - |
| Less: Amount Available in Debt Service Funds | - |
| Amount of Debt Applicable to Debt Limit | <u> -</u> |
| Legal Debt Margin | <u><u>\$ 5,680,406</u></u> |

| | <u>2003</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> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt Limit | \$ 3,603,191 | \$ 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 |
| Total net debt applicable to limit | <u>93,075</u> | <u>60,747</u> | <u>32,419</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Legal debt margin | <u>\$ 3,510,116</u> | <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> |

| | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total net debt applicable to the limit as a percentage of debt limit | 2.58% | 1.59% | 0.80% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

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 |
|-------------|-------------------|---|---|------------------------------|
| 2003 | 677,608 | \$ 23,388,512 | \$ 34,516 | 8.5% |
| 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 ² |
| 2007 | 699,186 | 28,385,388 | 40,598 | 4.9 ² |
| 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 | - ¹ | - | - ¹ | 8.5 ² |
| 2012 | - ¹ | - | - ¹ | 7.7 ² |

¹ Data for 2011 and 2012 not available at time of printing.

² As of June, 2012.

Sources:

Population, personal income and per capita information: US Department of Commerce, Bureau of Economic Analysis as reported in April 2012.

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 | 2012 | | | 2003 | | |
|--|------------------------------|------|--------------------------------|----------------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Ten Largest Employers | | | | | | |
| State of Oregon | 18,400 | 1 | 1.82% | 4,475 | 10 | 0.47% |
| Intel Corporation | 15,636 | 2 | 1.55 | 15,000 | 1 | 1.59 |
| Providence Health System | 14,089 | 3 | 1.40 | 12,800 | 3 | 1.36 |
| US Federal Government | 13,900 | 4 | 1.38 | - ³ | - | - |
| Oregon Health & Science University | 12,000 | 5 | 1.19 | 10,100 | 4 | 1.07 |
| Fred Meyer Stores | 9,858 | 6 | 0.98 | 13,325 | 2 | 1.41 |
| Legacy Health System | 9,732 | 7 | 0.96 | 7,158 | 5 | 0.76 |
| Kaiser Foundation Health Plan | 9,039 | 8 | 0.90 | 7,093 | 6 | 0.75 |
| City of Portland | 8,876 | 9 | 0.88 | 5,000 | 9 | 0.53 |
| Nike Inc. | 7,000 | 10 | 0.69 | 2,850 | 17 | - |
| Safeway Inc | - ³ | | - | 6,000 | 7 | 0.64 |
| Multnomah County | 5,797 | 13 | - | 5,500 | 8 | 0.58 |
| Subtotal of Ten Largest Employers | 124,327 | | 9.95 | 89,301 | | 8.69 |
| All Other Employers | 884,873 | | 90.05 | 854,799 | | 91.31 |
| Total Portland MSA¹ Employment | 1,009,200² | | 100.00 % | 944,100 | | 100.00 % |

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 2012, not seasonally adjusted.

³ Data not available for this year

Sources:

Portland Business Journal, Book of Lists published December 2002 & December 2011.

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 Four Fiscal Years

| <u>Assignment/Function</u> | Full-time Equivalent Employees for the Fiscal Year | | | |
|-------------------------------|---|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Teachers (2) | 2,486.8 | 2,425.7 | 2,440.5 | 2,315.0 |
| Educational Assistants | 680.3 | 728.8 | 636.0 | 555.8 |
| School Level Administration | 150.5 | 141.0 | 140.6 | 142.9 |
| District Level Administration | 25.3 | 26.9 | 22.4 | 13.0 |
| Other Staff (3) | <u>1,876.2</u> | <u>1,885.1</u> | <u>1,896.9</u> | <u>1,850.3</u> |
| Total FTE | <u><u>5,219.1</u></u> | <u><u>5,207.5</u></u> | <u><u>5,136.4</u></u> | <u><u>4,877.0</u></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

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Nutrition Services | | | | | |
| Number of Meals Served ¹ | | | | | |
| Paid Meals | 1,378,222 | 1,216,355 | 1,187,985 | 1,347,109 | 1,333,234 |
| Reduced Meals | 543,040 | 505,683 | 472,370 | 514,748 | 481,156 |
| Free Meals | 4,759,912 | 4,695,517 | 4,454,440 | 4,250,527 | 4,155,965 |
| Total meals served | <u>6,681,174</u> | <u>6,417,555</u> | <u>6,114,795</u> | <u>6,112,384</u> | <u>5,970,355</u> |
| | 21% | 19% | 19% | 22% | 22% |
| | 8% | 8% | 8% | 8% | 8% |
| | 71% | 73% | 73% | 70% | 70% |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |
| Average Daily Breakfast Served | 18,484 | 18,524 | 16,376 | 14,782 | 14,017 |
| Average Daily Lunch Served | 19,616 | 18,515 | 18,107 | 19,798 | 20,164 |
| Student Participation | 45.48% | 45.20% | 43.65% | 50.17% | 53.46% |
| Transportation | | | | | |
| Number of buses | 263 | 258 | 245 | 234 | 241 |
| Total miles traveled | 3,462,902 | 3,270,179 | 2,985,868 | 2,635,510 | 2,848,220 |
| Cost per mile | \$ 3.51 | \$ 3.77 | \$ 3.87 | \$ 4.38 | \$ 5.09 |
| Area encompassed by District (sq mi) | 160 | 160 | 160 | 160 | 160 |
| Nutrition Services | | | | | |
| Number of Meals Served ¹ | | | | | |
| Paid Meals | 1,553,008 | 1,439,321 | 1,443,806 | 1,421,889 | 1,382,329 |
| Reduced Meals | 577,275 | 562,630 | 549,157 | 502,171 | 441,829 |
| Free Meals | 3,538,655 | 3,485,451 | 3,651,647 | 3,560,515 | 3,689,643 |
| Total meals served | <u>5,668,938</u> | <u>5,487,402</u> | <u>5,644,610</u> | <u>5,484,575</u> | <u>5,513,801</u> |
| | 28% | 26% | 25% | 26% | 25% |
| | 10% | 10% | 10% | 9% | 8% |
| | 62% | 64% | 65% | 65% | 67% |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |
| Average Daily Breakfast Served | 12,343 | 11,344 | 10,592 | 10,101 | 10,400 |
| Average Daily Lunch Served | 19,875 | 19,867 | 20,369 | 20,295 | 19,942 |
| Student Participation | 52.45% | 47.98% | 46.94% | 46.96% | 49.14% |
| Transportation | | | | | |
| Number of buses | 240 | 239 | 252 | 258 | 257 |
| Total miles traveled | 3,006,996 | 2,914,877 | 3,317,636 | 3,265,683 | 3,019,548 |
| Cost per mile | \$ 5.42 | \$ 5.77 | \$ 5.50 | \$ 5.63 | \$ 6.24 |
| 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 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-2011 | 2011-2012 |
|--|-----------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| Elementary Schools and Programs | | | | | | | | | | | |
| Abernethy (1925) | (12) | | | | | | | | | | |
| Gross Floor Area (sq ft): 50,358 | | | | | | | | | | | |
| Elementary Enrollment | | 213 | 199 | 203 | 366 | 357 | 342 | 349 | 392 | 421 | 455 |
| Focus/Alt Prog (Environmental School) | (13,8) | 225 | 233 | - | - | - | - | - | - | - | - |
| Ainsworth w/Annex (1912) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 57,593 | | | | | | | | | | | |
| Elementary Enrollment | | 557 | 522 | 499 | 492 | 509 | 493 | 520 | 528 | 551 | 568 |
| Alameda (1921) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 64,138 | | | | | | | | | | | |
| Elementary Enrollment | | 648 | 631 | 630 | 669 | 678 | 697 | 717 | 744 | 774 | 782 |
| Arleta (1929) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 76,489 | | | | | | | | | | | |
| Elementary Enrollment | | 339 | 330 | 332 | 313 | 370 | 387 | 420 | 420 | 428 | 422 |
| Astor (1948) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 47,360 | | | | | | | | | | | |
| Elementary Enrollment | | 311 | 283 | 287 | 279 | 331 | 381 | 438 | 458 | 445 | 482 |
| Atkinson (1953) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 58,057 | | | | | | | | | | | |
| Elementary Enrollment | | 536 | 537 | 553 | 558 | 549 | 524 | 535 | 491 | 484 | 447 |
| Beach (1928) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 70,404 | | | | | | | | | | | |
| Elementary Enrollment | | 468 | 411 | 419 | 414 | 412 | 426 | 484 | 538 | 561 | 582 |
| Beverly Cleary (1959) | (4) | | | | | | | | | | |
| Gross Floor Area (sq ft): 90,664 | | | | | | | | | | | |
| Elementary Enrollment | | 208 | 225 | 211 | 215 | 210 | 578 | 557 | 552 | 604 | 674 |
| Boise-Eliot (1926) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 61,369 | | | | | | | | | | | |
| Elementary Enrollment | | 647 | 584 | 523 | 461 | 415 | 412 | 423 | 417 | 390 | 389 |
| Bridger (1951) | (1,6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 45,142 | | | | | | | | | | | |
| Elementary Enrollment | | 431 | 378 | 387 | 388 | 421 | 470 | 320 | 331 | 365 | 396 |
| Bridlemile (1958) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 59,037 | | | | | | | | | | | |
| Elementary Enrollment | | 436 | 460 | 450 | 459 | 458 | 468 | 464 | 480 | 463 | 472 |
| Buckman (1921) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 82,023 | | | | | | | | | | | |
| Elementary Enrollment | | 534 | 526 | 529 | 537 | 506 | 481 | 498 | 492 | 497 | 488 |
| Capitol Hill (1917) | (12) | | | | | | | | | | |
| Gross Floor Area (sq ft): 47,275 | | | | | | | | | | | |
| Elementary Enrollment | | 308 | 282 | 255 | 335 | 341 | 354 | 321 | 357 | 351 | 371 |
| Cesar Chavez (1928) | (4) | | | | | | | | | | |
| Gross Floor Area (sq ft): 75,814 | | | | | | | | | | | |
| Middle School Enrollment | | 416 | 338 | 339 | 325 | 401 | 587 | 499 | 484 | 477 | 453 |
| Chapman (1923) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 62,962 | | | | | | | | | | | |
| Elementary Enrollment | | 484 | 449 | 414 | 453 | 478 | 476 | 532 | 544 | 522 | 562 |
| Chief Joseph (1948) | (12) | | | | | | | | | | |
| Gross Floor Area (sq ft): 46,204 | | | | | | | | | | | |
| Elementary Enrollment | | 287 | 266 | 234 | 393 | 359 | 361 | 370 | 377 | 408 | 481 |
| Creative Science School (1955) | (1,6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 50,595 | | | | | | | | | | | |
| Elementary Enrollment | | - | - | - | - | - | - | 260 | 301 | 305 | 356 |

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

| | Footnotes | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-2011 | 2011-2012 |
|-------------------------------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| | | | | | | | | | | | |
| Creston w/ Annex (1948) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 80,940 | | | | | | | | | | | |
| Elementary Enrollment | | 327 | 301 | 246 | 290 | 309 | 335 | 365 | 333 | 345 | 380 |
| Duniway (1926) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 67,492 | | | | | | | | | | | |
| Elementary Enrollment | | 432 | 453 | 443 | 443 | 446 | 426 | 411 | 423 | 442 | 425 |
| Faubion (1951) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 57,846 | | | | | | | | | | | |
| Elementary Enrollment | | 299 | 272 | 269 | 309 | 332 | 355 | 396 | 393 | 401 | 434 |
| Forest Park (1998) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 42,000 | | | | | | | | | | | |
| Elementary Enrollment | | 377 | 407 | 456 | 517 | 508 | 502 | 512 | 501 | 507 | 491 |
| Glencoe (1923) | (12) | | | | | | | | | | |
| Gross Floor Area (sq ft): 64,378 | | | | | | | | | | | |
| Elementary Enrollment | | 424 | 430 | 442 | 510 | 498 | 506 | 499 | 474 | 480 | 453 |
| Grout (1927) | (16) | | | | | | | | | | |
| Gross Floor Area (sq ft): 65,838 | | | | | | | | | | | |
| Elementary Enrollment | | 248 | 314 | 320 | 310 | 333 | 349 | 339 | 346 | 361 | 359 |
| Harrison Park (1948) | (18) | | | | | | | | | | |
| Gross Floor Area (sq ft): 109,059 | | | | | | | | | | | |
| Elementary Enrollment | | 556 | 515 | 499 | 500 | 508 | 507 | 719 | 732 | 751 | 751 |
| Hayhurst (1954) | (13) | | | | | | | | | | |
| Gross Floor Area (sq ft): 56,266 | | | | | | | | | | | |
| Elementary Enrollment | | 259 | 212 | 353 | 358 | 345 | 329 | 351 | 385 | 396 | 420 |
| Humboldt (1959) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 46,865 | | | | | | | | | | | |
| Elementary Enrollment | | 283 | 257 | 255 | 270 | 240 | 235 | 258 | 275 | 230 | 219 |
| Irvington (1932) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 65,285 | | | | | | | | | | | |
| Elementary Enrollment | | 506 | 491 | 473 | 445 | 473 | 505 | 503 | 505 | 529 | 483 |
| James John (1929) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 63,697 | | | | | | | | | | | |
| Elementary Enrollment | | 551 | 514 | 481 | 458 | 459 | 430 | 404 | 384 | 394 | 402 |
| Kelly w/ Kelly Center (1952) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 97,546 | | | | | | | | | | | |
| Elementary Enrollment | | 491 | 491 | 478 | 484 | 439 | 464 | 468 | 467 | 509 | 570 |
| King (1927) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 88,957 | | | | | | | | | | | |
| Elementary Enrollment | | 583 | 544 | 525 | 491 | 458 | 453 | 399 | 336 | 288 | 292 |
| Laurelhurst (1923) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 46,204 | | | | | | | | | | | |
| Elementary Enrollment | | 561 | 561 | 558 | 581 | 561 | 536 | 606 | 708 | 704 | 684 |
| Lee (1953) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 73,276 | | | | | | | | | | | |
| Elementary Enrollment | | 419 | 387 | 333 | 309 | 354 | 367 | 434 | 458 | 457 | 459 |
| Lent (1948) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 76,478 | | | | | | | | | | | |
| Elementary Enrollment | | 383 | 335 | 355 | 366 | 400 | 475 | 528 | 549 | 561 | 577 |
| Lewis (1952) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 48,380 | | | | | | | | | | | |
| Elementary Enrollment | | 294 | 289 | 271 | 301 | 293 | 310 | 349 | 374 | 396 | 393 |

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

| Footnotes | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-2011 | 2011-2012 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| Llewellyn (1928) | | | | | | | | | | |
| Gross Floor Area (sq ft): 50,651 | | | | | | | | | | |
| Elementary Enrollment | 315 | 302 | 298 | 301 | 309 | 341 | 396 | 434 | 485 | 543 |
| Maplewood (1948) (12) | | | | | | | | | | |
| Gross Floor Area (sq ft): 35,022 | | | | | | | | | | |
| Elementary Enrollment | 279 | 288 | 285 | 315 | 307 | 308 | 331 | 342 | 350 | 335 |
| Markham (1951) (12) | | | | | | | | | | |
| Gross Floor Area (sq ft): 82,794 | | | | | | | | | | |
| Elementary Enrollment | 333 | 330 | 301 | 398 | 359 | 349 | 360 | 376 | 376 | 384 |
| Marysville (1921) (6,17) | | | | | | | | | | |
| Gross Floor Area (sq ft): 53,490 | | | | | | | | | | |
| Elementary Enrollment | 394 | 367 | 349 | 336 | 368 | 407 | 437 | 435 | 404 | 363 |
| Ockley Green (1925) (10) | | | | | | | | | | |
| Gross Floor Area (sq ft): 71,937 | | | | | | | | | | |
| Elementary School Enrollment | 475 | 427 | 385 | 318 | 442 | 389 | 337 | 299 | 310 | 269 |
| Peninsula (1952) (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 70,151 | | | | | | | | | | |
| Elementary Enrollment | 333 | 293 | 271 | 254 | 299 | 326 | 370 | 375 | 361 | 358 |
| Rieke (1961) | | | | | | | | | | |
| Gross Floor Area (sq ft): 30,647 | | | | | | | | | | |
| Elementary Enrollment | 266 | 276 | 266 | 267 | 280 | 322 | 348 | 371 | 356 | 416 |
| Rigler (1931) (3,6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 59,760 | | | | | | | | | | |
| Elementary Enrollment | 474 | 489 | 466 | 442 | 538 | 562 | 525 | 596 | 588 | 524 |
| Rosa Parks (2006) | | | | | | | | | | |
| Gross Floor Area (sq ft): 45,147 | | | | | | | | | | |
| Elementary Enrollment | - | - | - | - | 435 | 562 | 503 | 463 | 434 | 407 |
| Roseway Heights (1923) (4) | | | | | | | | | | |
| Gross Floor Area (sq ft): 75,693 | | | | | | | | | | |
| Elementary Enrollment | 489 | 446 | 433 | 429 | 406 | 660 | 565 | 578 | 551 | 589 |
| Sabin (1928) (2,6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 71,946 | | | | | | | | | | |
| Elementary Enrollment | 292 | 393 | 413 | 422 | 432 | 451 | 363 | 348 | 362 | 392 |
| Scott (1949) (3) | | | | | | | | | | |
| Gross Floor Area (sq ft): 62,681 | | | | | | | | | | |
| Elementary Enrollment | 457 | 442 | 377 | 369 | 440 | 539 | 530 | 563 | 533 | 521 |
| Sitton (1948) | | | | | | | | | | |
| Gross Floor Area (sq ft): 58,762 | | | | | | | | | | |
| Elementary Enrollment | 371 | 359 | 338 | 300 | 285 | 315 | 309 | 291 | 307 | 333 |
| Skyline (1963) (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 37,245 | | | | | | | | | | |
| Elementary Enrollment | 201 | 214 | 197 | 201 | 233 | 258 | 266 | 294 | 281 | 276 |
| Stephenson (1965) | | | | | | | | | | |
| Gross Floor Area (sq ft): 40,539 | | | | | | | | | | |
| Elementary Enrollment | 353 | 352 | 348 | 325 | 310 | 320 | 327 | 335 | 324 | 335 |
| Sunnyside Environmental (1925) (13) | | | | | | | | | | |
| Gross Floor Area (sq ft): 54,361 | | | | | | | | | | |
| Elementary Enrollment | 276 | 203 | 459 | 443 | 501 | 542 | 565 | 585 | 580 | 608 |
| Vernon (1931) (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 72,323 | | | | | | | | | | |
| Elementary Enrollment | 405 | 445 | 386 | 384 | 404 | 453 | 394 | 397 | 376 | 500 |

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

| | Footnotes | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-2011 | 2011-2012 |
|------------------------------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| | | | | | | | | | | | |
| Vestal (1929) | (6) | | | | | | | | | | |
| Gross Floor Area (sq ft): 66,378 | | | | | | | | | | | |
| Elementary Enrollment | | 367 | 344 | 322 | 294 | 343 | 389 | 428 | 433 | 451 | 420 |
| Whitman (1954) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 69,755 | | | | | | | | | | | |
| Elementary Enrollment | | 433 | 431 | 421 | 404 | 384 | 370 | 369 | 372 | 347 | 361 |
| Winterhaven (1930) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 39,084 | | | | | | | | | | | |
| Elementary Enrollment | | 167 | 254 | 296 | 339 | 344 | 335 | 345 | 345 | 352 | 346 |
| Woodlawn (1926) | (12) | | | | | | | | | | |
| Gross Floor Area (sq ft): 61,595 | | | | | | | | | | | |
| Elementary Enrollment | | 460 | 443 | 409 | 531 | 450 | 424 | 462 | 449 | 478 | 443 |
| Woodmere (1954) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 59,293 | | | | | | | | | | | |
| Elementary Enrollment | | 490 | 477 | 458 | 449 | 422 | 418 | 398 | 397 | 393 | 397 |
| Woodstock (1910) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 69,135 | | | | | | | | | | | |
| Elementary Enrollment | | 364 | 345 | 343 | 338 | 384 | 407 | 443 | 433 | 466 | 491 |
| Middle Schools and Programs | | | | | | | | | | | |
| Beaumont (1926) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 94,431 | | | | | | | | | | | |
| Middle School Enrollment | | 610 | 577 | 542 | 536 | 500 | 460 | 458 | 450 | 455 | 481 |
| George (1950) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 78,713 | | | | | | | | | | | |
| Middle School Enrollment | | 546 | 467 | 473 | 403 | 383 | 328 | 375 | 388 | 364 | 360 |
| Gray (1952) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 60,624 | | | | | | | | | | | |
| Middle School Enrollment | | 533 | 497 | 520 | 496 | 457 | 421 | 420 | 419 | 428 | 422 |
| Hosford (1925) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 77,050 | | | | | | | | | | | |
| Middle School Enrollment | | 386 | 377 | 405 | 448 | 476 | 516 | 531 | 548 | 547 | 534 |
| Jackson (1966) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 247,779 | | | | | | | | | | | |
| Middle School Enrollment | | 823 | 768 | 773 | 694 | 688 | 714 | 712 | 651 | 584 | 533 |
| Lane (1927) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 87,438 | | | | | | | | | | | |
| Middle School Enrollment | | 652 | 638 | 592 | 553 | 527 | 489 | 419 | 397 | 398 | 441 |
| Mt. Tabor (1952) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 83,076 | | | | | | | | | | | |
| Middle School Enrollment | | 707 | 729 | 696 | 676 | 633 | 588 | 555 | 559 | 579 | 593 |
| Sellwood (1925) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 86,823 | | | | | | | | | | | |
| Middle School Enrollment | | 619 | 593 | 603 | 564 | 515 | 459 | 474 | 480 | 474 | 486 |
| West Sylvan (1954) | | | | | | | | | | | |
| Gross Floor Area (sq ft): 104,009 | | | | | | | | | | | |
| Middle School Enrollment | | 947 | 897 | 884 | 878 | 896 | 886 | 863 | 863 | 849 | 848 |

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

| Footnotes | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-2011 | 2011-2012 |
|---|-------------------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| High Schools and Programs | | | | | | | | | | |
| Benson (1916) | | | | | | | | | | |
| Gross Floor Area (sq ft): 410,910 | | | | | | | | | | |
| High School Enrollment | 1,501 | 1,498 | 1,501 | 1,452 | 1,294 | 1,218 | 1,134 | 1,100 | 986 | 889 |
| Focus/Alt Prog Enroll (Night Sch.) | (8) - | 10 | 20 | 15 | 10 | - | - | - | - | - |
| Cleveland (1928) | | | | | | | | | | |
| Gross Floor Area (sq ft): 253,895 | | | | | | | | | | |
| High School Enrollment | 1,381 | 1,388 | 1,332 | 1,449 | 1,472 | 1,528 | 1,516 | 1,553 | 1,570 | 1,520 |
| Franklin (1915) | | | | | | | | | | |
| Gross Floor Area (sq ft): 237,027 | | | | | | | | | | |
| High School Enrollment | (5) 1,460 | 1,528 | 1,547 | 1,404 | 1,283 | 1,233 | 1,007 | 1,032 | 1,036 | 1,480 |
| Grant (1923) | | | | | | | | | | |
| Gross Floor Area (sq ft): 275,173 | | | | | | | | | | |
| High School Enrollment | 1,848 | 1,835 | 1,848 | 1,815 | 1,691 | 1,642 | 1,553 | 1,610 | 1,620 | 1,565 |
| Focus/Alt Prog Enroll (Night Sch.) | (9,8) 100 | 98 | 76 | 91 | - | - | - | - | - | - |
| Jefferson (1909) | | | | | | | | | | |
| Gross Floor Area (sq ft): 360,911 | | | | | | | | | | |
| High School Enrollment | (5,20) 826 | 702 | 661 | 647 | 566 | 707 | 631 | 617 | 621 | 584 |
| Lincoln (1951) | | | | | | | | | | |
| Gross Floor Area (sq ft): 236,893 | | | | | | | | | | |
| High School Enrollment | 1,429 | 1,483 | 1,444 | 1,485 | 1,498 | 1,404 | 1,335 | 1,395 | 1,410 | 1,476 |
| Madison (1955) | | | | | | | | | | |
| Gross Floor Area (sq ft): 370,112 | | | | | | | | | | |
| High School Enrollment | (3) 1,261 | 1,194 | 1,063 | 983 | 936 | 859 | 900 | 860 | 910 | 1,161 |
| Marshall (1960) | | | | | | | | | | |
| Gross Floor Area (sq ft): 271,427 | | | | | | | | | | |
| High School Enrollment | (8,9,11,21) 1,102 | 949 | 906 | 955 | 860 | 775 | 774 | 747 | 707 | - |
| Roosevelt w/ Auto Shop (1921) | | | | | | | | | | |
| Gross Floor Area (sq ft): 274,478 | | | | | | | | | | |
| High School Enrollment | 989 | 825 | 850 | 778 | 794 | 730 | 703 | 681 | 683 | 748 |
| Wilson (1954) | | | | | | | | | | |
| Gross Floor Area (sq ft): 326,062 | | | | | | | | | | |
| High School Enrollment | 1,630 | 1,580 | 1,531 | 1,632 | 1,556 | 1,533 | 1,480 | 1,439 | 1,435 | 1,387 |

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

| | Footnotes | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-2011 | 2011-2012 |
|--|-----------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| Fernwood (1911) | (4,19) | | | | | | | | | | |
| Middle School Enrollment | | 632 | 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) | 188 | - | - | - | - | - | - | - | - | - |
| 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 | | 740 | 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 | | 671 | 633 | 591 | 482 | 269 | - | - | - | - | - |
| Kenton (1913) | (12) | | | | | | | | | | |
| Gross Floor Area (sq ft): 52,363 | | | | | | | | | | | |
| Elementary Enrollment | | 252 | 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 | | 251 | 238 | 219 | - | - | - | - | - | - | - |
| East Sylan (1933) | | | | | | | | | | | |
| 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 | | 463 | 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 | | 441 | 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 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-2011 | 2011-2012 |
|---|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Enrollment Summary: | | | | | | | | | | |
| Regular Programs | | | | | | | | | | |
| Elementary Schools | 23,925 | 22,733 | 22,307 | 22,142 | 22,671 | 23,817 | 24,625 | 25,145 | 25,397 | 25,992 |
| Middle Schools | 10,275 | 9,620 | 9,250 | 8,545 | 7,622 | 6,252 | 5,751 | 5,695 | 5,619 | 5,613 |
| High Schools | 13,427 | 12,982 | 12,683 | 12,600 | 11,950 | 11,629 | 11,033 | 11,034 | 10,978 | 10,810 |
| Focus/Alternative Programs | 1,597 | 1,470 | 1,232 | 1,317 | 1,430 | 1,432 | 1,587 | 1,642 | 1,663 | 1,689 |
| Plus enrollment not normally within PPS facilities: | | | | | | | | | | |
| Community Based Programs (8) | 1,381 | 1,270 | 1,171 | 1,308 | 1,303 | 1,342 | 1,282 | 1,206 | 1,275 | 1,150 |
| Special Education Programs (7,8,13,14,15) | 2,170 | 462 | 562 | 525 | 548 | 539 | 522 | 500 | 385 | 502 |
| Public Charter Programs (8) | <u>194</u> | <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> |
| Total Enrollment | <u>52,969</u> | <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> |
| Gross Floor Area (sq ft) Summary: | | | | | | | | | | |
| | | <u>Oldest</u> | <u>Median</u> | <u>Newest</u> | | | | | | |
| Elementary Schools | 3,534,380 | 100 | 73 | 6 | | | | | | |
| Middle Schools | 919,943 | 99 | 62 | 48 | | | | | | |
| High Schools | 3,016,888 | 103 | 86 | 53 | | | | | | |
| Focus/Alternative Schools | 276,901 | 104 | 91 | 59 | | | | | | |
| Other Facilities | <u>1,486,782</u> | 101 | 60 | 34 | | | | | | |
| Total Gross Floor Area (sq ft) | <u>9,234,894</u> | 104 | 65 | 6 | | | | | | |

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.

Enrollment - PPS Budget Office/Management Information Services, "Enrollment Summaries, October 2011". 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

(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
School Building and Student Enrollment Information
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 is renovated.

(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.

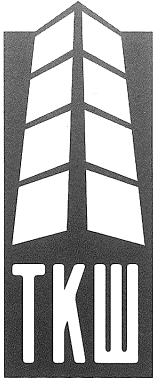
(21) As of 7/1/2011, Marshall High School no longer operated as a high school. Students in the Harrison Park K-8 School area attend Madison High School. Students in the Kelly and Woodmere Elementary School areas, and the Bridger, Lent and Marysville K-8 areas, attend Franklin High School. Students in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



Mallory House - Exterior

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



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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

December 3, 2012

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

We have audited 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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:

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

Page 2

COMPLIANCE (Continued)

Budget:

- One supplemental budget was not published in accordance with the requirements of Oregon Revised Statutes.
- The second public notice of the subsequent meeting of the Budget Committee to discuss the fiscal year 2013 budget and receive public comment was published in the newspaper only four days prior to the meeting.
- The fiscal year 2012 adopted budget exceeded the approved budget by more than 10% for the School Modernization Fund.

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.

Our report, dated December 3, 2012, on internal control over financial reporting and compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards* is issued under separate cover.

* * * * *

This report is intended solely for the information and use of the Board of Education, the 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



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Board of Education Policy 1.80.020-P

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Jeannie Langston, CAPA, AP Accountant I

Shawn Martinez, AP Accountant I

Angie Morton, CAPA, AP Accountant I

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Premila Kumar, GL Accountant II

Amoy Williamson, CPA, Student Body

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Kathleen Hiigel, Finance Clerk I

Elizabeth Mongue, AR Accountant II

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