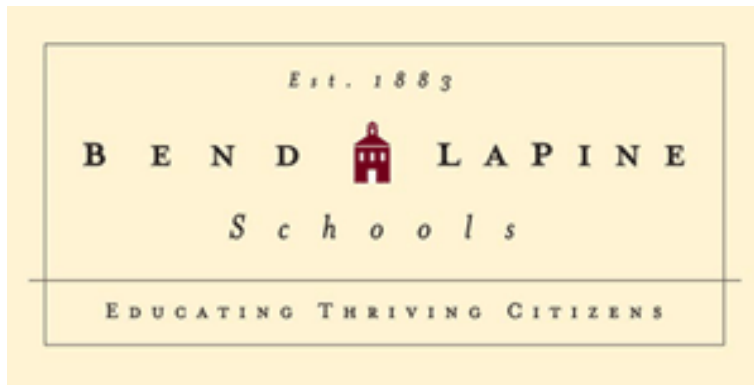


**ADMINISTRATIVE SCHOOL DISTRICT NO. 1  
(BEND – LA PINE SCHOOLS)  
DESCHUTES COUNTY, OREGON**

520 NW Wall St  
Bend, OR 97703



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR FISCAL YEAR ENDED JUNE 30, 2015

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

**Administrative School District No. 1  
Deschutes County, Oregon  
Financial Statements  
Table of Contents**

**TABLE OF CONTENTS ----- i**

**INTRODUCTORY SECTION**

Letter of Transmittal ----- iv  
ASBO Notification of Award for Excellence in Financial Reporting ----- ix  
GFOA Certificate of Excellence in Financial Reporting----- x  
Organizational Chart ----- xi  
Principal Officials -----xii

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT ----- 1

MANAGEMENT'S DISCUSSION AND ANALYSIS ----- 4

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position----- 15  
Statement of Activities ----- 16  
Balance Sheet Governmental Funds ----- 17  
Reconciliation of Governmental Funds  
    Balance Sheet to Statement of Net Position ----- 18  
Statement of Revenues, Expenditures and Changes in  
    Fund Balances Governmental Funds ----- 19  
Reconciliation of the Statement of Revenues, Expenditures  
    and Changes in Fund Balance of Governmental Funds  
    to the Statement of Activities ----- 20  
Statement of Revenues, Expenditures and Changes in Fund  
    Balance Budget to Actual – General Fund and  
    Special Revenue Fund ----- 21  
Statement of Net Position Fiduciary Fund – Private Purpose Trust Fund----- 23  
Statement of Changes in Net Position Fiduciary Fund – Private Purpose Trust Fund ----- 24  
Notes to Financial Statements----- 25

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Funding Progress - OPEB ----- 52

**SUPPLEMENTARY INFORMATION**

Description of Fund Types----- 53  
Combining Schedule of Assets, Liabilities and Fund Balance  
    General Fund Sub Funds  
    (GAAP Basis) ----- 54

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Financial Statements**  
**Table of Contents**

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balance General Fund Sub-  
Funds (GAAP Basis)----- 56

**BUDGETARY COMPARISONS**

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

- Operations Sub-Fund ----- 58
- Athletics and Activities Sub Fund ----- 59
- Instructional Materials Sub Fund----- 60
- Transportation Equipment Sub Fund ----- 61
- Print Shop Equipment Sub Fund----- 62
- Facility Usage Sub Fund ----- 63
- Technology Reserve Sub Fund ----- 64
- Maintenance Replacement Sub Fund----- 65
- Insurance Reserve Sub Fund----- 66
- Debt Service Fund ----- 67
- Capital Projects Fund ----- 68
- Private Purpose Trust Fund----- 69

**OTHER FINANCIAL SCHEDULES**

Schedule of Property Tax Transactions – General Fund ----- 70  
Schedule of Property Tax Transactions – Debt Service Fund----- 71  
Schedule of Expenditures of Federal Awards----- 72  
Schedule of Future Debt Service by Issue – Bond Principal and Interest----- 74

**STATISTICAL SECTION**

Statistical Section Contents ----- 76  
Net Position by Component – Last Ten Fiscal Years ----- 77  
Changes in Net Position – Last Ten Fiscal Years----- 79  
Fund Balances of Governmental Funds - Last Ten Fiscal Years----- 81  
Changes in Fund Balances of Governmental Funds -  
Last Ten Fiscal Years ----- 83  
Assessed Value and Estimated Value of Taxable Property in  
Deschutes County - Last Ten Fiscal Years----- 85  
Property Tax Rates – All Direct and Overlapping Governments -  
Last Ten Fiscal Years ----- 87  
Principal Taxpayers – Deschutes County – Current Year  
and Nine Years Ago----- 88  
Property Tax Levies and Collections – Levies for Operations  
and Debt Service - Last Ten Fiscal Years ----- 89  
Computation of Direct and Overlapping Debt-----90  
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years----- 91  
Legal Debt Margin Information – Last Ten Fiscal Years ----- 92

**Administrative School District No. 1  
 Deschutes County, Oregon  
 Financial Statements  
 Table of Contents**

Ratio of Net Bonded Debt to Real Market Value and Net Bonded  
 Debt Per Capita – Last Ten Fiscal Years ----- 94  
 Demographic and Economic Statistics – Last Ten Fiscal Years----- 95  
 Ten Largest Employers – Current Year and Nine Years Ago ----- 96  
 Full-time Equivalent Employees by Function – Last Ten Fiscal Years----- 97  
 Operating Indicators by Function – Last Ten Fiscal Years ----- 99  
 Capital Asset Statistics by Function – Last Ten Fiscal Years-----101  
 School Building Statistics with Enrollment Information -----103

**OTHER INFORMATION**

**SCHEDULES REQUIRED BY OREGON DEPARTMENT OF EDUCATION**

Schedule of Detailed Revenues and Expenditures –  
 (Budgetary Basis) - Actual and Budget  
     Schedule of Revenues – All Funds -----104  
     General Fund-----106  
     Special Revenue Fund -----108  
     Debt Service Fund -----110  
     Capital Projects Fund -----112  
     Trust and Agency Fund -----114  
 Supplemental information as required by Oregon State  
     Department of Education -----116

**INDEPENDENT AUDITORS' REPORT  
 REQUIRED BY STATE REGULATIONS -----117**

**GRANT COMPLIANCE REVIEW SECTION**

Report on Internal Control over Financial Reporting and on Compliance  
 and Other Matters Based on an Audit of Financial Statements Performed  
 in Accordance with *Government Auditing Standards*-----119  
 Report on Compliance With Requirements  
 Applicable to Each Major Program and on Internal Control Over  
 Compliance in Accordance With OMB Circular A-133 -----121  
 Schedule of Findings and Questioned Cost -----123

## INTRODUCTORY SECTION



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



November 30, 2015

Board of Directors and Citizens of Deschutes County  
Administrative School District No. 1 (Bend-La Pine Schools)  
Deschutes County  
Bend, Oregon 97703

The Comprehensive Annual Financial Report for Administrative School District No. 1, Deschutes County, Oregon (District), for the year ended June 30, 2015, is presented to the Board of Directors for distribution to those responsible for, and concerned with, the operation of the District. We encourage readers to consider the information presented here in conjunction with additional information provided in the Management Discussion and Analysis starting on page 4 of this report.

This report was prepared by the Fiscal Services Department. We assume full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that we have established for this purpose. This report is submitted in accordance with the provisions of Oregon's Municipal Audit Law.

#### **District Profile**

The District was formed in 1961 as the result of an election that consolidated five school districts. The consolidation provided increased instructional services to the students through more efficient management of available resources. We are located in the center of the state, approximately 160 miles southeast of Portland, and 130 miles east of our state capital, Salem. We are Oregon's fifth largest school district, enrolling approximately 17,163 pupils in grades kindergarten through 12 during fiscal year 2014-15. As of this writing, enrollment has increased to approximately 17,500. We provide many programs that fall under the headings of general education, special education and alternative education. Many of our school buildings have been constructed in the last fifteen years, but we also utilize buildings constructed as far back as 1918.

We are an independent entity, with a Board of Directors composed of seven elected members. All management staff members are hired by the School Board. In 2014-15, we employed approximately 1,797 permanent staff including 920 teachers, counselors and licensed specialists, and 799 support staff, such as instructional assistants, secretaries, clerks and various technical positions. During the 2014-15 fiscal year, we operated with a management team of 78 administrators and supervisors, including the Superintendent.

The School Board is the governing body, and as such is exclusively responsible for its decisions and is accountable for the decisions it makes. The latitude afforded under state law allows the School Board to significantly influence operations. This authority includes, but is not limited to, adoption and appropriation of the budget, control over all assets, negotiating collective bargaining agreements, short term borrowing, and contracting and developing the programs of the District.

We budget appropriations in four governmental funds on an annual basis. These funds are: General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund. The legal level of appropriations is at the fund and major function level, consistent with Oregon Budget Law.

## **Local Economy**

We are located in Deschutes County, in Central Oregon east of the Cascade Range, within the Deschutes River drainage basin. The County is the most populous county in the eastern part of the state with a 2014 population of approximately 166,400 people. Because of its varied topography, the County attracts many tourists, and one of its major industries is recreation. Mount Bachelor is a major ski area, and the surrounding mountains and lakes provide recreation for summer tourists. The heavily forested Cascades support lumber and wood products industries, while the major industries in the central and eastern parts of the county are agriculture and livestock. In recent years, the region's health care presence has grown significantly, and Cascade Health Corporation is now the largest employer in the area. Precipitation varies from 70 inches or more in the Cascades to ten inches in the plateau, where crop cultivation must rely on dry farming methods or irrigation.

In the 2014-15 fiscal year, the taxable assessed value of property in Deschutes County increased by approximately 5.8%. The area's economic base has diversified significantly since 1980, when the region was known for its wood products. Though the region still maintains a certain level of forest products related companies, it is experiencing growth in the tourism and service industries. With the construction of Oregon State University Cascade, the area's economic base continues diversifying. The top employers in the area are St. Charles Medical Center, a regional health service organization, Bend-La Pine Schools, Deschutes County, Mt. Bachelor Ski Resort and Sunriver Resort.

## **Employment Outlook for Central Oregon**

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

## **Population**

Since the early 1990's, Deschutes County has experienced the most rapid population growth of any county in the state. More recent estimates, as referenced above, indicate a current population estimate of 166,400. Liveability continues to be a factor that draws new residents and businesses to Deschutes County. The term "liveability" includes such aspects as natural beauty, recreational opportunities, climate, personal security, and cost of living, among others. The central Oregon region has been featured recently in many national magazines as a top pick in the nation to live and work. During the last recession, home prices dropped significantly from their highs of recent years, bringing the cost of living back in line with the Portland metro, Salem and the Eugene-Springfield areas of the state. In 2011, the housing market showed signs of stabilizing as notices of default in Deschutes County declined, the first annual decline since 2007. Foreclosure filings dropped 58% in the county from 2013 to 2014. In 2014, the housing market continues the strong growth and home price increase was among the largest in the nation. The region has seen job gains from construction, tourism and service industry.

## **Recent History of State Support**

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

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

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



fund budget.

The 2007 State Legislature increased the biennial K-12 education appropriation to \$5.985 billion, with an additional \$260 million allocated through a School Improvement Grant. Economic downturn forced the state legislature to adjust the state's budget for the 2007-09 biennium. During the 2007-09 biennium the legislature reduced the state school fund by approximately \$271 million, or 4.5%. The legislature used reserves from sources across the state government to make available to K-12 school districts \$51 million in the "school day restoration fund". As part of the federal actions to combat the recession, the federal government made available funds through the "State Fiscal Stabilization Fund". Approximately \$115 million of the federal resources were used state-wide in 2008-09 to offset the reduction to the state school fund. All of these actions, along with efforts at the district level to reduce expenditures, allowed the district to be better prepared financially to face the challenges of the 2009-11 biennium.

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

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

Funding for the 2011-13 biennium was at \$5.713 billion, slightly less than the 2009-11 funding. Our pension costs have increased approximately 400%. At this level of funding, we operated with less staff and provided a shortened school year. We also chose to reduce costs such as instructional materials, support to instructional technology and delayed equipment purchases.

Funding for the 2013-15 biennium was \$6.65 billion, a great improvement from 2011-13. As the state continues to climb out of the depths of the worst recession in recent history, the Legislature found ways to begin reinvesting in K-12 education. While the increased funding and partial relief from PERS increases that were provided by the 2013 Legislature do not allow a return to pre-recession staffing and programming levels, they have put us in a position of positive pro-active planning for the future.

For 2015-17 biennium, we are funded at \$7.38 billion with a 49.2/50.8 split vs. a traditional 49/51 split. With full day kindergarten and opening of two new schools, we are still not at the pre-recession staffing and programming levels.

For 2017-19 biennium, we anticipate higher PERS rates due to court ruling on SB 822 and unfavourable valuations and earnings. We are advocating for adequate and stable K-12 funding and PERS reforms.

### **Major Initiatives**

We are completing the construction of a middle school and a new elementary school. These two new schools are set to open in the fall of 2015.

### **Long-term Financial Planning**

We forecast revenues, expenditures and fund balance in a five-year rolling plan. Revenue forecasts consider historical increases in formula revenue from the State with adjustments for current information, as well as increases tied to the consumer price index for other types of revenues. Forecasts for salary

expenditures consider contracts with employee associations while forecasts for non-salary items consider the increase in the consumer prices index as well as other external factors. We have also considered the long-term impact of adding additional schools.

Because approximately one-half of the our operational funding is derived from state income tax, our Board of Directors has instituted a policy that prohibits us from proposing an ending fund balance less than three percent of total revenue in the general fund. The policy also requires that we propose a plan to grow the ending fund balance. The 2015-16 adopted budget includes a budgeted ending fund balance equal to 4.75% of resources. The Board and Budget Committee have discussed to push any additional ending fund balance over the budgeted 4.75% to future years to help offset anticipated higher PERS rates.

## **Relevant Financial Policies and Information**

### ***Fiscal Year***

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

### ***Debt Administration***

We have been very active in managing our debt over the last 25 years. Many general obligation issues have been “refunded” (refinanced), saving millions for taxpayers by locking in lower interest rates and shortening the maturity of the bonds. On March 15, 2005 we issued general obligation refunding bonds to partially refund our 1998 and 2001 general obligation bonds. The aggregate principal amount of the refunding was \$63.0 million. In June, 2007 we issued \$119 million in general obligation bonds to fund new construction and capital improvements. These bonds are payable over the next 17 years. In the spring of 2011 we issued Full Faith and Credit bonds to refinance a 2008 issue, keeping the term the same but lowering the interest rate by approximately two percentage points. In August 2014, we issued \$91 million in general obligation bonds to fund new construction and capital improvements. These bonds are payable over the next 19 years

In November 2002, we joined a state-wide consortium and issued \$40.9 million of tax pension bonds to finance our estimated 2001 unfunded actuarial liability with the Oregon Public Employees Retirement System (PERS). In April 2003, we participated in the second state-wide effort to refund a portion of our 2002 unfunded actuarial liability by issuing \$25.3 million of tax pension bonds. And in February 2004 we participated in the third state-wide effort to refund a portion of our 2003 unfunded actuarial liability by issuing \$5.9 million of tax pension bonds. As a result of these pension bond issuances our pension related expenditures will less for the foreseeable future.

Debt limit is established by Oregon law, specifically ORS 328.245(1) and (2), at 7.95 percent of the real market value of property within the taxing district’s boundary. At June 30, 2015 our net bonded debt is \$1,202,707,583 less than the statutory debt limit.

### **Other Information**

### ***Independent Audit***

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

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

### **Awards**

***GFOA Certificate of Achievement of Excellence***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for our Comprehensive Annual Financial Report for the year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We have received a Certificate of Achievement for the last thirty-two years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for review.

***ASBO Certificate of Excellence in Financial Reporting***

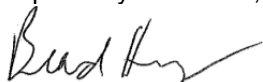
The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for our Comprehensive Annual Financial Report for the year ended June 30, 2014. Receiving this award is recognition that we have met the highest standards of excellence in school financial reporting as adopted by the Association of School Business Officials International.

We have received a Certificate of Excellence for the last thirty-one years. We believe our current report continues to conform to the Certificate of excellence program requirements, and we are submitting it to ASBO for review.

***Acknowledgments***

Superintendent Ron Wilkinson retired at the end of 2014-15 school year. We want to thank Superintendent Wilkinson for his leadership and vision. After a comprehensive search, Mr. Shay Mikalson was named our next Superintendent. We look forward to continued success under Superintendent Mikalson's leadership. We wish to express our appreciation to the entire Business Department staff for their efforts and contributions to our Comprehensive Annual Financial Report. We also recognize the members of the Board of Directors for their expectations of excellence, and their dedication to our financial operations.

Respectfully submitted,



Brad Henry  
Chief Operating and Financial Officer

# Association of School Business Officials International



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

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

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

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



Handwritten signature of Mark C. Pepera in black ink.

Mark C. Pepera, MBA, RSBO, SFO  
President

Handwritten signature of John D. Musso in black ink.

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

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

Presented to

**Administrative School District No. 1**

**(Bend - La Pine Schools**

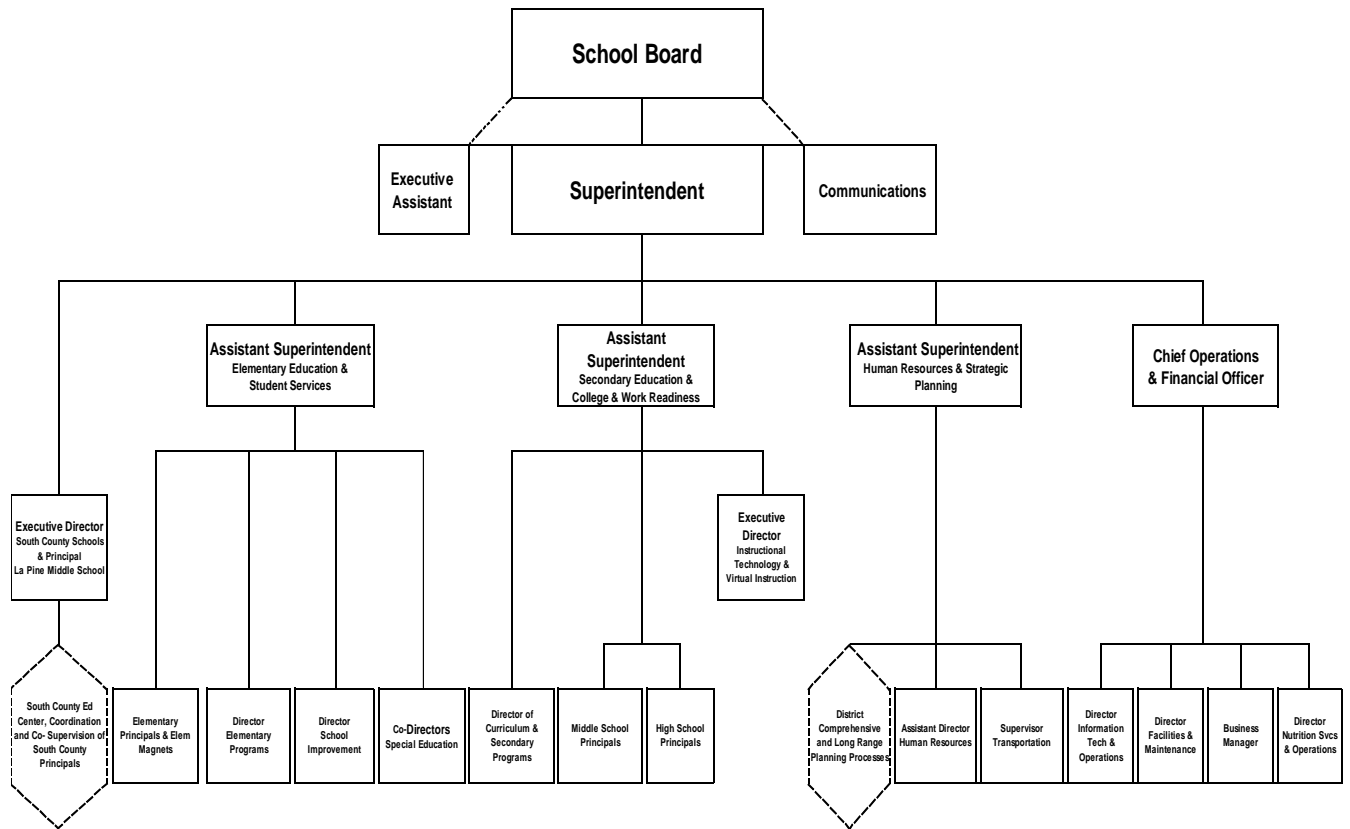
**Deschutes County, Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

**Administrative School District No. 1  
Deschutes County, Oregon  
Organizational Chart  
June 30, 2015**



**Administrative School District No. 1  
Deschutes County, Oregon  
Principal Officials  
June 30, 2015**

**BOARD OF DIRECTORS**

Nori Juba – Chair Bend, Oregon	June 30, 2017
Cheri Helt Bend, Oregon	June 30, 2017
Ron Gallinat Bend, Oregon	June 30, 2019
Peggy Kinkade Bend, Oregon	June 30, 2019
Andy High Bend, Oregon	June 30, 2019
Dr. Stuart Young La Pine, Oregon	June 30, 2017
Julie Craig Bend, Oregon	June 30, 2017

**ADMINISTRATIVE STAFF**

Ron Wilkinson	Superintendent
Brad Henry	Chief Operations and Financial Officer

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

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## **FINANCIAL SECTION**



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





PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

December 10, 2015

#### INDEPENDENT AUDITORS' REPORT

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

#### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Administrative School District No. 1 as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the Administrative School District No. 1's financial statements and, in our report dated November 30, 2014, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and aggregate fund information.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

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

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

#### **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Administrative School District No. 1 as of June 30, 2015, and the respective changes in financial position and budgetary comparisons for the general fund and special revenues fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The District adopted the provisions of GASB Statement No. 68 and 71 – *Accounting and Financial Reporting for Pensions and Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

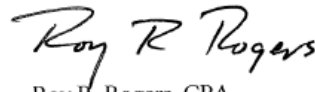
### *Other Information*

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

### **Reports on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 10, 2015 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 10, 2015, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

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## **Management's Discussion and Analysis**

**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**

As management of Administrative School District No. 1, Deschutes County, Oregon (the District), we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information provided in the Transmittal Letter, which can be found on pages iv - viii.

**Financial Highlights**

- In the government-wide statements, our assets exceeded our liabilities at June 30, 2015 by \$50 million. Of this amount, \$111 million is net investment in capital assets, and the balance is restricted for grants, debt service, and capital projects, or is unrestricted. Pension liabilities are included in unrestricted.
- Our total net position decreased by \$56 million, with unrestricted net position decreasing by \$63 million, principally due to implementation of Governmental Accounting Standards Board (GASB) 68. Please refer to page 42 for more information on GASB 68.
- We are completing construction of two new schools in the fall of 2015 and construction projects throughout the district with 2013 General Obligation Bond.
- Our General Fund ended the 2014-15 fiscal year with a fund balance of \$11.8 million, which is 8.5% of expenditures.

**Overview of the Financial Statements**

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

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

These statements include:

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

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



**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**

In the government-wide financial statements, our activities are categorized as governmental activities. Most of our basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, technology services, facilities acquisition, construction and maintenance. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

The government-wide financial statements can be found on pages 15 and 16 of this report.

**Fund financial statements.** The *fund financial statements* provide more detailed information about our funds, focusing on our most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Our district, like other state and local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All of our funds can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** The *governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support our own programs. We hold approximately \$80,000 in trust funds for student scholarships.

The fund financial statements can be found on pages 17-24 of this report.

**Notes to the basic financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25-51 of this report.

**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Our assets exceeded liabilities by \$50 million at June 30, 2015.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions. This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. We implemented GASB 68 in 2014-15 fiscal year. The beginning net position at July 1, 2014, does not equal to the ending net position at June 30, 2014. A restatement of the prior year net position was required to record the net pension liability at the prior measurement date and reclassify prior year pension contributions from expenses to deferred outflows. Please refer to page 42 for more information on GASB 68.

Capital assets, which consist of our land, buildings, land improvements, construction in progress, vehicles, and equipment, represent about 76 percent of total assets. This percentage has increased from the prior year, mainly due to the construction projects and other technology capital projects that are underway or were completed during current year. The remaining assets consist mainly of the net pension asset, cash and investments and grants and property taxes receivable. Please refer to page 35 for more information on capital asset activities.

Our largest liability, 89 percent of total liabilities, is for the repayment of the long-term portion of general obligation bonds and other debt. Current liabilities, representing about 9.4 percent of our total liabilities, consist of payables on accounts, benefits, and the current portion of long-term debt. The remaining 1.6% of total liabilities is other post-employment benefit obligation. Please refer to pages 36-38 for more information on long-term debt activity.

**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**

Net Position as of June 30	Governmental Activities		Increase (Decrease) from Fiscal 2014
	2015	2014	
Current and other assets	\$ 93,673,348	\$ 178,237,240	\$ (84,563,892)
Capital assets	302,245,216	259,748,529	42,496,687
Total assets	395,918,564	437,985,769	(42,067,205)
Deferred Outflows of Resources	10,715,453	-	10,715,453
Total Deferred Outflows of Resources	10,715,453	-	10,715,453
Current liabilities	35,988,459	31,213,234	4,775,225
Long-term liabilities	281,879,843	300,129,346	(18,249,503)
Total liabilities	317,868,299	331,342,580	(13,474,279)
Deferred Inflows of Resources	38,535,887	-	38,535,887
Total Deferred Inflows of Resources	38,535,887	-	38,535,887
Net Position:			
Net Investment in capital assets	111,247,887	103,831,797	7,416,090
Restricted	8,557,066	8,567,674	(10,608)
Unrestricted	(69,575,124)	(5,756,282)	(63,818,842)
Total net position	\$ 50,229,829	\$ 106,643,189	\$ (56,413,360)

During the current fiscal year, our net position decreased by \$56 million. The decrease is mainly from net pension asset and deferred outflow due to the implementation of accounting changes related GASB 68.

**Governmental activities.** As noted above, our net position decreased by \$56 million in the current fiscal year. This represents a decrease of about 52% from the prior year. The key elements of the change in our net position for the year ended June 30, 2015 as compared to the prior year are as follows:

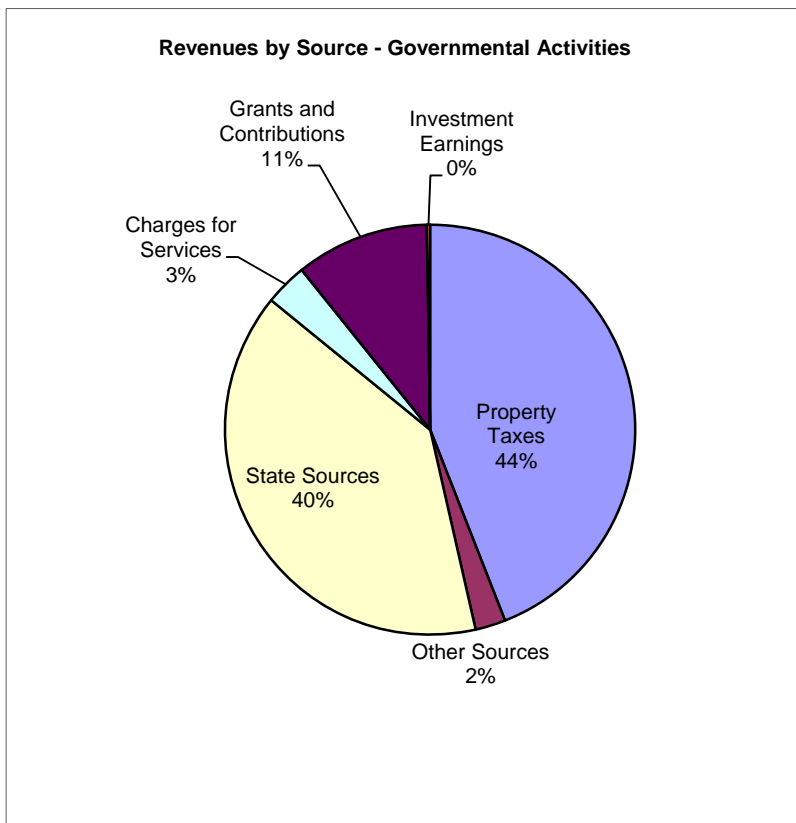
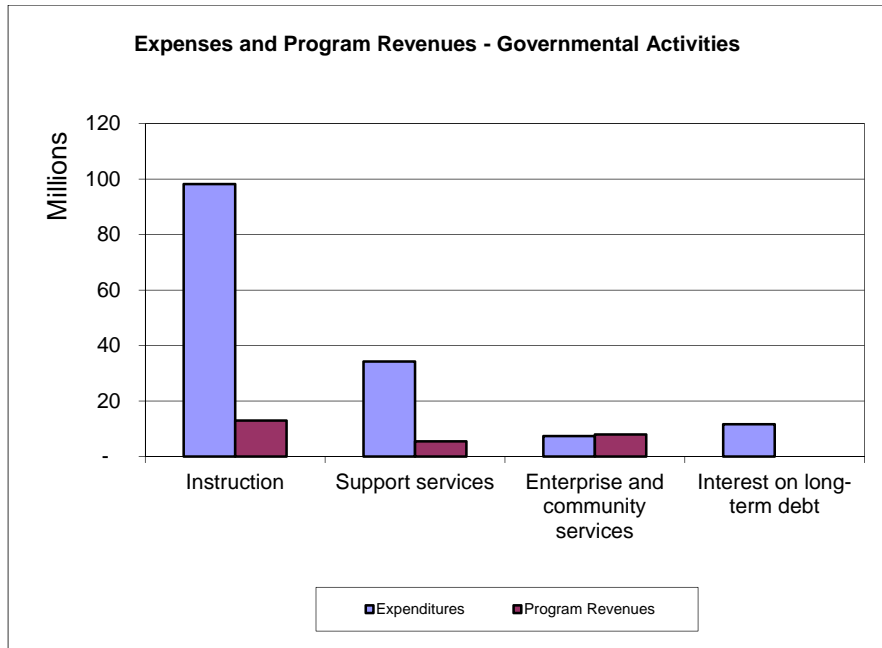
- In 2015, the net position decreased by \$56 million due to PERS pension liability (asset) accounting changes.

**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**

Changes in Net Position, Fiscal Year Ended June 30	Governmental Activities		Increase (Decrease) from Fiscal 2014
	2015	2014	
Revenues:			
Programs revenues:			
Charges for services	\$ 6,357,714	\$ 6,318,750	\$ 38,964
Operating grants and contributions	19,425,439	17,538,149	1,887,290
Capital grants and contributions	636,373	670,353	(33,980)
General revenues:			
Property taxes	83,907,941	77,839,444	6,068,497
Federal aid not restricted to specific purposes	189,807	283,955	(94,148)
State aid not restricted to specific purposes	75,139,105	69,609,643	5,529,462
Intermediate aid not restricted to specific purposes	2,002,712	1,827,979	174,733
Earnings on investments	470,074	1,138,253	(668,179)
Other local revenue	2,348,763	2,372,775	(24,012)
Total revenues	<u>190,477,929</u>	<u>177,599,301</u>	<u>12,878,628</u>
Expenses:			
Instruction	98,212,078	97,549,991	662,087
Support services	34,230,718	56,867,927	(22,637,209)
Enterprise and community services	7,410,433	7,288,914	121,519
Interest on long-term debt	11,664,343	12,975,237	(1,310,894)
Total expenses	<u>151,517,572</u>	<u>174,682,069</u>	<u>(23,164,497)</u>
Increase (decrease) in net position	38,960,357	2,917,232	36,043,125
Net Position July 1	<u>11,269,472</u>	<u>103,725,957</u>	<u>(92,456,485)</u>
Net Position June 30	<u>\$ 50,229,829</u>	<u>\$ 106,643,189</u>	<u>\$(56,413,360)</u>

The beginning net position at July 1, 2014, does not equal the ending net position at June 30, 2014. Due to the implementation of GASB Statements 68 and 71, a restatement of the prior year net position was required to record the net pension liability at the prior measurement date and reclassify prior year pension contributions from expenses to deferred outflows.

**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**



**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, we use fund accounting to ensure and to demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of our governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing our financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. At June 30, 2015, our governmental funds reported combined ending fund balances of \$54.5 million. About 64% of the ending fund balance constitutes capital projects, as authorized by voters. An additional 14% is for use as obligated by grants or for debt service obligations.

**General Fund.** The General Fund is the chief operating fund of the District. As of June 30, 2015, the Balance Sheet for Governmental Funds shows that the District had a fund balance of \$11.8 million. This reflects the intent to use beginning fund balance as part of our resources to offset cost of opening two new schools and full day kindergarten in 2015-16.

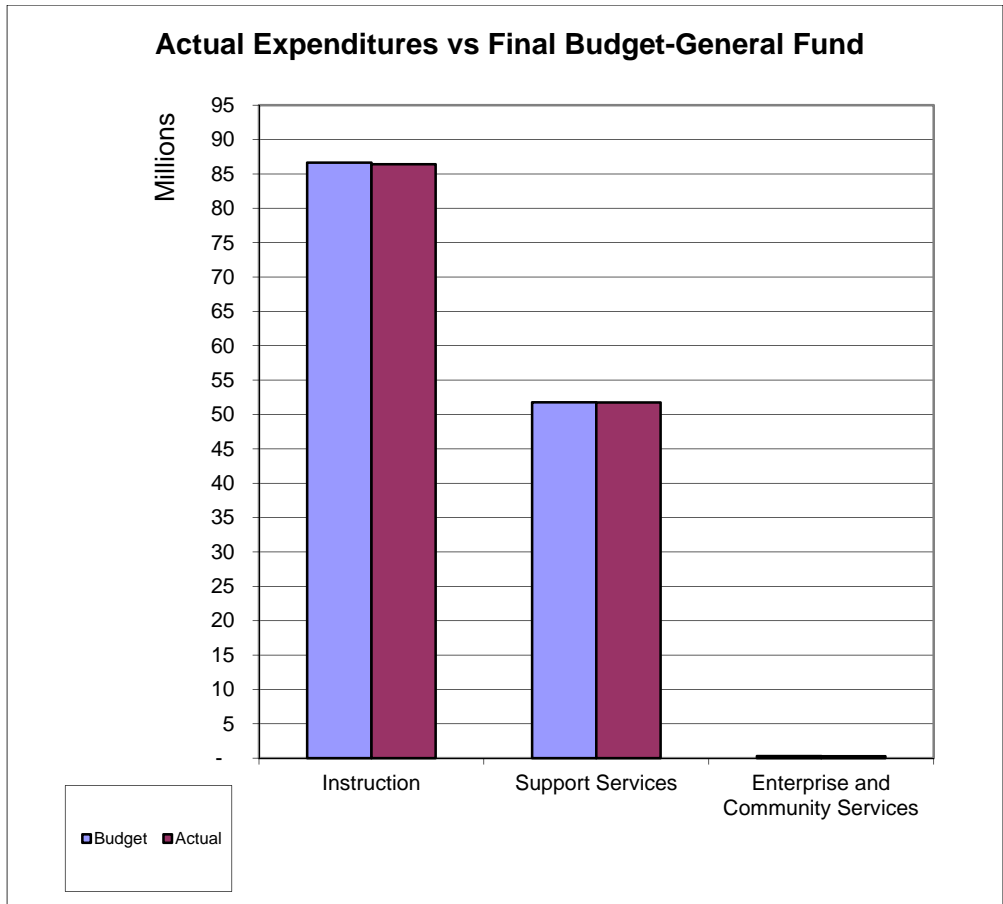
**Debt Service Fund.** The Debt Service Fund has a total fund balance of \$2.2 million, all of which is restricted for the payment of debt service. The decrease of approximately \$0.5 million in fund balance reflects the more stable trend of property tax collection, which allows us to forecast property tax collection more accurately.

**Capital Projects Fund.** The Capital Projects Fund has a total fund balance of \$34.8 million, all of which is restricted for ongoing capital projects. These available resources are a result of the issuance of the most recent general obligation bonds in August 2013. Total expenditures of \$49.6 million in the current year reflect the work related to the construction of two new schools, major additions and renovations to facilities across the district.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In the current fiscal year all expenditures in the General Fund were within the appropriations as approved by the Board of Directors. We increased our service level (and expenditures) during the year, as evidenced by the significant variance in the expenditure budget. This service level increase was attained by using additional resources made available from increased enrollment and additional state-wide formula revenue.

**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**



**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets. Our investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. The increase in capital assets from 2014 to 2015 was approximately \$42 million. This increase is due to ongoing construction projects funded by the 2013 General Obligation Bond.

**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**

Capital Assets as of June 30

	Governmental Activities		Increase (Decrease) from
	2015	2014	Fiscal 2014
Land	\$ 32,060,808	\$ 32,251,174	\$ (190,366)
Site Improvements	14,325,478	14,945,953	(620,475)
Buildings and Improvements	191,460,995	194,994,372	(3,533,377)
Vehicles and Equipment	7,555,235	7,822,602	(267,367)
Construction in Progress	56,842,699	9,734,428	47,108,271
Total	<u>\$ 302,245,216</u>	<u>\$ 259,748,529</u>	<u>\$ 42,496,687</u>

More detailed information on capital asset activity can be found in the notes to the basic financial statements on pages 35-36.

Long-term debt. At the end of the current fiscal year, we had total debt outstanding of \$276 million, consisting of general obligation bonded debt, limited tax pension obligation bonds and full faith and credit obligations, net of unamortized premium/discount. This does not include the liability for early retirement benefits of \$1.8 million. The decrease of \$14 million reflects the scheduled annual principal and interest payments for general obligation bonds, pension bonds and other long-term debt.

Debt Outstanding as of June 30

	Governmental Activities		Increase (Decrease) from
	2015	2014	Fiscal 2014
General Obligation Bonds	\$ 198,705,000	\$ 210,210,000	\$ (11,505,000)
Limited Tax Pension Obligation Bonds	69,356,297	71,137,698	(1,781,401)
Other long-term debt	8,645,201	9,832,152	(1,186,951)
Total	<u>\$ 276,706,498</u>	<u>\$ 291,179,850</u>	<u>\$ (14,473,352)</u>

In May, 2007, Moody's upgraded the Districts bond rating in conjunction with the issuance of the new general obligation bonds. The rating increased from A1 to Aa3, a one-step increase. State statutes limit the amount of general obligation debt a school district may issue to 7.95 percent of its total real market valuation. The District is well within this limit. More detailed information on long-term debt activity can be found in the notes to the basic financial statements beginning on page 36.



**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**

Economic Factors and Next Year's Budget

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

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

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

**Administrative School District No. 1  
Deschutes County, Oregon  
Management's Discussion And Analysis  
June 30, 2015**

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

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

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

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

In 2014-15, our enrollment is approximately 17,163. In combination with additional enrollment growth and increased local resources, we have amended our budget to reflect the increase resources and requirements.

During the 2014-15 fiscal year the School Board approved new agreements with all of our employee groups. The support staff agreement was ratified by the association in September, 2013, and was effective September 1, 2015. The certified agreement was ratified by our certified group in June, 2015 and is effective July 1, 2015. The agreements for both groups are a two-year agreement on language, wages and benefits.

In the 2015 legislative session, the legislature approved a 2015-17 biennial budget that provides \$7.38 billion to K-12 education with a 49.2/50.8 split vs. a traditional 49/51 split. We believe it is prudent to manage our revenue and expenditure at 49/51 split.

As of this writing, 2015-16 enrollment has increased by more than 350 students from the 2014-15 level to be approximately 17,500.

**Requests for Information**

This financial report is designed to present the user with a general overview of our finances and to demonstrate our accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to our Finance Director at 520 NW Wall Street, Bend, Oregon 97701.

## **Basic Financial Statements**

Administrative School District No. 1  
Deschutes County, Oregon  
Statement of Net Position  
June 30, 2015, with Comparative Data

	Governmental Activities	
	2015	2014
<b>Assets:</b>		
Cash and investments	\$ 64,305,737	\$ 109,920,090
Receivables:		
Property taxes	2,844,910	3,306,548
Accounts and other receivables	4,823,802	4,417,120
Prepaid items	1,264,790	753,110
Inventories	463,138	470,382
Net Pension Asset	19,970,972	-
Prepaid pension UAL	-	59,369,990
Capital assets, net of depreciation		
Land	32,060,808	32,251,174
Construction in progress	56,842,699	9,734,428
Site improvements	14,325,478	14,945,953
Buildings and improvements	191,460,995	194,994,372
Vehicles and equipment	7,555,235	7,822,602
<i>Total Assets</i>	<u>395,918,564</u>	<u>437,985,769</u>
<b>Deferred Outflow of Resources:</b>		
Deferred Outflows of Resources:	10,715,453	-
<i>Total Outflows of Resources</i>	<u>10,715,453</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable	4,967,881	4,175,392
Accrued payroll and related charges	10,050,156	9,426,485
Accrued interest	495,292	532,995
Retainage payable	2,020,791	149,476
Net Pension Liability	-	-
Accrued general liability claims and judgments	583,978	392,826
Long-term liabilities due within one year	17,870,362	16,536,060
Long-term liabilities due in more than one year	281,879,843	300,129,346
<i>Total Liabilities</i>	<u>317,868,302</u>	<u>331,342,580</u>
<b>Deferred Inflows of Resources:</b>		
Deferred Inflows of Resources:	38,535,887	-
<i>Total Inflows of Resources</i>	<u>38,535,887</u>	<u>-</u>
<b>Net Position</b>		
Net Investment in capital assets	111,247,887	103,831,797
Restricted for:		
Transportation	815,144	310,970
Federal, state and local programs	3,075,654	2,656,874
Debt service	2,287,056	2,859,532
Capital projects	2,379,212	2,740,298
Unrestricted	(69,575,124)	(5,756,282)
<i>Total Net Position</i>	<u>\$ 50,229,829</u>	<u>\$ 106,643,189</u>

See Notes to Financial Statements

Administrative School District No. 1  
 Deschutes County, Oregon  
 Statement of Activities  
 Year Ended June 30, 2015, with Comparative Data

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2015	2014
<b>Governmental Activities</b>						
Instruction						
Regular instruction	\$ 74,280,377	\$ 3,634,057	\$ 3,522,372	\$ -	\$ (67,123,948)	\$ (65,686,406)
Special programs including summer school	23,931,701	-	5,811,251	-	(18,120,450)	(19,528,484)
Total direct classroom services	98,212,078	3,634,057	9,333,623	-	(85,244,398)	(85,214,890)
Support Services						
Students	10,069,890	-	99,704	-	(9,970,186)	(10,446,973)
Instructional staff	6,065,679	-	2,931,337	-	(3,134,342)	(3,573,783)
General administration	739,894	-	-	-	(739,894)	(661,118)
School administration	9,478,940	-	250,839	-	(9,228,101)	(9,600,223)
Business, transportation and maintenance	3,231,695	931,586	637,299	636,373	(1,026,437)	(20,338,014)
Central activities	3,968,198	-	19,291	-	(3,948,907)	(4,901,232)
Supplemental retirement program	676,422	-	-	-	(676,422)	(2,492,630)
Total classroom support services	34,230,718	931,586	3,938,470	636,373	(28,724,289)	(52,013,973)
Enterprise and Community Services						
Food services	5,804,041	1,442,506	4,550,411	-	188,876	(67,835)
Other enterprise and community services	1,606,392	349,566	1,602,935	-	346,108	117,118
Total enterprise and community services	7,410,433	1,792,071	6,153,346	-	534,985	49,283
Interest on long-term liabilities	11,664,343	-	-	-	(11,664,343)	(12,975,237)
Total school district	\$ 151,517,572	\$ 6,357,714	\$ 19,425,439	\$ 636,373	(125,098,045)	(150,154,817)
General revenues:						
Property taxes levied for:						
General purposes					63,524,513	59,048,422
Debt service					20,383,428	18,791,022
Federal aid not restricted to specific purposes					189,805	283,955
State aid not restricted to specific purposes					75,139,105	69,609,643
Intermediate aid not restricted to specific purposes					2,002,712	1,827,979
Earnings on investments					470,074	1,138,253
Other local revenue					2,348,763	2,372,775
Total general revenues					164,058,400	153,072,049
Change in net position					38,960,355	2,917,232
Net position - beginning					11,269,474	103,725,957
Net position - ending					\$ 50,229,829	\$ 106,643,189

See Notes to Financial Statements

Administrative School District No. 1  
 Deschutes County, Oregon  
 Balance Sheet  
 Governmental Funds  
 June 30, 2015, with Comparative Data

	General	Special			Totals	
		Revenues	Debt Service	Capital Projects	2015	2014
<b>Assets</b>						
Cash and investments	\$ 23,817,099	\$ 1,479,267	\$ 2,105,365	\$ 36,904,002	\$ 64,305,733	\$ 109,920,090
Receivables						
Property taxes	2,167,927	-	676,983	-	2,844,910	3,306,548
Accounts and other receivables	1,010,711	3,808,477	-	4,616	4,823,804	4,417,120
Prepaid items	1,264,790	-	-	-	1,264,790	753,110
Inventories	132,455	330,682	-	-	463,137	470,382
<b>Total Assets</b>	<b>\$ 28,392,982</b>	<b>\$ 5,618,426</b>	<b>\$ 2,782,348</b>	<b>\$ 36,908,618</b>	<b>\$ 73,702,374</b>	<b>\$ 118,867,250</b>
<b>Liabilities and Fund Balances</b>						
Liabilities						
Accounts and interest payable	\$ 4,967,881	\$ -	\$ -	\$ -	\$ 4,967,881	\$ 4,175,392
Accrued payroll and related charges	10,029,309	-	-	-	10,029,309	9,395,887
Retainage payable	-	-	-	2,020,791	2,020,791	149,476
<b>Total Liabilities</b>	<b>14,997,190</b>	<b>-</b>	<b>-</b>	<b>2,020,791</b>	<b>17,017,981</b>	<b>13,720,755</b>
Deferred Inflows of Resources						
Unavailable Revenue-Property Taxes	1,593,508	-	510,375	-	2,103,883	2,490,120
Fund Balances						
Nonspendable	1,397,245	330,682	-	-	1,727,927	1,223,492
Restricted	815,144	3,075,654	2,271,973	34,887,827	41,050,598	90,582,668
Assigned	5,663,606	2,212,090	-	-	7,875,696	5,517,280
Unassigned	3,926,289	-	-	-	3,926,289	5,332,935
<b>Total fund balances</b>	<b>11,802,284</b>	<b>5,618,426</b>	<b>2,271,973</b>	<b>34,887,827</b>	<b>54,580,510</b>	<b>102,656,375</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28,392,982</b>	<b>\$ 5,618,426</b>	<b>\$ 2,782,348</b>	<b>\$ 36,908,618</b>	<b>\$ 73,702,374</b>	<b>\$ 118,867,250</b>

See Notes to Financial Statements

Administrative School District No. 1  
 Deschutes County, Oregon  
 Reconciliation of Governmental Funds  
 Balance Sheet to Statement of Net Position  
 June 30, 2015

Total Fund Balances, June 30, 2015 (page 16) \$ 54,580,510

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

Cost	\$ 421,878,927	
Accumulated depreciation	<u>(119,633,710)</u>	302,245,217

The implementation of GASB 68 requires recording of the District's share of the PERS Net Pension Liability/Asset  
 For 2014-15 the portion is recognized as an asset 19,970,972

A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current years' operations, and therefore, are not reported as revenue in the governmental funds. 2,103,883

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

Long-term debt	(3,560,201)	
GASB 68 Implementation-Deferred Outflows of Resources	10,715,453	
GASB 68 Implementation-Deferred Inflows of Resources	(38,535,887)	
Accrued interest payable	(495,292)	
Bonds payable	(273,146,297)	
Unamortized portion of bond issuance premium	(16,125,570)	
OPEB annual required contribution	(5,096,044)	
Compensated absences	(20,846)	
Accrued claims and judgments	(583,977)	
Early retirement benefits payable	<u>(1,822,092)</u>	<u>(328,670,753)</u>

Total Net Position (page 14) \$ 50,229,829

See Notes to Financial Statements

Administrative School District No. 1  
 Deschutes County, Oregon  
 Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
 Year Ended June 30, 2015, with Comparative Data

					Totals	
	General Fund	Special Revenues	Debt Service	Capital Projects	2015	2014
<b>Revenues</b>						
Property taxes	\$ 63,910,743	\$ -	\$ 20,383,436	\$ -	\$ 84,294,179	\$ 78,345,633
Tuition	5,550	925,733	-	-	931,283	842,167
Investment earnings	169,484	8,789	31,002	166,179	375,454	1,138,268
Other local sources	4,134,843	7,669,225	458,697	-	12,262,765	12,269,485
Intermediate sources	1,852,712	300,000	150,000	-	2,302,712	1,928,955
State sources	70,478,792	1,119,760	5,743,815	-	77,342,367	71,168,558
Federal sources	245,953	14,332,863	-	-	14,578,816	13,706,493
<b>Total revenues</b>	<b>140,798,077</b>	<b>24,356,370</b>	<b>26,766,950</b>	<b>166,179</b>	<b>192,087,576</b>	<b>179,399,559</b>
<b>Expenditures</b>						
<b>Current</b>						
Instruction	85,992,437	11,332,041	-	-	97,324,478	90,667,093
Support services	51,173,806	4,452,000	651	-	55,626,457	54,895,515
Community services	265,848	7,702,845	-	-	7,968,693	7,471,840
Facilities acquisition and construction	-	-	-	888,383	888,383	1,091,316
<b>Debt service</b>						
Principal	591,952	-	13,746,969	-	14,338,921	13,143,653
Interest	112,254	-	13,531,310	-	13,643,564	13,268,919
Capital outlay	989,725	162,380	-	48,776,700	49,928,805	13,260,630
<b>Total expenditures</b>	<b>139,126,022</b>	<b>23,649,266</b>	<b>27,278,930</b>	<b>49,665,083</b>	<b>239,719,301</b>	<b>193,798,966</b>
Revenues over (under) expenditures	1,672,055	707,104	(511,980)	(49,498,904)	(47,631,725)	(14,399,407)
<b>Other Financing Sources (Uses)</b>						
General obligation bonds issued	-	-	-	-	-	91,825,000
Premium on issuance of bonds	-	-	-	-	-	4,732,033
Sale of capital assets	-	-	-	272,342	272,342	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>272,342</b>	<b>272,342</b>	<b>96,557,033</b>
Net change in fund balances	1,672,055	707,104	(511,980)	(49,226,562)	(47,359,383)	82,157,626
Fund balances, beginning of year	10,130,229	4,911,322	2,783,953	84,114,389	101,939,893	20,498,749
Fund balances, end of year	<u>\$ 11,802,284</u>	<u>\$ 5,618,426</u>	<u>\$ 2,271,973</u>	<u>\$ 34,887,827</u>	<u>\$ 54,580,510</u>	<u>\$ 102,656,375</u>

See Notes to Financial Statements



Administrative School District No. 1  
 Deschutes County, Oregon  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balance of Governmental Funds to  
 the Statement of Activities  
 Year Ended June 30, 2015

Net Change in Fund Balance (page 18) \$ (47,359,383)

Amounts reported for governmental activities in the Statement of Activities  
 are different because:

Governmental funds report capital outlay as expenditures. However, in the  
 Statement of Activities, the cost of those assets is allocated over their estimated  
 useful lives and reported as depreciation expense. This is the amount by which  
 capital outlays exceeded depreciation in the current period:

Expenditures for capital assets and construction in progress	\$ 50,625,464	
Less current year depreciation	<u>(8,128,777)</u>	42,496,687

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

Debt issued	-	
Debt principal repaid	<u>15,781,952</u>	15,781,952

GASB 68 Implementation net of Deferred Outflows and Deferred Inflows 27,820,434

Governmental funds report the effect of issuance costs, premiums, and discounts  
 when debt is first issued, whereas these amounts are deferred and amortized in  
 the Statement of Activities. This amount is the net effect of these differences:

Amortization of premiums, net of discount amortization	<u>1,807,082</u>	1,807,082
--	------------------	-----------

In the Statement of Activities interest is accrued on long-term debt, whereas  
 in the governmental funds it is recorded as an interest expense when due.

Accreted interest on PERS UAL bonds	(1,308,599)	
Accrued interest on general obligation bonds and other long term debt	<u>37,707</u>	(1,270,892)

Property taxes that do not meet the measurable and available criteria are not  
 recognized as revenue in the current year in the governmental funds. In the  
 Statement of Activities property taxes are recognized as revenue when levied. (386,237)

Compensated absences are recognized as an expenditure in the governmental funds  
 when they are paid. In the Statement of Activities they are recognized as an  
 expenditure when incurred. 20,846

Certain expenses in the Statement of Activities do require the use of current financial  
 resources and, therefore, are not reported as expenditures in governmental funds

Early retirement benefits	792,760	
OPEB annual required contribution	(158,916)	
Estimated claims and judgments	<u>(583,978)</u>	<u>49,866</u>

Change in Net Position (page 15) \$ 38,960,355

See Notes to Financial Statements

Administrative School District No. 1  
 Deschutes County, Oregon  
 Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual -  
 General Fund and Special Revenue Fund  
 Year Ended June 30, 2015

	General Fund						
	Budgeted Amounts		Variance with Final Budget	Actuals			
	Adopted	Final		Over (Under)	Budget Basis	Adjustments	GAAP Basis
<b>Revenues</b>							
Property taxes	\$ 60,537,258	\$ 60,757,258	\$ 3,153,485	\$ 63,910,743	\$ -	\$ 63,910,743	
Tuition	-	-	5,550	5,550	-	5,550	
Investment earnings	203,000	203,000	(33,516)	169,484	-	169,484	
Other Local sources	4,252,500	4,252,500	(117,657)	4,134,843	-	4,134,843	
Intermediate sources	1,925,000	1,925,000	(72,288)	1,852,712	-	1,852,712	
State sources	70,137,462	70,737,462	(258,670)	70,478,792	-	70,478,792	
Federal sources	28,000	308,000	(62,047)	245,953	-	245,953	
<b>Total revenues</b>	<b>137,083,220</b>	<b>138,183,220</b>	<b>2,614,857</b>	<b>140,798,077</b>	<b>-</b>	<b>140,798,077</b>	
<b>Expenditures</b>							
<b>Current</b>							
Instruction	84,245,107	86,645,107	(1) 231,586	86,413,521	(421,084)	85,992,437	
Support services	53,063,037	51,763,037	(1) 20,590	51,742,447	(568,641)	51,173,806	
Community services	292,650	292,650	(1) 26,802	265,848	-	265,848	
Debt service	704,206	704,206	(1) -	704,206	(704,206)	-	
Principal	-	-	-	-	591,952	591,952	
Interest	-	-	-	-	112,254	112,254	
Capital outlay	-	-	-	-	989,725	989,725	
<b>Total expenditures</b>	<b>138,305,000</b>	<b>139,405,000</b>	<b>278,978</b>	<b>139,126,022</b>	<b>-</b>	<b>139,126,022</b>	
<b>Revenues over (under) expenditures</b>	<b>(1,221,780)</b>	<b>(1,221,780)</b>	<b>2,893,835</b>	<b>1,672,055</b>	<b>-</b>	<b>1,672,055</b>	
<b>Other financing sources (uses)</b>							
Transfer from operating sub-fund	2,547,986	2,547,986	-	2,547,986	-	2,547,986	
Transfer to other sub-funds	(2,547,986)	(2,547,986)	-	(2,547,986)	-	(2,547,986)	
Transfer from special revenue fund	250,000	250,000	(250,000)	-	-	-	
<b>Total other financing sources (uses)</b>	<b>250,000</b>	<b>250,000</b>	<b>(250,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>(971,780)</b>	<b>(971,780)</b>	<b>2,643,835</b>	<b>1,672,055</b>	<b>-</b>	<b>1,672,055</b>	
<b>Fund balances, beginning of year</b>	<b>9,587,806</b>	<b>9,587,806</b>	<b>542,423</b>	<b>10,130,229</b>	<b>-</b>	<b>10,130,229</b>	
<b>Fund balances, end of year</b>	<b>\$ 8,616,026</b>	<b>\$ 8,616,026</b>	<b>\$ 3,186,258</b>	<b>\$ 11,802,284</b>	<b>\$ -</b>	<b>\$ 11,802,284</b>	

(1) Appropriation level

See Notes to Financial Statements

Special Revenue Fund

Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
Adopted	Final		Budget Basis	Adjustments	GAAP Basis
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	925,733	925,733	-	925,733
4,000	4,000	4,789	8,789	-	8,789
7,840,000	7,840,000	(170,775)	7,669,225	-	7,669,225
-	-	300,000	300,000	-	300,000
952,000	952,000	167,760	1,119,760	(2)	1,119,760
13,250,000	13,250,000	1,082,863	14,332,863	-	14,332,863
<u>22,046,000</u>	<u>22,046,000</u>	<u>2,310,370</u>	<u>24,356,370</u>	<u>-</u>	<u>24,356,370</u>
10,854,000	10,854,000	(1) (548,894)	11,402,894	(70,853)	11,332,041
4,452,000	4,452,000	(1) -	4,452,000	-	4,452,000
7,532,000	7,532,000	(1) (262,372)	7,794,372	(91,527)	7,702,845
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	162,380	162,380
<u>22,838,000</u>	<u>22,838,000</u>	<u>(811,266)</u>	<u>23,649,266</u>	<u>-</u>	<u>23,649,266</u>
<u>(792,000)</u>	<u>(792,000)</u>	<u>1,499,104</u>	<u>707,104</u>	<u>-</u>	<u>707,104</u>
-	-	-	-	-	-
(250,000)	(250,000)	250,000	-	-	-
-	-	-	-	-	-
<u>(250,000)</u>	<u>(250,000)</u>	(1) <u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,042,000)	(1,042,000)	1,749,104	707,104	-	707,104
<u>4,050,000</u>	<u>4,050,000</u>	<u>861,322</u>	<u>4,911,322</u>	<u>-</u>	<u>4,911,322</u>
<u>\$ 3,008,000</u>	<u>\$ 3,008,000</u>	<u>\$ 2,610,426</u>	<u>\$ 5,618,426</u>	<u>\$ -</u>	<u>\$ 5,618,426</u>

(1) Appropriation level

(2) Included in this State Revenue is the required match of \$53,585 for National School Lunch Support.

See Notes to Financial Statements

Administrative School District No. 1  
 Deschutes County, Oregon  
 Statement of Net Position  
 Fiduciary Fund - Private Purpose Trust Fund  
 June 30, 2015, with Comparative Data

	<u>Totals</u>	
	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	<u>\$ 80,478</u>	<u>\$ 37,244</u>
Liabilities		
Other liabilities	<u>-</u>	<u>-</u>
Net Position, June 30	<u><u>\$ 80,478</u></u>	<u><u>\$ 37,244</u></u>

See Notes to Financial Statements

Administrative School District No. 1  
 Deschutes County, Oregon  
 Statement of Changes in Net Position  
 Fiduciary Fund - Private Purpose Trust Fund  
 Year Ended June 30, 2015, with Comparative Data

	Totals	
	2015	2014
Additions:		
Donations	\$ 45,568	\$ 1,646
Investment earnings	117	102
	<hr/>	<hr/>
Total revenues	45,685	1,748
Deductions:		
Scholarships	2,451	1,100
	<hr/>	<hr/>
Change in net position	43,234	648
Net Position, July 1	<hr/> 37,244	<hr/> 36,596
Net Position, June 30	<u>\$ 80,478</u>	<u>\$ 37,244</u>

See Notes to Financial Statements

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## **NOTES TO FINANCIAL STATEMENTS**

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

**I. Summary of significant accounting policies**

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

**A. Reporting entity**

Administrative School District No. 1, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 and provides education services to children from grades K-12 located in Bend and La Pine and surrounding areas. The District has five high schools, seven middle schools, and eighteen elementary schools with an approximate total enrollment of 17,500 students. The District is governed by a separately elected seven-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

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

**B. Government-wide and fund financial statements**

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

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

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



**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. A six-month availability period is used for revenue recognition for all other governmental fund revenues susceptible to accrual. Revenues that are susceptible to accrual include federal, state and local grants which are expenditure-driven and common school fund proceeds. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt as well as expenditures related to early retirement, arbitrage rebates and post-employment healthcare benefits are recorded only when payment is due.

The District reports the following major governmental funds:

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

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

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

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

Additionally, the District reports the following fund types:

*Trust Fund* - This fund uses the economic resources measurement focus and accrual basis of accounting. Accounts for scholarship resources held by the District in a fiduciary capacity for use by students. Disbursements from this fund are made in accordance with the various trust agreements.

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

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

**D. Assets, liabilities, and net position**

**1. Deposits and investments**

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

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

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

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

**2. Receivables and payables**

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

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

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". There were no such arrangements as of June 30, 2015.

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

**3. Inventories and prepaid items**

Print Shop supplies, maintenance supplies and food and other cafeteria supplies are stated at average invoice cost. Donated commodities from the United States Department of Agriculture in the Nutrition Services Fund are included in the District's inventories at fair market wholesale value. Inventory items are charged to expenditures of user departments at the time of withdrawal from inventory (consumption method).

Prepaid items consist of prepaid software support fees, and are reported using the consumption method, where items are charged to expenditure as the service is provided.

**4. Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 to 50 years
Equipment	5 to 10 years

**5. Self-Insurance**

The District is self-insured for costs up to policy deductible limits as follows:

- Fire loss, property damage, theft, vandalism, etc. - \$50,000 per occurrence
- School Board errors and omissions - \$10,000 per occurrence

The District is self-insured for unemployment claims.

**6. Retirement Plans**

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB 68 and 71 have been implemented as of July 1, 2014.

In addition, certificated employees, classified employees and eligible administrative supervisors who retire under PERS with ten years of regular service qualify for early retirement benefits which are funded and charged to expenses/expenditures on a pay-as-you-go basis. In the government wide statements, the early termination benefit liability is computed by estimating the annual benefit due to retirees participating in the plan at the end of the fiscal year, and discounting to its net present value. On June 30, 2013, the plan closed to new retirees.

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

The District offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code, as well as a deferred compensation plan pursuant to Section 457 of the Internal Revenue code.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the District are detailed below.

Net pension liability – Previous standards defined pension liabilities in terms of the Annually Required Contribution. Statement No. 68 defines the net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan’s fiduciary net position.

Deferred inflows of resources and deferred outflows of resources – Statement No. 68 includes recognition of deferred inflows and outflows of resources associated with the difference between projected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

**7. Compensated Absences**

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

**8. Fund Equity**

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

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

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

Assigned fund balance indicates the portion of fund equity that the District intends to use for a specific purpose imposed by the Superintendent or designee. The Governing Body delegated the authority to the Superintendent or designee to assign fund balance.

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

**9. Long-Term Debt**

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Beginning with 2013-14, per new requirements in GASB 65, bond issuance costs are recognized when incurred and not deferred. Bonds

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

payable are reported net of the applicable bond premium or discount.

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

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

**10. Use of Estimates**

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**II. Stewardship, compliance, and accountability**

**A. Budgetary information**

Annual budgets, as required by state statutes, are adopted on the modified accrual basis of accounting for all governmental funds. The budget is prepared by fund, function and activity. The budget document includes information on the past two years, current year budget information, as well as requested appropriation and estimated revenues for the ensuing fiscal year.

The proposed budget is presented by the budget officer to the budget committee. Public meetings are held by the budget committee. The budget committee may make changes to the original document. The budget committee approves the budget document to be submitted to the governing body of the district.

Once the budget document is received by the governing body, they hold a public hearing on a date as published. After the public hearing, the governing body gives consideration to matters discussed and makes amendments to the budget document prior to adoption.

However, state statutes do not allow the governing body to increase estimated expenditures for each fund by more than ten percent. The amount of the total ad valorem taxes to be certified by the county for levy for all funds shall not exceed the amount presented by the budget committee unless the budget document is republished and another public hearing is held. The governing body is then required by state statutes to adopt the budget, make appropriations, and certify the levy of ad valorem taxes for each fund. The level of control for appropriations is exercised at the program level. The program level consists of instruction, support services, enterprise and community services, facilities acquisition and construction, debt service and transfers.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the governing body. All appropriations lapse at the end of the District's fiscal year.

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

The District has budgeted for administrative purposes, sub-fund account groupings within the General Fund. The sub-funds have been employed to allow the administration flexibility in managing fiscal matters while complying with statutory requirements. The sub-fund account groupings used for administrative purposes are as follows:

<b>General Fund</b>	
General Operations	Facility Usage
Athletics and Activities	Technology Reserve
Maintenance Replacement	Transportation Equipment
Insurance Reserve	Print Shop Equipment
Instructional Materials	

**B. Excess of expenditures over appropriations**

ORS 294.435 states in part “no greater expenditure of public money shall be made for any specific purpose than the amount appropriated therefore.” For the year ended June 30, 2015, the expenditures in Special Revenue Fund, for Instruction and Community Services, and Capital Projects Fund, for Facilities Acquisition, exceeded appropriations.

**III. Detailed notes on all funds**

**A. Deposits and investments**

Deposits

At June 30, 2015 the District held cash of \$8,179,981 with a bank balance of \$7,947,138. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 for interest bearing accounts and 100% for non-interest bearing accounts applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires bank depositories to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Banks are required to report quarterly to Treasury, providing quarter-end public funds balances in excess of the FDIC limits, net worth, and FDIC capitalization information. The FDIC assigns each bank with a capitalization category quarterly, either well capitalized, adequately capitalized or undercapitalized. The Public Funds Collateralization Program calculates, based on this information, the bank’s minimum collateral required, which is the value that must be pledged with the custodian for the next quarter. The minimum collateral requirement is reported to the bank, OST and custodian. Public officials are required to verify that deposit accounts in excess of deposit insurance limits are only maintained at financial institutions included on the list of qualified depositories found on the Treasurer’s web site.

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

Custodial credit risk – cash and cash equivalents. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. The provisions of ORS 295 create a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.

Investments

At June 30, 2015 the District was invested as follows:

Investment type:	Credit quality	Reported amount	Maturities	
			Up to 6 months	6 months to 1 year
State of Oregon Investment Pool	N/A	\$ 35,103,761	\$ 35,103,761	\$ -
Certificates of Deposit	N/A	6,008,595	3,000	6,005,595
Federal Home Loan Bank Bonds	AAA	5,007,150	-	5,007,150
Federal Home Loan Bank Bonds	AAA	5,001,850	-	5,001,850
Federal Home Loan Bank Bonds	AAA	5,004,400	-	5,004,400
Total		<u>\$ 56,125,756</u>	<u>\$ 35,106,761</u>	<u>\$ 21,018,995</u>

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has a Third Party Safekeeping Agreement (TPSA) with Wells Fargo Bank to hold certain securities in trust. All of the securities subject to the TPSA are held in trust in the District’s name. The District does not have a policy for custodial credit risk for certificates of deposit.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District’s investment policy minimizes this risk by limiting investments to the safest types of securities and by diversifying the investment portfolio; this is done by limiting the District’s exposure to an individual security issuer or backer, when possible. The schedule above summarizes the District’s holdings by rating.

Concentration of credit risk. The District’s investment policy requires that the District’s investments be diversified across maturities, security type, and institution to avoid incurring unreasonable risk. The investment holdings at June 30, 2015 meet the requirements of this policy.

Interest rate risk. Interest rate risk is lessened by generally matching investment maturities with cash requirements so that sales prior to maturities are minimized. The District’s investment policy requires that only investments that can be held to maturity shall be purchased. At June 30, 2015 the District’s investment holdings meet the requirement of this policy.



**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

**B. Tax collections**

The voters of the State of Oregon approved Ballot Measure 5, a constitutional limit on property taxes for schools and non-school government operations in November, 1990. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. The limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The voters of the State of Oregon later passed Measure 50 in May, 1997, which further reduced taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. Measure 50 reduced the amount of operating property tax revenues available for its 1997-98 fiscal year and thereafter. This reduction was accomplished by rolling assessed property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to school districts. The result of these initiatives has been that school districts have become more dependent upon state school funding and less dependent upon property tax revenues as their major source of operating revenue.

The levy for general operations is based on a permanent rate of \$4.7641 per thousand of assessed valuation.

The levies, as extended on the tax rolls, are summarized as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Certification to Assessor	66,199,304	20,758,475
Farm land and open space taxes	21,771	6,791
Other adjustments	38,011	11,852
Truncation gain	586	991
Loss to compression	<u>(1,076,571)</u>	<u>-</u>
Levy as extended on tax rolls	<u><u>65,183,101</u></u>	<u><u>20,778,109</u></u>

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

**C. Receivables**

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

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

Accounts and other receivables on the Statement of Net Position are comprised of the following as of June 30, 2015:

	<u>Amount</u>
Grants	\$ 3,813,385
Common school fund	765,033
Other	<u>245,384</u>
Total	<u>\$ 4,823,802</u>

**D. Capital assets**

Capital asset activity for the year-ended June 30, 2015 was as follows:

	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital assets not being depreciated				
Land	\$ 32,251,174	\$ -	\$ 190,365	\$ 32,060,809
Construction in progress	<u>9,734,428</u>	<u>47,108,271</u>	<u>-</u>	<u>56,842,699</u>
Total non-depreciable assets	41,985,602	47,108,271	190,365	88,903,508
Capital assets being depreciated:				
Buildings and improvements	286,261,744	2,866,304	-	289,128,048
Site improvements	19,672,790	63,956	-	19,736,746
Vehicles and equipment	<u>23,333,327</u>	<u>777,298</u>	<u>-</u>	<u>24,110,625</u>
Total depreciable assets	329,267,861	3,707,558	-	332,975,419
Less accumulated depreciation for:				
Buildings and improvements	(91,267,371)	(6,399,680)	-	(97,667,051)
Site improvements	(4,726,837)	(684,431)	-	(5,411,268)
Vehicles and equipment	<u>(15,510,725)</u>	<u>(1,044,666)</u>	<u>-</u>	<u>(16,555,391)</u>
Total accumulated depreciation	<u>(111,504,934)</u>	<u>(8,128,777)</u>	<u>-</u>	<u>(119,633,710)</u>
Total depreciable assets, net	<u>217,762,927</u>	<u>(4,421,219)</u>	<u>-</u>	<u>213,341,709</u>
Total capital assets, net	<u>\$ 259,748,530</u>	<u>\$ 42,687,052</u>	<u>\$ 190,365</u>	<u>\$ 302,245,217</u>

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

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

Program	Buildings	Improvements	Equipment	Total
Regular Instruction	\$ 6,130,604	\$ 643,516	\$ 270,711	\$ 7,044,831
Business Services	263,340	40,915	886,105	1,190,360
Food Services	4,794	-	(116,734)	(111,940)
Central Activities	942	-	4,584	5,526
	<u>\$ 6,399,680</u>	<u>\$ 684,431</u>	<u>\$ 1,044,666</u>	<u>\$ 8,128,777</u>

**E. Long-term liabilities**

Long-term liability activity for the year ended June 30, 2015, was as follows:

Issue Date:	Interest Rates	Original Amount	Balance June 30, 2014	Additions	Payments	Balance June 30, 2015	Due Within One Year
<b>General Obligation Bonds</b>							
March 15, 2005	3.0-5.0%	63,045,000	8,895,000	-	6,140,000.00	2,755,000	2,755,000
June 20, 2007	4.0-5.0%	119,000,000	29,400,000	-	5,365,000.00	24,035,000	9,970,000
March 7, 2013	2-5%	81,050,000	80,090,000	-	-	80,090,000	-
August 14, 2013	4-5%	91,825,000	91,825,000	-	-	91,825,000	-
Total General Obligation Bonds		354,920,000	210,210,000	-	11,505,000	198,705,000	12,725,000
<b>PERS Bonds</b>							
October 31, 2002	2.06-6.1%	40,926,719	37,616,399	585,582	1,590,000.00	36,611,981	1,760,000
April 21, 2003	1.5-6.27%	25,316,993	25,276,299	723,017	1,340,000.00	24,659,316	1,445,000
February 19, 2004	3.25-5.528%	5,930,000	5,405,000	-	160,000.00	5,245,000	190,000
January 30, 2012	2.75%	2,840,000	2,840,000	-	-	2,840,000	-
Total PERS Bonds		75,013,712	71,137,698	1,308,599	3,090,000	69,356,297	3,395,000
<b>Full Faith and Credit Bonds</b>							
March 20, 2011	2.0-4.0%	7,585,000	5,680,000	-	595,000	5,085,000	585,000
Premiums on Bonds			17,932,652	-	1,807,082	16,125,570	-
Total Bonds Payable			304,960,350	1,308,599	16,997,082	289,271,867	16,705,000
June 15, 2009	4.00%	2,900,000	1,593,207	-	293,896	1,299,311	305,779
July 1, 2012	1.99%	3,200,000	2,558,945	-	298,055	2,260,890	304,041
Total Long-Term Loans			4,152,152	-	591,952	3,560,200	609,820
Other Post-Employment Benefits			4,937,128	998,125	839,209	5,096,044	-
Early Retirement			2,615,773	(129,053)	664,628	1,822,092	555,542
Total Long-Term Liabilities			<u>\$ 316,665,403</u>	<u>\$ 2,177,671</u>	<u>\$ 19,092,870</u>	<u>\$ 299,750,204</u>	<u>\$ 17,870,362</u>

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of District school facilities. Debt service on bond principal and bond interest is paid from the Debt Service Fund. The District is subject to statutory limitations on indebtedness. As of June 30, 2015, the District's net bonded debt is \$1,202,707,583 less than the statutory debt limit. Certain issues of the District's bonds are subject to federal arbitrage regulations. The District employs the services of an arbitrage rebate specialist to determine the amount of the arbitrage liability if applicable. In May, 2007, Moody's upgraded the District's bond rating in conjunction with the issuance of the new general obligation bonds. The rating increased from A1 to Aa3, a

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

one-step increase. In February, 2013 the District refinanced a portion of the 2007 General Obligation Bonds. This refinancing will save approximately \$3.8 million over the life of the debt. In August 2013, we issued \$91 million in general obligation bonds to fund new construction and capital improvements.

Future maturities to service the general obligation bonds outstanding as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	12,725,000	8,662,463	21,387,463
2017	14,065,000	8,036,213	22,101,213
2018	15,235,000	7,353,613	22,588,613
2019	16,815,000	6,743,913	23,558,913
2020	10,290,000	5,978,463	16,268,463
2021-2025	70,270,000	21,766,463	92,036,463
2026-2030	43,620,000	9,229,438	52,849,438
2031-2033	15,685,000	975,000	16,660,000
	<u>\$ 198,705,000</u>	<u>\$ 68,745,566</u>	<u>\$ 267,450,566</u>

**Limited Tax Pension Obligation Bonds**

The District participated in the OSBA Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL). Bonds in the amount of \$40,926,720 were issued October 31, 2002, additional bonds in the amount of \$25,316,992 were issued April 21, 2003 and \$5,930,000 were issued February 19, 2004. The bonds are being amortized over 25-26 years. In February, 2012 the District refinanced a portion of the 2002 Pension Bonds. This refinance will save approximately \$45,000 per year in interest. Debt service on bond principal and interest is paid from the debt service fund.

Future maturities to service the limited tax pension obligation bonds outstanding as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 2,086,401	\$ 3,968,737	\$ 6,055,138
2017	2,481,542	3,874,052	6,355,594
2018	2,926,884	3,752,696	6,679,580
2019	3,419,688	3,601,834	7,021,522
2020	3,947,826	3,418,526	7,366,352
2021-2025	30,495,359	12,558,504	43,053,863
2026-2028	22,690,000	2,310,502	25,000,502
	<u>\$ 68,047,698</u>	<u>\$ 33,484,852</u>	<u>\$ 101,532,551</u>

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

Full Faith and Credit Bonds

On March 21, 2011, the District issued full faith and credit bonds to refinance a long-term loan taken out in 2009 that was used to finance the repair of Summit High School athletic fields. The refunding was undertaken to reduce total debt service payments over the next 16 years by \$886,848 and resulted in an economic gain to the taxpayers of approximately \$740,000. The bonds mature in January 2024 and the interest rates range from 2-4%.

Future maturities to service the Full Faith and Credit bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 585,000	\$ 200,475	\$ 785,475
2017	580,000	180,000	760,000
2018	575,000	156,800	731,800
2019	570,000	133,800	703,800
2020	565,000	111,000	676,000
2021-2024	<u>2,210,000</u>	<u>220,000</u>	<u>2,430,000</u>
	<u>\$ 5,085,000</u>	<u>\$ 1,002,075</u>	<u>\$ 6,087,075</u>

Long-term loans

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

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

Future maturities to service the long-term loans outstanding as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 609,820	\$ 94,386	\$ 704,206
2017	628,288	75,917	704,205
2018	647,380	56,826	704,206
2019	667,116	37,090	704,206
2020	329,210	20,235	349,445
2021-2023	<u>678,387</u>	<u>20,503</u>	<u>698,890</u>
	<u>\$ 3,560,201</u>	<u>\$ 304,957</u>	<u>\$ 3,865,158</u>

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

Leases

The District leases facilities and equipment under non-cancelable operating leases. Total costs for such leases were \$218,823 for the year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2016	\$ 162,056
2017	163,604
2018	165,692
2019	168,245
2020	107,195
2021-2023	<u>312,828</u>
Total	<u>\$ 1,079,620</u>

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

**F. Interfund Transfers**

There were no Interfund transfers in 2014-15.

**G. Fund balances**

The District categorizes its fund balance for major funds as nonspendable, restricted, assigned or unassigned. Nonspendable fund balance represents resources that can't be spent as they are not in a spendable format. Restricted fund balances represent resources whose use is constrained by externally imposed restrictions placed by creditors, grantors or contributors or those restrictions imposed by law. Assigned fund balances represent amounts the district intends to use for specific purposes and are imposed by the Superintendent or designee. The authority for the Superintendent or designee to assign resources for specific purposes is granted by the School Board, the District's governing body.

For the classification of unrestricted ending fund balance the District first reduces assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. At times when restricted and unrestricted amounts can be used, the District uses restricted amounts first.

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

Details of fund balance classifications displayed in the aggregate are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	June 30, 2015	June 30, 2014
<b>Nonspendable:</b>						
Inventory	\$ 132,455	\$ 330,683	\$ -	\$ -	\$ 463,138	\$ 470,382
Prepaid items	1,264,790	-	-	-	1,264,790	753,110
<b>Restricted for:</b>						
Capital projects	-	-	-	34,887,827	34,887,827	84,830,870
Debt service	-	-	2,271,973	-	2,271,973	2,783,953
Federal and state grants	-	1,963,961	-	-	1,963,961	1,783,219
Transportation equipment	815,144	-	-	-	815,144	310,970
Energy efficiency program	-	1,111,693	-	-	1,111,693	873,655
<b>Assigned to:</b>						
Appropriated fund balance	2,606,486	-	-	-	2,606,486	971,780
Athletics	230,389	-	-	-	230,389	188,779
Early retirement funding	-	274,600	-	-	274,600	189,195
Facility grant	-	86,494	-	-	86,494	-
Facility usage	335,522	-	-	-	335,522	127,100
Instructional materials	634,548	-	-	-	634,548	30,483
Insurance reserve	369,380	-	-	-	369,380	291,918
Kindergarten academic enrichment	-	-	-	-	-	20,556
Maintenance replacement	211,193	-	-	-	211,193	420,654
Print shop equipment	121,684	-	-	-	121,684	232,017
Student activities	-	1,850,996	-	-	1,850,996	1,678,299
Teacher exchange program	-	-	-	-	-	-
Technology	1,154,405	-	-	-	1,154,405	1,366,499
<b>Unassigned:</b>	<u>3,926,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,926,288</u>	<u>5,332,936</u>
	<u>\$ 11,802,284</u>	<u>\$ 5,618,426</u>	<u>\$ 2,271,973</u>	<u>\$ 34,887,827</u>	<u>\$ 54,580,510</u>	<u>\$ 102,656,375</u>

**IV. Other Information**

**A. Termination benefits**

Special termination benefits have been made available to employees who meet guidelines of a plan adopted by the Board on May 3, 1983 and revised most recently on May 27, 2009. All employees are eligible to apply for participation in the plan if they have been employed with the District for at least the ten consecutive years prior to their retirement date and also qualify for retirement in accordance with the PERS/OPSRP guidelines in force at the time of early retirement.

The maximum monthly benefit paid by the District will be equal to .1667 times the base salary divided by 12. Base salary is the average of the scheduled annual gross regular salary for the three highest completed paid contract years before retirement, but shall not exceed \$36,000. Employees do not contribute to the plan and accrue no vested benefits prior to their acceptance in the program.

The District's liability under the program is reported in the government-wide statements. The

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

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

These benefits are in addition to benefits that may become available under the pension plan administered under the State of Oregon Public Employees Retirement System. The expenditures incurred under the post-employment benefit plan during the current fiscal year totaled \$664,276 and covered 161 retirees.

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

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

Future maturities of termination benefits payable are as follows:

Year Ending June 30,	Amount
2016	\$ 555,542
2017	432,227
2018	317,656
2019	214,977
2020	146,176
2021-2025	155,513
	<u>\$ 1,822,091</u>



**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

**B. Pension plan**

Plan Description

Administrative School District No. 1 is participating in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by PERS. The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employee defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at: <http://www.oregon.gov/pers> PERS Pension (Chapter 238). The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

**Pension Benefits:** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

**Death Benefits:** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:  
member was employed by PERS employer at the time of death,  
member died within 120 days after termination of PERS covered employment,  
member died as a result of injury sustained while employed in a PERS-covered job, or  
member was on an official leave of absence from a PERS-covered job at the time of death.

**Disability Benefits:** A member with 10 or more years of creditable service who becomes disable from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**Benefit Changes After Retirement:** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

OPSRP Pension Program (OPSRP DB): The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

Pension Benefits: This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits: Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits: A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement: Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**Contributions**

PERS members are required to contribute 6% of their salary and the employer makes contributions at an actuarially determined rate as adopted by the PERS Board. The rate for Tier I and Tier II for the year ended June 30, 2015 was 13.65% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2015 was 11.65%. The contribution requirements of plan members are established by state statute. The employer contribution is set and may be amended by the Retirement Board. The District's contributions to Oregon PERS for the years ended June 30, 2015, 2014, and 2013 were \$10,045,456, \$11,237,149, and \$9,083,637, respectively. Because all PERS employers are required by law to submit the contributions adopted by the Retirement Board, and employer contributions are calculated in conformance with the standards of GASB Statement 27, there is no Net Pension Obligation. The contributions actually made are equivalent to the Annual Pension Cost. In addition, employee contributions for the years ended June 30, 2015, 2014, and 2013 of \$4,732,696, \$4,530,845, and \$4,255,248, respectively, were paid by the District under terms of employment contracts.

At June 30, 2015, the District reported a net pension asset of \$19,970,972 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012,

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2012, the District's proportion was .88 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between projected and actual investment earnings		\$ 38,535,887
Changes in employer proportion and differences between employer contributions and proportionate share of contributions	592,848	
District contributions subsequent to the measurement date	10,122,605	
Net Deferred outflow(inflow) of resources		<u>\$ (27,820,434)</u>

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year ending June 30	Amount
2016	\$ (9,505,092)
2017	(9,505,092)
2018	(9,505,092)
2019	(9,505,092)
2020	77,329
Thereafter	-
	<u>\$ (37,943,039)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated July 29, 2015. Oregon PERS produces an independently audited CAFR which can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financial.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx).

Actuarial Valuations – The employer contribution rates effective July 1, 2013 through June 30, 2015, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**Actuarial Methods and Assumptions:**

Valuation date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, Published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2012 Experience Study which is reviewed for the four-year period ending December 31, 2012.

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	Discount rate	Proportionate share of net pension liability (asset)
1% decrease	6.75%	42,291,306
Current discount rate	7.75%	(19,970,972)
1% increase	8.75%	(72,630,256)

Changes in Plan Provisions Subsequent to Measurement Date: The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. Oregon Public Employees Retirement System Notes to the Schedules of Employer Allocations and Pension Amounts by Employer As of and for the Fiscal Year Ended June 30, 2014. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions).

	June 30, 2014 Measurement Date	
	Before Moro Decision	Estimate After Moro Decision
Net pension liability		
Total pension liability	63,135	68,050
Fiduciary net position	65,402	65,400
Net pension liability (asset)	(2,267)	2,650

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700,

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

**C. Prepaid pension liability**

As a result of the issuance of Series 2002, Series 2003 and Series 2004 Limited Tax Pension Obligation Bonds, a prepaid PERS liability has been reported in the Statement of Net Position for the year ended June 30, 2014. The prepaid liability is equal to the initial \$40,449,272, \$25,000,000, and \$5,642,462 payments made to PERS from the bond proceeds on October 31, 2002, April 21, 2003 and February 19, 2004. This asset was removed in accordance with GASB 68 in 2014-15.

**D. Other post-employment benefits (OPEB)**

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

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

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

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

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

The following table shows the components of the District's OPEB cost for the year ending June 30, 2015, 2014, 2013, and 2012, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Determination of Annual Required Contribution

	Year Ending June 30			
	2015	2014	2013	2012
Normal cost at year end	\$ 580,676	\$ 689,831	\$ 688,954	\$ 629,212
Amortization of UAAL	513,866	700,100	700,976	602,991
	<u>\$ 1,094,542</u>	<u>\$ 1,389,930</u>	<u>\$ 1,389,930</u>	<u>\$ 1,232,203</u>

Determination of Net OPEB Obligation

Annual required contribution (ARC)	\$ 1,094,542	\$ 1,389,930	\$ 1,389,930	\$ 1,232,203
Interest on Net OPEB Obligation	148,115	135,740	121,535	132,840
Adjustment to ARC for Net OPEB Obligation	(244,532)	(224,105)	(200,652)	(202,384)
Annual OPEB cost	<u>998,125</u>	<u>1,301,565</u>	<u>1,310,813</u>	<u>1,162,659</u>
Expected contributions	<u>(839,209)</u>	<u>(889,109)</u>	<u>(837,310)</u>	<u>(906,920)</u>
Increase in net OPEB obligation	158,916	412,456	473,503	255,739
Net OPEB obligation, beginning of fiscal year	<u>5,096,044</u>	<u>4,524,672</u>	<u>4,051,169</u>	<u>3,795,430</u>
Net OPEB obligation, end of fiscal year	<u>\$ 5,254,960</u>	<u>\$ 4,937,128</u>	<u>\$ 4,524,672</u>	<u>\$ 4,051,169</u>

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

Fiscal Year	Annual OPEB cost	Percentage of	
		Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 2,815,741	40.49%	\$ 3,510,175
2011	1,170,660	75.63%	3,795,430
2012	1,162,659	78.00%	4,051,169
2013	1,310,813	63.90%	4,524,672
2014	1,301,565	68.45%	4,937,128
2015	998,125	84.10%	5,096,044

**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

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

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

The key actuarial assumptions used in the valuation as of June 30, 2015 include the following:

- Investment returns assumption: 3.0%
- Inflation rate assumption: 3.0%
- Medical/RX annual trend rate: 8.0% initial increase in 2013, reducing to 5.9% over the next 9 years
- Rates of mortality, retirement, and withdrawal are the same rates that were used in the 12/31/09 actuarial valuation of the Oregon Public Employees Retirement System for school district employees.

As of June 30, 2015, the AAL for benefits was \$14,016,697, and the actuarial value of assets was \$0, resulting in an unfunded AAL of \$14,016,697. The covered payroll was \$72,294,271 and the ratio of the unfunded AAL to the covered payroll was 19.4%. Using a 30 year amortization period, the ARC for the fiscal year ending June 30, 2015 has been actuarially determined to be \$1,094,542 for the implicit rate subsidy.

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

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.



**Administrative School District No. 1**  
**Deschutes County, Oregon**  
**Notes To Financial Statements**  
**June 30, 2015**

**E. Risk management**

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

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

A liability for estimated unemployment claims is presented in the government-wide statements as an accrued payroll liability. The liability represents the district's estimate of its share of unemployment claims during fiscal year 2014-15 that were unpaid as of June 30, 2015. The estimate was calculated based on district experience and actual claims paid after June 30, 2015. A reconciliation of the claims liability is as follows:

	Year Ending June 30	
	2015	2014
Beginning balance	\$ 32,030	\$ 59,646
Claims incurred	17,268	61,767
Claims paid	(40,658)	(89,383)
Ending balance	<u>\$ 8,640</u>	<u>\$ 32,030</u>

A liability for estimated general liability claims is presented in the government-wide statements. The liability represents the district's estimate of its share of various general liability claims during fiscal year 2014-15 that were unpaid as of June 30, 2015. The liability was calculated using actual claims settled and paid after June 30, 2015. A reconciliation of the claims liability is as follows:

	Year Ending June 30	
	2015	2014
Beginning balance	\$ 360,796	\$ 209,312
Claims incurred	214,542	151,484
Claims paid	-	-
Ending balance	<u>\$ 575,338</u>	<u>\$ 360,796</u>

**F. Commitments and contingencies**

As of June 30, 2015, the District has contractual commitments for construction of new buildings and District improvement projects.

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

A substantial portion of operating funding is received from the State of Oregon. State funding is

**Administrative School District No. 1  
Deschutes County, Oregon  
Notes To Financial Statements  
June 30, 2015**

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

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

**G. Environmental matters**

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

**H. Subsequent events**

REALMS (Rimrock Expeditionary Alternative Learning Middle School) is a charter school of our District till the end of 2014-15 school year. Effective July 1, 2015, REALMS will terminate its charter status and join the District as a magnet middle school.

**I. Restatement of prior year net position**

Due to the implementation of GASB 68 and a correction in interest income, a restatement of the prior year net position was required. The restatement is as follows:

Net Position-Beginning as previously reported	\$ 106,643,189
Interest Income Correction	(716,479)
Pension Asset for Prepaid as of 6/30/14	(59,369,989)
Proportionate share of net pension liability	(44,961,459)
Net outflow/(inflow) of resources	9,674,212
Net Position-Beginning as restated	<u>\$ 11,269,474</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

Administrative School District No. 1  
 Deschutes County, Oregon  
 Required Supplementary Information  
 Schedule of Funding Progress - Other Post Employment Benefits  
 Year Ended June 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets	EAN Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	\$ -	24,313,910	24,313,910	0.0%	70,427,034	34.5%
6/30/2011	\$ -	11,478,403	11,478,403	0.0%	70,168,107	16.4%
6/30/2012	\$ -	11,608,590	11,608,590	0.0%	70,168,107	16.5%
6/30/2013	\$ -	13,740,513	13,740,513	0.0%	70,869,788	19.4%
6/30/2014	\$ -	13,877,918	13,877,918	0.0%	71,578,486	19.4%
6/30/2015	\$ -	14,016,697	14,016,697	0.0%	72,294,271	19.4%

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

## **SUPPLEMENTARY INFORMATION**



**Bend High School, built in 1925  
Current site of Bend-La Pine Schools Education Center.**



## **Description of Fund Types**

### **General Fund**

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

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

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

### **Special Revenue Fund**

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

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

### **Debt Service Fund**

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

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

### **Capital Projects Fund**

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

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

### **Private Purpose Trust Fund**

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

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**SUPPLEMENTARY INFORMATION**

**COMBINING SCHEDULES OF GENERAL FUND SUB-FUNDS**

Administrative School District No. 1  
 Deschutes County, Oregon  
 Combining Schedule of Assets, Liabilities and Fund Balance  
 General Fund - Sub-Funds  
 (GAAP Basis)  
 June 30, 2015, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
<b>Assets</b>				
Cash and investments	\$ 20,006,352	\$ 230,389	\$ 634,548	\$ 815,144
Receivables				
Property taxes	2,167,927	-	-	-
Accounts and other receivables	949,194	-	-	-
Prepaid items	1,264,790	-	-	-
Inventories	44,197	-	-	-
	<u>24,432,460</u>	<u>230,389</u>	<u>634,548</u>	<u>815,144</u>
<b>Total Assets</b>	<b>\$ 24,432,460</b>	<b>\$ 230,389</b>	<b>\$ 634,548</b>	<b>\$ 815,144</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts and interest payable	\$ 4,967,881	\$ -	\$ -	\$ -
Accrued payroll and related charges	10,029,309	-	-	-
Retainage	-	-	-	-
Deferred Inflows of Resources	1,593,508	-	-	-
	<u>16,590,698</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b>16,590,698</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	1,308,987	-	-	-
Restricted	-	-	-	815,144
Assigned	2,606,486	230,389	634,548	-
Unassigned	3,926,289	-	-	-
	<u>7,841,762</u>	<u>230,389</u>	<u>634,548</u>	<u>815,144</u>
<b>Total Fund Balances</b>	<b>7,841,762</b>	<b>230,389</b>	<b>634,548</b>	<b>815,144</b>
	<u>\$ 24,432,460</u>	<u>\$ 230,389</u>	<u>\$ 634,548</u>	<u>\$ 815,144</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,432,460</b>	<b>\$ 230,389</b>	<b>\$ 634,548</b>	<b>\$ 815,144</b>

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2015	2014
\$ 119,790	\$ 320,623	\$ 1,118,755	\$ 202,118	\$ 369,380	\$ 23,817,099	\$ 21,331,269
-	-	-	-	-	2,167,927	2,498,421
1,893	14,899	35,650	9,075	-	1,010,711	896,267
-	-	-	-	-	1,264,790	753,110
<u>88,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,455</u>	<u>103,984</u>
<u>\$ 209,941</u>	<u>\$ 335,522</u>	<u>\$ 1,154,405</u>	<u>\$ 211,193</u>	<u>\$ 369,380</u>	<u>\$ 28,392,982</u>	<u>\$ 25,583,051</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,967,881	\$ 4,175,392
-	-	-	-	-	10,029,309	9,395,887
-	-	-	-	-	-	-
-	-	-	-	-	1,593,508	1,881,543
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,590,698</u>	<u>15,452,822</u>
88,258	-	-	-	-	1,397,245	857,094
-	-	-	-	-	815,144	310,970
121,683	335,522	1,154,405	211,193	369,380	5,663,606	3,629,230
-	-	-	-	-	3,926,289	5,332,935
<u>209,941</u>	<u>335,522</u>	<u>1,154,405</u>	<u>211,193</u>	<u>369,380</u>	<u>11,802,284</u>	<u>10,130,229</u>
<u>\$ 209,941</u>	<u>\$ 335,522</u>	<u>\$ 1,154,405</u>	<u>\$ 211,193</u>	<u>\$ 369,380</u>	<u>\$ 28,392,982</u>	<u>\$ 25,583,051</u>

Administrative School District No. 1  
 Deschutes County, Oregon  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
 General Fund Sub-Funds  
 (GAAP Basis)  
 Year Ended June 30, 2015, with Comparative Data

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
<b>Revenues</b>				
Property taxes	\$ 63,910,743	\$ -	\$ -	\$ -
Tuition	5,550	-	-	-
Investment earnings	167,721	-	-	507
Other local sources	1,616,836	455,486	-	-
Intermediate sources	1,852,712	-	-	-
State sources	68,726,124	-	580,000	1,136,373
Federal sources	245,953	-	-	-
	<u>136,525,639</u>	<u>455,486</u>	<u>580,000</u>	<u>1,136,880</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	82,809,898	1,820,386	1,122,935	-
Support services	49,772,796	289,814	-	-
Community services	124,761	-	-	-
<b>Debt service</b>				
Principal	-	-	-	591,952
Interest	-	-	-	112,254
Capital outlay	77,204	15,162	3,000	-
	<u>132,784,659</u>	<u>2,125,362</u>	<u>1,125,935</u>	<u>704,206</u>
Revenues over (under) expenditures	3,740,980	(1,669,876)	(545,935)	432,674
<b>Other financing sources (uses)</b>				
Proceeds from lease financing	-	-	-	-
Transfers	(2,982,986)	1,711,486	1,150,000	71,500
	<u>(2,982,986)</u>	<u>1,711,486</u>	<u>1,150,000</u>	<u>71,500</u>
Net change in fund balances	757,994	41,610	604,065	504,174
Fund balances, beginning of year	<u>7,083,768</u>	<u>188,779</u>	<u>30,483</u>	<u>310,970</u>
Fund balances, end of year	<u>\$ 7,841,762</u>	<u>\$ 230,389</u>	<u>\$ 634,548</u>	<u>\$ 815,144</u>

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2015	2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,910,743	\$ 59,554,611
-	-	-	-	-	5,550	4,750
-	-	-	-	1,256	169,484	124,249
915,140	393,213	290,447	139,385	324,336	4,134,843	4,258,284
-	-	-	-	-	1,852,712	1,827,978
-	-	-	36,295	-	70,478,792	65,220,631
-	-	-	-	-	245,953	310,562
915,140	393,213	290,447	175,680	325,592	140,798,077	131,301,065
-	30,227	97,899	-	111,095	85,992,440	80,047,260
887,224	47,754	-	75,499	100,719	51,173,806	50,956,212
-	141,087	-	-	-	265,848	261,970
-	-	-	-	-	591,952	579,391
-	-	-	-	-	112,254	124,816
128,034	15,725	404,642	309,642	36,316	989,725	668,996
1,015,258	234,793	502,541	385,141	248,130	139,126,025	132,638,645
(100,118)	158,420	(212,094)	(209,461)	77,462	1,672,052	(1,337,580)
-	-	-	-	-	-	-
-	50,000	-	-	-	-	85,418
-	50,000	-	-	-	-	85,418
(100,118)	208,420	(212,094)	(209,461)	77,462	1,672,052	(1,252,162)
310,059	127,102	1,366,499	420,654	291,918	10,130,232	11,382,391
<u>\$ 209,941</u>	<u>\$ 335,522</u>	<u>\$ 1,154,405</u>	<u>\$ 211,193</u>	<u>\$ 369,380</u>	<u>\$ 11,802,284</u>	<u>\$ 10,130,229</u>

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**SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISONS**

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 General Fund - Operations Sub Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 60,537,258	\$ 60,757,258	\$ 3,153,485	\$ 63,910,743	\$ -	\$ 63,910,743
Tuition	-	-	5,550	5,550	-	5,550
Investment earnings	200,000	200,000	(32,279)	167,721	-	167,721
Other Local sources	1,842,500	1,842,500	(225,664)	1,616,836	-	1,616,836
Intermediate sources	1,925,000	1,925,000	(72,288)	1,852,712	-	1,852,712
State sources	69,491,281	70,091,281	(1,365,157)	68,726,124	-	68,726,124
Federal sources	28,000	308,000	(62,047)	245,953	-	245,953
Total revenues	134,024,039	135,124,039	1,401,600	136,525,639	-	136,525,639
Expenditures						
Current						
Instruction	80,500,897	82,900,897	90,999	82,809,898	-	82,809,898
Support services	50,662,761	49,362,761	(487,239)	49,850,000	(77,204)	49,772,796
Community services	131,128	131,128	6,367	124,761	-	124,761
Capital outlay	-	-	-	-	77,204	77,204
Total expenditures	131,294,786	132,394,786	(389,873)	132,784,659	-	132,784,659
Revenues over (under) expenditures	2,729,253	2,729,253	1,011,727	3,740,980	-	3,740,980
Other financing sources (uses)						
Transfers	(2,982,986)	(2,982,986)	-	(2,982,986)	-	(2,982,986)
Net change in fund balances	(253,733)	(253,733)	1,011,727	757,994	-	757,994
Fund balances, beginning of year	6,950,000	6,950,000	133,768	7,083,768	-	7,083,768
Fund balances, end of year	\$ 6,696,267	\$ 6,696,267	\$ 1,145,495	\$ 7,841,762	\$ -	\$ 7,841,762



Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 General Fund - Athletics and Activities Sub Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 440,000	\$ 440,000	\$ 15,486	\$ 455,486	\$ -	\$ 455,486
Expenditures						
Current						
Instruction	1,804,210	1,804,210	(29,618)	1,833,828	(13,442)	1,820,386
Support services	387,276	387,276	95,742	291,534	-	289,814
Capital outlay	-	-	-	-	15,162	15,162
Total expenditures	2,191,486	2,191,486	66,124	2,125,362	1,720	2,125,362
Revenues over (under) expenditures	(1,751,486)	(1,751,486)	81,610	(1,669,876)	-	(1,669,876)
Other financing sources						
Transfers	1,711,486	1,711,486	-	1,711,486	-	1,711,486
Net change in fund balances	(40,000)	(40,000)	81,610	41,610	-	41,610
Fund balances, beginning of year	80,000	80,000	108,779	188,779	-	188,779
Fund balances, end of year	\$ 40,000	\$ 40,000	\$ 190,389	\$ 230,389	\$ -	\$ 230,389

Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
General Fund - Instructional Materials Sub Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
State sources	\$ -	\$ -	\$ 580,000	\$ 580,000	\$ -	\$ 580,000
Expenditures						
Current						
Instruction	\$ 1,170,000	\$ 1,170,000	\$ 47,065	\$ 1,122,935	\$ -	\$ 1,122,935
Support services	-	-	-	3,000	(3,000)	-
Capital outlay	-	-	-	-	3,000	3,000
Total expenditures	<u>1,170,000</u>	<u>1,170,000</u>	<u>47,065</u>	<u>1,125,935</u>	<u>-</u>	<u>1,125,935</u>
Revenues over (under) expenditures	(1,170,000)	(1,170,000)	624,065	(545,935)	-	(545,935)
Other financing sources						
Transfers	<u>1,150,000</u>	<u>1,150,000</u>	<u>-</u>	<u>1,150,000</u>	<u>-</u>	<u>1,150,000</u>
Net change in fund balances	(20,000)	(20,000)	624,065	604,065	-	604,065
Fund balances, beginning of year	<u>20,000</u>	<u>20,000</u>	<u>10,483</u>	<u>30,483</u>	<u>-</u>	<u>30,483</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634,548</u>	<u>\$ 634,548</u>	<u>\$ -</u>	<u>\$ 634,548</u>

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 General Fund - Transportation Equipment Sub Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 507	\$ 507	\$ -	\$ 507
State sources	646,181	646,181	490,192	1,136,373	-	1,136,373
Total revenues	646,181	646,181	490,699	1,136,880	-	1,136,880
Expenditures						
Current						
Support services	-	-	-	-	-	-
Debt service	704,206	704,206	-	704,206	(704,206)	-
Principal	-	-	-	-	591,952	591,952
Interest	-	-	-	-	112,254	112,254
Capital Outlay	-	-	-	-	-	-
Total expenditures	704,206	704,206	-	704,206	-	704,206
Revenues over (under) expenditures	(58,025)	(58,025)	490,699	432,674	-	432,674
Other financing sources (uses)						
Proceeds from lease financing	-	-	-	-	-	-
Transfers	71,500	71,500	-	71,500	-	71,500
Total other financing sources	71,500	71,500	490,699	71,500	-	71,500
Net change in fund balance	13,475	13,475	981,398	504,174	-	504,174
Fund balances, beginning of year	257,806	257,806	53,164	310,970	-	310,970
Fund balances, end of year	\$ 271,281	\$ 271,281	\$ 1,034,562	\$ 815,144	\$ -	\$ 815,144

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 General Fund - Print Shop Sub Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 1,075,000	\$ 1,075,000	\$ (159,860)	\$ 915,140	\$ -	\$ 915,140
Expenditures						
Current						
Support services	1,130,000	1,130,000	114,742	1,015,258	(128,034)	887,224
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	128,034	128,034
Net change in fund balance	(55,000)	(55,000)	(45,118)	(100,118)	-	(100,118)
Other financing sources						
Transfers	-	-	-	-	-	-
Net change in fund balances	(55,000)	(55,000)	(45,118)	(100,118)	-	(100,118)
Fund balances, beginning of year	275,000	275,000	35,059	310,059	-	310,059
Fund balances, end of year	\$ 220,000	\$ 220,000	\$ (10,059)	\$ 209,941	\$ -	\$ 209,941

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 General Fund - Facility Usage Sub Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 345,000	\$ 345,000	\$ 48,213	\$ 393,213	\$ -	\$ 393,213
Expenditures						
Current						
Instruction	50,000	50,000	16,773	33,227	(3,000)	30,227
Support services	160,000	160,000	99,521	60,479	(12,725)	47,754
Community services	161,522	161,522	20,435	141,087	-	141,087
Capital outlay	-	-	-	-	15,725	15,725
Total expenditures	371,522	371,522	136,729	234,793	-	234,793
Revenues over (under) expenditures	(26,522)	(26,522)	184,942	158,420	-	158,420
Other financing sources						
Transfers	-	-		50,000	-	50,000
Net change in fund balance	(26,522)	(26,522)	184,942	208,420	-	208,420
Fund balances, beginning of year	180,000	180,000	(52,898)	127,102	-	127,102
Fund balances, end of year	\$ 153,478	\$ 153,478	\$ 132,044	\$ 335,522	\$ -	\$ 335,522

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 General Fund - Technology Reserve Sub Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ 350,000	\$ 350,000	\$ (59,553)	\$ 290,447	\$ -	\$ 290,447
Expenditures						
Current						
Instruction	720,000	720,000	217,459	502,541	(404,642)	97,899
Support services	120,000	120,000	120,000	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	404,642	404,642
Total expenditures	120,000	120,000	120,000	502,541	-	502,541
Net change in fund balance	230,000	230,000	(442,094)	(212,094)	-	(212,094)
Fund balances, beginning of year	1,250,000	1,250,000	116,499	1,366,499	-	1,366,499
Fund balances, end of year	\$ 1,480,000	\$ 1,480,000	\$ (325,595)	\$ 1,154,405	\$ -	\$ 1,154,405

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 General Fund - Maintenance Replacement Sub Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other Local sources	\$ -	\$ -	\$ 139,385	\$ 139,385	\$ -	\$ 139,385
State sources	-	-	36,295	36,295	-	36,295
Total revenues	-	-	175,680	175,680	-	175,680
Expenditures						
Current						
Support services	400,000	400,000	14,859	385,141	(309,642)	75,499
Capital outlay	-	-	-	-	309,642	309,642
Total expenditures	400,000	400,000	14,859	385,141	-	385,141
Revenues over (under) expenditures	(400,000)	(400,000)	190,539	(209,461)	-	(209,461)
Other financing sources						
Transfers	300,000	300,000	(300,000)	-	-	-
Net change in fund balance	(100,000)	(100,000)	(109,461)	(209,461)	-	(209,461)
Fund balances, beginning of year	300,000	300,000	120,654	420,654	-	420,654
Fund balances, end of year	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 11,193</u>	<u>\$ 211,193</u>	<u>\$ -</u>	<u>\$ 211,193</u>

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 General Fund - Insurance Reserve Sub Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with	Actuals		
	Adopted	Final	Final Budget Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 3,000	\$ 3,000	\$ (1,744)	\$ 1,256	\$ -	\$ 1,256
Other local sources	200,000	200,000	124,336	324,336	-	324,336
Total Revenues	203,000	203,000	122,592	325,592	-	325,592
Expenditures						
Current						
Instruction	-	-	(111,095)	111,095	-	111,095
Support services	203,000	203,000	65,965	137,035	(36,316)	100,719
Capital outlay	-	-	-	-	36,316	36,316
Total Expenditures	203,000	203,000	(45,130)	248,130	-	248,130
Net change in fund balance	-	-	77,462	77,462	-	77,462
Fund balances, beginning of year	275,000	275,000	16,918	291,918	-	291,918
Fund balances, end of year	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 16,918</u>	<u>\$ 369,380</u>	<u>\$ -</u>	<u>\$ 369,380</u>



Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 Debt Service Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 20,273,720	\$ 20,273,720	\$ 109,716	\$ 20,383,436	\$ -	\$ 20,383,436
Investment earnings	30,000	30,000	1,002	31,002	-	31,002
Other Local sources	-	-	458,697	458,697	-	458,697
Intermediate sources	-	-	150,000	150,000	-	150,000
State sources	<u>5,758,015</u>	<u>5,758,015</u>	<u>(14,200)</u>	<u>5,743,815</u>	<u>-</u>	<u>5,743,815</u>
Total revenues	26,061,735	26,061,735	705,215	26,766,950	-	26,766,950
Expenditures						
Current:						
Support Services	3,000	3,000	(1) 2,349	651	-	651
Debt service	27,278,378	27,278,378	(1) 99	27,278,279	(27,278,279)	-
Principal	-	-	-	-	13,746,969	13,746,969
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,531,310</u>	<u>13,531,310</u>
Total expenditures	<u>27,281,378</u>	<u>27,281,378</u>	<u>2,447</u>	<u>27,278,930</u>	<u>-</u>	<u>27,278,930</u>
Net change in fund balance	(1,219,643)	(1,219,643)	707,662	(511,979)	-	(511,979)
Fund balances, beginning of year	<u>2,238,643</u>	<u>2,238,643</u>	<u>545,309</u>	<u>2,783,952</u>	<u>-</u>	<u>2,783,952</u>
Fund balances, end of year	<u>\$ 1,019,000</u>	<u>\$ 1,019,000</u>	<u>\$ 1,252,971</u>	<u>\$ 2,271,973</u>	<u>\$ -</u>	<u>\$ 2,271,973</u>

(1) Appropriation level

Administrative School District No. 1  
Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
Capital Projects Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final		Over (Under)	Budget Basis	Adjustments
Revenues						
Investment earnings	\$ 300,000	\$ 300,000	\$ (133,821)	\$ 166,179	\$ -	\$ 166,179
Other Local sources	-	-	-	-	-	-
Total revenues	300,000	300,000	(133,821)	166,179	-	166,179
Expenditures						
Current						
Facilities acquisition and construction	42,150,000	42,150,000	(1) (7,515,083)	49,665,083	(48,776,700)	888,383
Capital outlay	-	-	-	-	48,776,700	48,776,700
Total expenditures	42,150,000	42,150,000	(7,515,083)	49,665,083	-	49,665,083
Revenues over (under) expenditures	(41,850,000)	(41,850,000)	(7,648,904)	(49,498,904)	-	(49,498,904)
Other Financing Uses						
General obligation bonds issued	-	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-	-
Sale of capital assets	-	-	(272,342)	272,342	-	272,342
Transfers	-	-	-	-	-	-
Total other financing uses	-	-	(272,342)	272,342	-	272,342
Net change in fund balance	(41,850,000)	(41,850,000)	(7,921,246)	(49,226,562)	-	(49,226,562)
Fund balances, beginning of year	85,000,000	85,000,000	(885,611)	84,114,389	-	84,114,389
Fund balances, end of year	\$ 43,150,000	\$ 43,150,000	\$ (8,806,857)	\$ 34,887,827	\$ -	\$ 34,887,827

(1) Appropriation level

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual  
 Private Purpose Trust Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 5,000	\$ 5,000	\$ (4,883)	\$ 117	\$ -	\$ 117
Donations	-	-	45,568	45,568	-	45,568
Total revenues	5,000	5,000	40,685	45,685	-	45,685
Expenditures						
Current						
Enterprise and community	5,000	5,000	(1) 2,549	2,451	-	2,451
Net change in fund balance	-	-	43,234	43,234	-	43,234
Fund balances, beginning of year	35,000	35,000	2,244	37,244	-	37,244
Fund balances, end of year	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 45,478</u>	<u>\$ 80,478</u>	<u>\$ -</u>	<u>\$ 80,478</u>

(1) Appropriation level

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## **OTHER FINANCIAL SCHEDULES**

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Property Tax Transactions - General Fund  
 Year Ended June 30, 2015

	Tax Year	Current Levy and Uncollected July 1, 2014	Discounts and adjustments	Interest	Collections	Uncollected June 30, 2015
<u>General Fund:</u>						
Current	2014-15	\$ 65,183,102	\$ 1,870,810	\$ 24,585	\$ 62,295,683	\$ 1,041,193
Prior	2013-2014	1,175,722	18,951	67,344	832,624	391,491
	2012-2013	507,133	1,677	66,865	366,959	205,362
	2011-2012	291,438	1,841	74,270	285,807	78,060
	2010-2011	100,299	933	32,443	108,753	23,057
	2009 and prior	64,390	2,135	11,299	28,794	44,761
Total Prior		<u>2,138,983</u>	<u>25,537</u>	<u>252,220</u>	<u>1,622,936</u>	<u>742,730</u>
Total General Fund		<u>\$ 67,322,085</u>	<u>\$ 1,896,347</u>	<u>\$ 276,805</u>	<u>\$ 63,918,619</u>	<u>\$ 1,783,923</u>
	July 2015 collections					<u>384,004</u>
	Total uncollected					<u>\$ 2,167,927</u>
 Reconciliation to revenue:						
	Cash collections by county treasurer above				\$ 63,918,619	
	Additional collections for closed urban renewal					
	Land sales				59,298	
	Less taxes accrued June 30, 2014:				(257,389)	
	Add taxes accrued June 30, 2015:					
	Current year			107,695		
	Prior year			<u>82,519</u>	<u>190,214</u>	
	Total revenues - modified accrual basis				<u>\$ 63,910,743</u>	

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Property Tax Transactions - Debt Service Fund  
 Year Ended June 30, 2015

	Tax Year	Current Levy and Uncollected July 1, 2014	Discounts and adjustments	Interest	Collections	Uncollected June 30, 2015
<u>Debt Service Fund</u>						
Current	2014-15	\$ 20,778,109	\$ 596,349	\$ 7,837	\$ 19,857,702	\$ 331,895
Prior	2013-2014	369,955	5,974	21,191	261,995	123,177
	2012-2013	163,156	542	21,512	118,058	66,068
	2011-2012	100,691	636	25,660	98,746	26,969
	2010-2011	38,973	362	12,607	42,259	8,958
	2009 and prior	22,467	769	4,052	10,432	15,318
Total Prior		<u>695,243</u>	<u>8,284</u>	<u>85,021</u>	<u>531,491</u>	<u>240,490</u>
Total Debt Service Fund		<u>\$ 21,473,352</u>	<u>\$ 604,633</u>	<u>\$ 92,858</u>	<u>\$ 20,389,192</u>	<u>\$ 572,385</u>
	July 2014 collections					<u>104,598</u>
	Total uncollected					<u>\$ 676,983</u>
Reconciliation to revenue:						
	Cash collections by county treasurer above				\$ 20,389,192	
	Additional collections for closed urban renewal					
	Land sales				18,899	
	Less taxes accrued June 30, 2014:				(86,664)	
	Add taxes accrued June 30, 2015:					
	Current year			34,330		
	Prior year			<u>27,679</u>	<u>62,009</u>	
Total revenues					<u>\$ 20,383,436</u>	

**Administrative School District No. 1  
Deschutes County, Oregon  
Schedule Of Expenditures Of Federal Awards  
For the Fiscal Year Ended June 30, 2015**

Federal Grantor and Pass Through Agency	Program Title	CFDA Number	Pass- Through Grantor Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
Passed through Oregon Department of Education:				
	School Breakfast Program	10.553	902001	1,199,715
	National School Lunch Program	10.555	902001	2,976,009
	Child and Adult Care Food Program	10.558	902001	234,588
	Summer Food Service Program for Children	10.559	902001	134,319
	Fresh Fruit and Vegetable Program	10.582	902001	<u>115,191</u>
	Subtotal Passed Through Oregon Department of Education			4,659,823
Direct Programs:				
	Schools and Roads - Grants to Counties	10.666		189,805
	HealthierUS School Challenge	10.587		<u>          </u>
<b>Total U.S. Department of Agriculture</b>				<b><u><u>4,849,628</u></u></b>
<b><u>U.S. Department of Education</u></b>				
Passed through Oregon Department of Education:				
	Title I Grants to Local Education Agencies	84.010	25171	65,377
		84.010	25203	3,170,000
		84.010	25627	39,809
		84.010	26876	19,921
		84.010	22572	732,238
		84.010	28335	<u>13,071</u>
				4,040,416 (1)
	Project School Emergency Response to Violence	84.184S		28,694
	Special Education - Grants to States	84.027	24936	4,088
		84.027	26415	4,515
		84.027	26638	2,625,121
		84.027	25686	7,096
		84.027	30073	6,248
	Special Education - Preschool Grants	84.173	24149&	24,668
			26222	90
	Special Education - State Vocational Rehabilitation	84.126A		
	Special Education - Grants to States	84.027	26000	<u>          </u>
				2,671,826
	Improving Teacher Quality State Grants	84.367	25425	457,034
		84.367	22754	<u>4,240</u>
				461,274 (1)
	English Language Acquisition State Grants	84.365	25107	82,653
	ARRA Early Childhood matters	93.708	27419	
	School Improvement Grants	94.377	24901	36,739

(1) Major program



**Administrative School District No. 1  
Deschutes County, Oregon  
Schedule Of Expenditures Of Federal Awards  
For the Fiscal Year Ended June 30, 2015**

Federal Grantor and Pass Through Agency	Program Title	CFDA Number	Pass- Through Grantor Identifying Number	Federal Expenditures
	Special Education - State Personnel Development	84.323	23439	16,519
Subtotal Passed Through Oregon Department of Education				7,338,121
Passed Through Oregon University System:				
	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		26,476
	College Access Challenge Grant Program	84.378		<u>26,476</u>
Subtotal Passed Through Oregon University System				26,476
Passed Through High Desert ESD:				
	Career and Technical Education - Basic Grants to States	84.048		43,916
	Education for Homeless Children and Youth	84.196		<u>11,121</u>
Subtotal Passed Through High Desert ESD				55,036
Passed Through Chalkboard Project:				
	Teacher Incentive Fund	84.385A		<u>2,163,869</u>
Subtotal Passed Through Chalkboard Project				2,163,869
Passed Through US Forest Service:				
	Wetlands Reserve Program	10.072		1,379
	Forest Legacy Program	10.676		<u>2,370</u>
Subtotal Passed Through US Forest Service				3,749
Direct Programs:				
	National Junior ROTC	12.000		73,972
	National Junior ROTC	12.000		<u>6,034</u>
<b>Total U.S. Department of Education</b>				<b><u>9,667,257</u></b>
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed through Oregon Employment Department:				
	Child Care and Development Block Grant	93.575		<u>56,148</u>
<b>Total U.S. Department of Education</b>				<b><u>56,148</u></b>
<b>Total Federal Financial Assistance</b>				<b><u>14,573,032</u></b>
<b><u>U.S. Department of Agriculture</u></b>				
Passed through Oregon Department of Education:				
	Commodities from Private Schools	n/a	902001	<u>5,780</u>
<b>Grand Total Federal Financial Assistance</b>				<b><u>14,578,812</u></b>

Notes:

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

(1) Major program

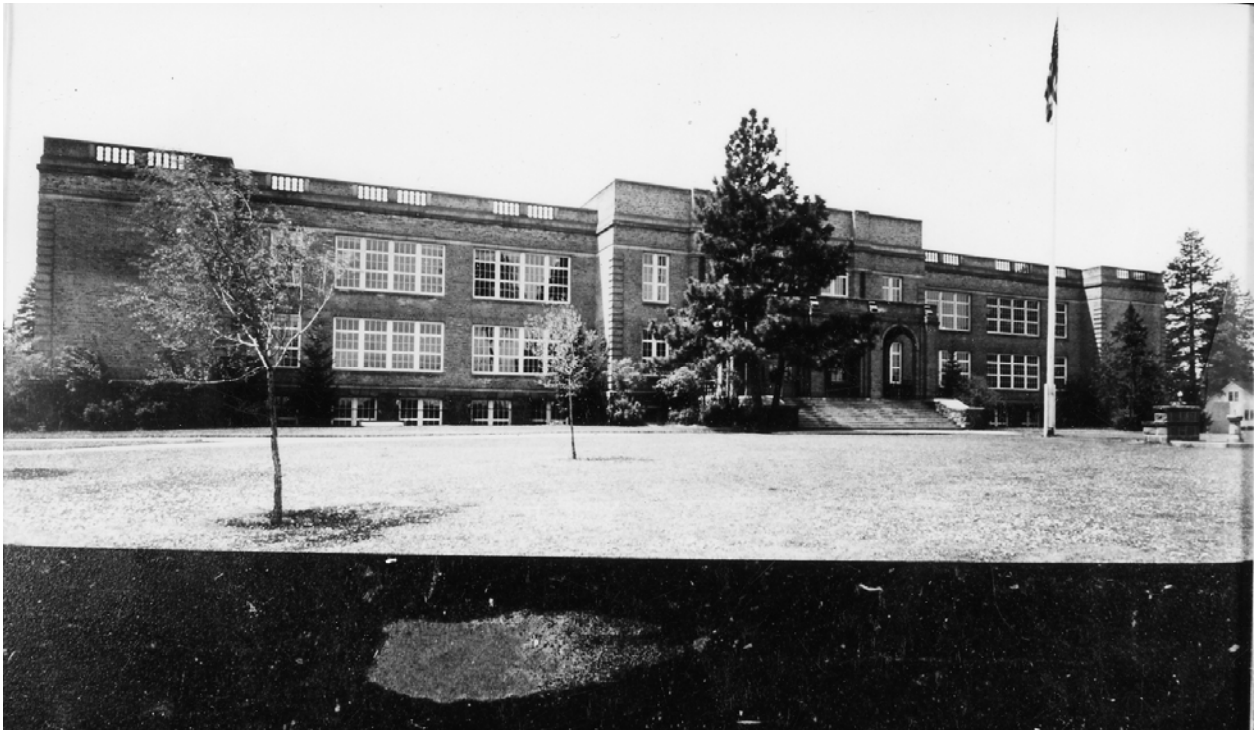
Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Future Debt Service by Issue - Bond Principal and Interest  
 June 30, 2015

Year of Maturity	Total	October 31, 2002		April 21, 2003		February 19, 2004		March 1, 2005		June 20, 2007	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	28,228,075	1,760,000	1,536,139	1,445,000	760,237	190,000	285,662	2,755,000	137,750	9,970,000	1,171,100
2017	29,216,807	1,935,000	1,536,139	1,555,000	760,237	215,000	276,118			14,065,000	682,600
2018	29,999,992	2,120,000	1,536,139	1,670,000	760,237	250,000	265,104				
2019	31,284,235	2,315,000	1,536,139	1,795,000	760,237	285,000	252,046				
2020	24,310,814	2,515,000	1,536,139	1,920,000	760,237	320,000	236,876				
2021	25,296,521	-	1,536,139	2,050,000	760,237	365,000	219,682				
2022	26,802,827	3,095,000	1,536,139	2,185,000	760,237	410,000	199,888				
2023	27,950,831	3,495,000	1,366,533	2,330,000	760,237	455,000	177,449				
2024	29,135,303	3,925,000	1,174,658	2,480,000	760,237	510,000	152,296				
2025	28,334,844	4,390,000	956,820	2,775,000	621,108	565,000	124,104				
2026	19,580,596	4,890,000	713,175	3,095,000	463,488	625,000	92,870				
2027	20,460,255	5,430,000	441,780	3,435,000	287,692	690,000	58,320				
2028	15,328,839	2,530,000	140,415	1,630,000	92,584	365,000	20,177				
2029	11,003,863										
2030	11,476,388										
2031	11,971,725										
2032	2,713,225										
2033	1,975,050										
<b>\$ 375,070,189</b>		<b>\$ 38,400,000</b>	<b>\$ 15,546,354</b>	<b>\$ 28,365,000</b>	<b>\$ 8,307,005</b>	<b>\$ 5,245,000</b>	<b>\$ 2,360,593</b>	<b>\$ 2,755,000</b>	<b>\$ 137,750</b>	<b>\$ 24,035,000</b>	<b>\$ 1,853,700</b>

March 20, 2011		January 30, 2012		March 7, 2013		August 14, 2013	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
585,000	200,475	-	78,100	-	3,399,300	-	3,954,313
580,000	180,000	-	78,100	-	3,399,300	-	3,954,313
575,000	156,800	-	78,100	8,485,000	3,399,300	6,750,000	3,954,313
570,000	133,800	-	78,100	9,315,000	3,059,600	7,500,000	3,684,313
565,000	111,000	-	78,100	10,290,000	2,594,150	-	3,384,313
560,000	88,400	2,840,000	78,100	11,335,000	2,079,650	-	3,384,313
555,000	66,000			12,335,000	1,626,250	650,000	3,384,313
550,000	43,800			13,530,000	1,009,500	875,000	3,358,313
545,000	21,800			14,800,000	333,000	1,110,000	3,323,313
						15,635,000	3,267,813
						7,215,000	2,486,063
						7,920,000	2,197,463
						8,670,000	1,880,663
						9,470,000	1,533,863
						10,345,000	1,131,388
						11,280,000	691,725
						2,515,000	198,225
						1,890,000	85,050
<b>\$ 5,085,000</b>	<b>\$ 1,002,075</b>	<b>\$ 2,840,000</b>	<b>\$ 468,600</b>	<b>\$80,090,000</b>	<b>\$20,900,050</b>	<b>\$ 91,825,000</b>	<b>\$ 45,854,063</b>

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## STATISTICAL SECTION



Original Bend High School, view from front



## STATISTICAL SECTION CONTENTS

This part of Administrative School District No. 1's statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### **Financial Trends .....77-85**

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

### **Revenue Capacity .....87-88**

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

### **Debt Capacity .....89-94**

*These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.*

### **Demographic and Economic Information .....95-96**

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

### **Operating Information .....97-103**

*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.

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

	Fiscal Year			
	<u>2006*</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net Investment in Capital Assets	\$ 54,018	\$ 61,745	\$ 70,806	\$ 75,762
Restricted	4,033	5,019	10,808	12,380
Unrestricted	<u>114</u>	<u>2,658</u>	<u>1,513</u>	<u>2,497</u>
Total governmental activities net position	<u>\$ 58,165</u>	<u>\$ 69,422</u>	<u>\$ 83,127</u>	<u>\$ 90,639</u>

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



Fiscal Year					
2010	2011	2012	2013	2014	2015
\$87,553	\$ 96,467	\$ 106,451	\$ 99,681	\$103,831	\$111,248
9,902	8,996	6,050	7,685	8,568	8,557
<u>1,773</u>	<u>3,149</u>	<u>1,857</u>	<u>(3,640)</u>	<u>(5,756)</u>	<u>(69,575)</u>
<u>\$99,228</u>	<u>\$108,612</u>	<u>\$ 114,358</u>	<u>\$ 103,726</u>	<u>\$ 106,643</u>	<u>\$ 50,230</u>

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

Expenses	Fiscal Year			
	2006*	2007	2008	2009
Governmental activities				
Regular instruction	\$ 49,966	\$ 58,094	\$ 62,788	\$ 64,627
Special programs including summer school	18,883	19,348	21,262	22,407
Students	6,168	6,881	8,227	9,298
Instructional staff	3,005	3,407	3,768	4,286
General administration	627	660	618	577
School administration	7,291	7,862	8,357	8,768
Business, transportation and maintenance	17,968	18,074	20,289	21,119
Central activities	3,946	4,350	4,668	5,133
Supplemental retirement program	2,279	2,352	2,459	2,504
Food services	4,252	4,533	4,814	4,923
Other enterprise and community services	179	206	456	643
Interest on long-term liabilities	9,052	8,705	13,222	13,066
Total governmental activities	<u>123,616</u>	<u>134,472</u>	<u>150,928</u>	<u>158,570</u>
Program revenues				
Governmental activities				
Charges for services				
Regular instruction	3,658	3,834	3,540	3,437
Special programs including summer school	132	104	-	-
Business, transportation and maintenance	784	1,014	1,122	1,069
Food services	1,798	1,867	1,833	1,661
Other enterprise and community services	254	314	353	274
Operating grants and contributions	12,304	11,740	14,053	22,008
Capital grants and contributions	300	268	4,152	446
Total governmental activities program revenues	<u>19,230</u>	<u>19,141</u>	<u>25,053</u>	<u>28,895</u>
Total governmental net expense	<u>(104,386)</u>	<u>(115,331)</u>	<u>(125,875)</u>	<u>(129,675)</u>
General revenues and other changes in net position				
Governmental activities				
Property taxes levied for:				
General purposes	43,169	47,278	50,844	54,576
Debt service	14,987	16,179	16,730	17,813
Federal aid not restricted to specific purposes	673	682	678	610
State aid not restricted to specific purposes	48,118	55,956	58,754	57,735
Intermediate aid not restricted to specific purposes	1,345	1,467	1,990	2,062
Earnings on investments	1,584	2,151	7,802	2,355
Other local revenue	3,703	2,875	2,782	2,037
Total governmental activities	<u>113,579</u>	<u>126,588</u>	<u>139,580</u>	<u>137,188</u>
Change in net position				
Governmental activities	<u>\$ 9,193</u>	<u>\$ 11,257</u>	<u>\$ 13,705</u>	<u>\$ 7,513</u>

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

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 60,911	\$ 62,037	\$ 62,873	\$ 65,480	\$72,461	\$74,280	
22,741	23,071	23,295	24,177	25,089	23,932	
9,457	9,463	9,834	10,256	10,541	10,070	
4,428	4,222	4,743	5,004	5,800	6,066	
610	625	673	655	661	740	
8,356	8,615	8,703	9,002	9,765	9,478	
19,907	20,659	20,837	21,944	22,667	3,232	
5,016	4,832	5,465	4,634	4,941	3,968	
2,618	2,592	2,571	2,527	2,493	676	
4,840	5,225	5,626	5,560	5,764	5,804	
651	686	783	1,252	1,525	1,606	
13,004	12,340	11,659	22,465	12,975	11,664	
<u>152,539</u>	<u>154,367</u>	<u>157,062</u>	<u>172,956</u>	<u>174,682</u>	<u>151,516</u>	
3,519	3,272	3,289	3,447	3,588	3,634	
-	-	-	-	-	-	
796	767	755	819	977	932	
1,477	1,358	1,340	1,369	1,401	1,443	
264	234	254	316	353	350	
20,906	20,650	20,398	17,267	17,538	19,425	
488	489	429	707	670	636	
<u>27,450</u>	<u>26,770</u>	<u>26,465</u>	<u>23,925</u>	<u>24,527</u>	<u>26,420</u>	
<u>(125,089)</u>	<u>(127,597)</u>	<u>(130,597)</u>	<u>(149,031)</u>	<u>(150,155)</u>	<u>(125,096)</u>	
56,571	56,293	55,824	55,777	59,048	63,524	
20,806	21,857	19,292	18,498	18,791	20,383	
547	2,165	293	286	284	190	
50,449	51,280	56,639	59,337	69,610	75,139	
1,865	1,699	1,492	1,411	1,828	2,003	
631	315	274	208	1,138	470	
2,809	3,372	2,528	2,882	2,373	2,349	
<u>133,678</u>	<u>136,981</u>	<u>136,342</u>	<u>138,399</u>	<u>153,072</u>	<u>164,058</u>	
<u>\$ 8,589</u>	<u>\$ 9,384</u>	<u>\$ 5,745</u>	<u>\$ (10,632)</u>	<u>\$ 2,917</u>	<u>\$ 38,962</u>	

**Administrative District No. 1  
Deschutes County, Oregon  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in thousands)**

	Fiscal year			
	2006	2007	2008	2009
General fund				
Reserved	\$ 92	\$ 53	\$ 73	\$ -
Unreserved	6,062	8,276	7,121	-
Nonspendable	-	-	-	146
Restricted	-	-	-	2,426
Assigned	-	-	-	9,989
Unassigned	-	-	-	1,504
Total general fund	<u>6,154</u>	<u>8,329</u>	<u>7,194</u>	<u>14,065</u>
All other governmental funds				
Reserved	1,983	5,585	1,752	-
Unreserved, reported in:				
Special revenue fund	3,102	3,546	3,618	-
Capital project fund	2,153	116,583	77,233	-
Nonspendable, reported in:				
Special revenue fund	-	-	-	348
Restricted, reported in:				
Special revenue fund	-	-	-	1,073
Debt service fund	-	-	-	367
Capital project fund	-	-	-	44,752
Assigned, reported in:				
Special revenue fund	-	-	-	1,244
Total all other governmental funds	<u>\$ 7,238</u>	<u>\$ 125,714</u>	<u>\$ 82,603</u>	<u>\$ 47,784</u>

In 2010, the Districted adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement changed the categories for reporting fund balance in governmental funds, and required retroactive reporting for any fiscal year presented as part of the basic financial statements. Accordingly, 2009 and 2010 are reported in this manner for statistical purposes.

Fiscal year					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
225	198	202	167	857	1,397
420	343	206	312	311	815
7,847	8,676	8,466	4,954	3,629	5,664
<u>4,499</u>	<u>4,863</u>	<u>5,091</u>	<u>5,949</u>	<u>5,332</u>	<u>3,926</u>
<u>12,991</u>	<u>14,080</u>	<u>13,965</u>	<u>11,382</u>	<u>10,130</u>	<u>11,803</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
378	432	416	406	366	331
1,408	1,523	2,250	2,356	2,657	3,076
1,575	2,476	1,756	3,701	2,784	2,272
17,218	3,594	1,188	955	84,831	34,888
<u>2,406</u>	<u>2,645</u>	<u>2,601</u>	<u>1,698</u>	<u>1,888</u>	<u>2,212</u>
<u>\$ 22,985</u>	<u>\$ 10,670</u>	<u>\$ 8,211</u>	<u>\$ 9,116</u>	<u>\$ 92,526</u>	<u>\$ 42,779</u>

**Administrative District No. 1  
Deschutes County, Oregon  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in thousands)**

	Fiscal year		
	2006	2007	2008
Revenues			
Property taxes	\$ 58,385	\$ 62,894	\$ 66,235
Tuition	143	251	149
Revenue from local governments	-	-	3,819
Investment earnings	1,531	2,151	7,802
Other Local sources (including indirect cost allocation)	11,224	11,209	10,679
Intermediate sources	2,270	1,602	1,991
State sources	49,359	56,903	62,930
Federal sources	10,835	10,448	10,009
Total revenues	<u>133,747</u>	<u>145,458</u>	<u>163,614</u>
Expenditures			
Current			
Instruction	64,931	73,309	79,793
Support services (including indirect cost allocation)	39,852	42,956	47,030
Community services (including indirect cost allocation)	180	4,641	5,150
Nutrition Services (including indirect cost allocation)	4,288	-	-
Debt service:			
Principal	11,819	15,537	12,418
Interest	7,754	7,227	12,214
Capital outlay	6,027	6,155	51,256
PERS UAL payment	-	-	-
Total expenditures	<u>134,851</u>	<u>149,825</u>	<u>207,860</u>
Revenues over (under) expenditures	(1,104)	(4,367)	(44,247)
Other Financing Sources (Uses)			
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Premium on bonds issued	53	3,769	-
General obligation bonds issued	-	119,000	-
Sale of capital assets	462	-	-
Lease purchase / long term loan proceeds	-	2,250	-
Total Other Financing Sources (uses)	<u>515</u>	<u>125,019</u>	<u>-</u>
Net change in fund balances	<u>\$ (589)</u>	<u>\$ 120,652</u>	<u>\$ (44,247)</u>
Ratio of total debt service to noncapital expenditures	18%	16%	16%

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

Fiscal year						
2009	2010	2011	2012	2013	2014	2015
\$ 70,667	\$ 77,167	\$ 78,352	\$ 76,013	\$ 75,662	\$78,346	\$84,294
153	472	542	636	731	842	931
-	-	-	-	-	-	-
2,355	631	315	274	208	1,138	376
10,691	11,363	10,682	11,538	11,321	12,269	12,263
2,095	1,932	1,699	1,597	1,525	1,929	2,303
64,123	52,536	54,051	61,067	60,668	71,169	77,342
14,626	17,231	18,783	13,677	14,749	13,706	14,579
<u>164,710</u>	<u>161,331</u>	<u>164,424</u>	<u>164,802</u>	<u>164,864</u>	<u>179,399</u>	<u>192,088</u>
80,991	76,830	78,506	79,519	82,921	90,667	97,324
49,243	48,899	49,029	51,236	51,678	54,895	55,626
5,396	5,381	5,952	6,581	6,987	7,472	7,969
-	-	-	-	-	-	-
11,301	13,864	15,778	18,004	13,588	13,143	14,339
11,942	12,225	11,787	11,023	24,360	13,269	13,644
45,784	30,004	14,767	3,855	4,611	14,352	50,817
-	-	-	-	-	-	-
<u>204,657</u>	<u>187,204</u>	<u>175,819</u>	<u>170,218</u>	<u>184,145</u>	<u>193,798</u>	<u>239,719</u>
(39,947)	(25,873)	(11,395)	(5,416)	(19,281)	(14,399)	(47,631)
-	-	7,585	2,840	-	91,825	-
-	-	(7,868)	-	-	-	-
-	-	452	-	14,404	4,732	-
-	-	-	-	-	-	-
-	-	-	-	-	-	272
12,000	-	-	-	3,200	-	-
<u>12,000</u>	<u>-</u>	<u>169</u>	<u>2,840</u>	<u>17,604</u>	<u>96,557</u>	<u>272</u>
<u>\$ (27,947)</u>	<u>\$ (25,873)</u>	<u>\$ (11,226)</u>	<u>\$ (2,576)</u>	<u>\$ (1,677)</u>	<u>\$ 82,158</u>	<u>\$ (47,359)</u>
15%	17%	17%	17%	21%	15%	15%

**Administrative District No. 1  
 Deschutes County, Oregon  
 Assessed Value and Estimated Value of Taxable Property in Deschutes County  
 Last Ten Fiscal Years  
 (in thousands of dollars)**

Fiscal Year Ended June 30,	Real Property		Personal Property		Manufactured Homes	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2015	\$18,803,090	\$24,717,972	\$393,213	\$393,227	\$53,660	\$58,261
2014	\$17,812,786	\$21,290,547	\$372,149	\$372,148	\$47,241	\$50,377
2013	17,006,004	20,134,879	376,567	376,567	42,964	45,308
2012	16,786,626	20,692,642	390,053	390,053	44,522	47,327
2011	16,875,389	22,613,760	411,330	411,330	48,228	51,783
2010	16,729,496	32,244,472	439,296	439,299	54,578	60,723
2009	15,988,780	36,759,449	466,756	466,839	55,989	61,302
2008	15,020,692	36,089,166	415,380	415,548	58,898	65,957
2007	13,870,767	27,611,646	383,447	383,447	61,946	67,553
2006	12,640,050	20,207,657	339,456	339,486	62,959	67,888

**Source**

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

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



Public Utilities		Exemptions	Total			Assessed Value
Assessed Value	Estimated Actual Value	Assessed Value	Taxable Assessed Value	Estimated Actual Value	Range of Total Direct Tax Rates Paid	as a Percentage of Estimated Actual Value
\$475,914	\$492,477	\$39,804	\$19,686,343	\$25,322,403	2.7502-6.1111	77.900%
\$411,711	\$455,805	\$36,566	\$18,637,322	\$22,132,314	2.7919-6.2769	84.374%
429,361	445,442	34,370	17,820,526	21,002,196	2.9121-6.2710	85.014%
438,134	453,696	33,166	17,626,169	21,583,718	2.8818-6.2468	81.818%
436,787	450,305	31,009	17,740,725	23,527,178	2.8947-6.2598	75.537%
417,996	430,990	28,577	17,612,789	33,146,907	2.7805-6.2059	53.222%
388,838	403,899	25,803	16,874,560	37,691,489	2.9170-6.1060	44.839%
352,616	369,411	23,638	15,823,948	36,940,082	2.6780-5.8087	42.901%
331,845	338,869	22,612	14,625,393	28,401,515	2.6548-5.7385	51.575%
323,329	327,647	16,319	13,349,475	20,942,678	2.6938-5.7206	63.821%

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

Fiscal Year Ended June 30,	Administrative School District No. 1	Deschutes County	High Desert ESD	City of Bend	Central Oregon Community College	Bend Parks & Recreation	City of La Pine	La Pine Park & Recreation	Sunriver Service District	LaPine RFPD	Sunriver Library CSD	Total
2015	\$6.26	\$4.70	\$0.10	\$3.22	\$0.75	\$1.66	\$1.98	\$0.30	\$3.31	\$2.41	\$0.05	\$24.74
2014	6.20	4.74	0.10	3.03	0.75	1.67	1.93	0.30	3.31	2.37	0.05	24.45
2013	6.23	4.86	0.10	3.07	0.75	1.46	1.90	0.30	3.31	2.37	0.05	24.40
2012	6.36	4.83	0.10	3.05	0.75	1.46	1.80	0.30	3.31	2.34	0.06	24.36
2011	6.58	4.84	0.10	3.08	0.73	1.46	1.80	0.30	3.31	2.33	0.06	24.59
2010	6.52	4.88	0.10	3.16	0.62	1.46	1.80	0.30	3.22	2.37	0.06	24.48
2009	6.36	4.87	0.10	3.16	0.71	1.46	1.80		3.13	1.71	0.06	23.36
2008	6.32	4.63	0.10	3.15	0.71	1.46	1.88		3.07	1.70	0.06	23.09
2007	6.28	4.78	0.10	4.87	0.63	1.46			3.02	2.38	0.06	23.58
2006	6.35	4.68	0.10	4.88	0.72	1.46			2.96	2.36	0.07	23.58

Source:

Property tax rates have been obtained from the Deschutes County Assessor; rates are per \$1,000 of assessed value.

Notes:

The tax rates for all districts include the amount needed to service bonded long-term debt.  
The District's operating tax rate is set by Oregon State Statute and cannot be increased by the District.

**Administrative District No. 1  
Deschutes County, Oregon  
Principal Taxpayers - Deschutes County  
Current Year and Nine Years Ago**

Taxpayer	Type of Business	2015				2006			
		Assessed Valuation	Ad Valorem Tax Paid	Rank in Taxes Paid	Percentage of Total Taxes Paid	Assessed Valuation	Ad Valorem Tax Paid	Rank in Taxes Paid	Percentage of Total Taxes Paid
Pacificorp (PP&L)	Electric Utility	\$ 86,338,000	\$ 1,285,493	1	0.44%	\$45,020,000	\$ 614,170	4	0.32%
Bend Cable Communications	Cable Company	69,563,000	1,042,039	2	0.36%	-	-	-	0.00%
Gas Transmission NW Corp.	Natural Gas Utility	69,580,600	844,801	3	0.29%	76,575,090	877,303	1	0.46%
Cascade Natural Gas Corp.	Natural Gas Utility	51,236,000	766,056	4	0.26%	35,704,800	515,254	6	0.27%
Touchmark at Mount Bachelor Village, LLC	Resort Retirement Community	44,393,000	677,049	5	0.18%	-	-	-	0.00%
CVSC LLC	Shopping Center	37,108,420	550,568	6	0.23%	-	-	-	0.00%
Deschutes Brewery Inc.	Restaurant	36,254,180	538,285	7	0.19%	3,432,772	365,065	10	0.19%
Wal-Mart Stores Inc	Retail Company	30,356,000	511,189	8	0.18%	-	-	-	0.00%
Century Link	Cable Company	33,857,800	491,167	9	0.17%	-	-	-	0.00%
Suterra LLC	Biorational Company	36,206,060	477,156	10	0.16%	-	-	-	0.00%
Sunriver Resort Limited Partnership	Real Estate Development	-	-	-	-	34,004,850	451,399	7	0.24%
Quest Corporation	Telephone Company	-	-	-	-	62,361,800	871,595	2	0.45%
Eagle Crest Inc	Destination Resort	-	-	-	-	40,224,090	548,478	5	0.29%
Pronghorn Investors, LLC	Real Estate Development	-	-	-	-	48,945,340	671,245	3	0.35%
Mt Bachelor	Ski Resort	-	-	-	-	34,905,563	394,509	8	0.21%
Bend Millwork Systems	Manufacturing	-	-	-	-	24,406,690	367,201	9	0.19%
		<u>\$ 494,893,060</u>	<u>\$ 7,183,803</u>		<u>2.46%</u>		<u>\$ 5,676,219</u>		<u>2.96%</u>

Source:

Information was obtained from the Deschutes County Assessor pg 10  
n/a - not available

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

Collected within the Fiscal Year of the Levy	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 85,961,207	\$ 82,295,410	95.7%		\$ 82,295,410	95.7%
2014	79,721,283	76,157,930	95.5%	939,576	77,097,506	96.7%
2013	76,044,654	72,106,750	94.8%	947,513	73,054,263	96.1%
2012	76,472,977	72,081,257	94.3%	1,480,217	73,561,474	96.2%
2011	79,959,406	74,503,043	93.2%	1,745,874	76,248,917	95.4%
2010	79,075,834	73,183,473	92.5%	3,260,811	76,444,284	96.7%
2009	74,033,210	67,886,285	91.7%	4,715,693	72,601,978	98.1%
2008	69,151,321	64,410,176	93.1%	2,713,484	67,123,660	97.1%
2007	64,786,892	61,231,491	94.5%	2,022,677	63,254,168	97.6%
2006	59,283,165	56,526,292	95.3%	1,358,213	57,884,505	97.6%

Source:

Levy information was obtained from Deschutes County

**Administrative District No. 1  
Deschutes County, Oregon  
Computation of Direct and Overlapping Debt  
June 30, 2015**

Jurisdiction	Gross Bonded Debt Outstanding	Percentage Applicable to ASD No. 1	Amount Applicable to ASD No. 1
Bend Juniper Ridge Urban Renewal Agency	\$ 3,180,698	100.00%	\$ 3,180,698
Bend Metro Park & Rec District	31,750,000	100.00%	31,750,000
Central Oregon Community College	72,366,181	60.98%	44,131,502
City of Bend	74,438,662	100.00%	74,438,662
City of La Pine	455,000	100.00%	455,000
Deschutes County	70,850,949	72.64%	51,465,137
Deschutes Cty RFPD 2 (Bend)	1,355,000	74.22%	1,005,708
Deschutes Public Library District	735,000	72.64%	533,894
High Desert ESD	12,382,397	66.38%	8,219,670
La Pine Parks & Recreation District	450,000	100.00%	450,000
LaPine Special Sewer District	108,191	100.00%	108,191
Lazy River Special Road District	10,000	100.00%	10,000
Sunriver Library District	90,000	100.00%	90,000
Subtotal, overlapping debt			215,838,462
Administrative School Dist No. 1 direct debt			\$292,832,068
Total direct and overlapping debt			\$ 508,670,530

Source:

The gross debt outstanding and the percentage applicable has been obtained from the Oregon State Treasury Percentage applicable to the District is the ratio of the district boundary to the entire area subject to the debt.

Note:

Gross Bonded Debt Outstanding does not include Self-supporting Unlimited-tax General Obligation bonds and Self-supporting Full Faith and Credit debt.

**Administrative District No. 1  
Deschutes County, Oregon  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Total	Percentage of	
	General Obligation Bonds	Full Faith & Credit Obligations	Loans	Capital Leases	Premium on Bonds		Personal Income	Per Capita
2015	\$198,705,000	74,441,297	\$3,560,201	\$ -	\$16,125,570	\$292,832,068	N/A	\$1,760
2014	210,210,000	76,817,698	4,152,153	\$ -	17,932,655	309,112,506	N/A	1,902
2013	128,755,000	78,846,876	4,731,544	-	15,022,927	227,356,347	N/A	1,420
2012	139,585,000	80,568,695	2,147,182	-	2,942,105	225,242,983	N/A	1,418
2011	152,475,000	81,945,640	2,408,130	-	3,196,070	240,024,840	4.04%	1,520
2010	166,015,000	74,910,931	11,152,271	-	3,015,192	255,093,394	4.50%	1,623
2009	177,755,000	75,220,518	12,000,000	-	3,279,460	268,254,978	4.70%	1,732
2008	187,880,000	75,320,285	-	-	3,557,980	266,758,265	4.73%	1,577
2007	199,230,000	75,228,674	-	-	3,856,450	278,315,124	5.00%	1,780
2006	92,410,000	74,950,074	-	176,045	170,348	167,706,467	3.17%	1,104

Sources:

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

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**Administrative District No. 1  
 Deschutes County, Oregon  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (in thousands)**

Debt limit by Oregon State Law is 7.95% of real market value.

Computation of debt limit:	2015	2014	2013	2012	2011
Real market value	\$ 18,608,982	\$ 16,076,707	\$15,123,058	\$15,382,464	\$16,728,771
Debt limit = Real market value X .0795 =	1,479,414	1,278,098	1,202,283	1,222,906	1,329,937
 Computation of debt margin:					
Total General obligation bonds	198,705	210,210	128,755	139,585	152,475
Less assets available in debt service fund	<u>(2,272)</u>	<u>(2,783)</u>	<u>(3,701)</u>	<u>(1,756)</u>	<u>(2,476)</u>
Total amount of debt subject to debt limit	<u>196,433</u>	<u>207,427</u>	<u>125,054</u>	<u>137,829</u>	<u>149,999</u>
 Legal debt margin	 <u>\$ 1,282,981</u>	 <u>\$ 1,070,671</u>	 <u>\$ 1,077,229</u>	 <u>\$ 1,085,077</u>	 <u>\$ 1,179,938</u>
 Ratio of legal debt margin to the debt limit	 87%	 84%	 90%	 89%	 89%

Source:

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

Real market value was obtained from Deschutes County



<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$23,471,846	\$26,716,128	\$26,299,093	\$20,269,952	\$14,833,121
1,866,012	2,123,932	2,090,778	1,611,461	1,179,233
166,015	177,755	187,880	199,230	92,410
<u>(1,575)</u>	<u>(367)</u>	<u>(1,428)</u>	<u>(5,192)</u>	<u>(1,873)</u>
<u>164,440</u>	<u>177,388</u>	<u>186,452</u>	<u>194,038</u>	<u>90,537</u>
<u>\$ 1,701,571</u>	<u>\$ 1,946,544</u>	<u>\$ 1,904,326</u>	<u>\$ 1,417,423</u>	<u>\$ 1,088,696</u>
91%	92%	91%	88%	92%

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

Fiscal Year Ended June 30,	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Real Market Value	Net Bonded Debt Per Capita
2015	\$198,705,000	\$2,271,973	\$196,433,027	0.89%	1,180
2014	210,210,000	2,783,953	207,426,047	0.94%	1,276
2013	128,755,000	3,701,248	125,053,752	0.53%	781
2012	139,585,000	1,756,057	137,828,943	0.59%	868
2011	152,475,000	2,475,651	149,999,349	0.64%	950
2010	166,015,000	1,574,675	164,440,325	0.70%	987
2009	177,755,000	367,070	177,387,930	0.66%	1,085
2008	187,880,000	1,427,953	186,452,047	0.71%	1,146
2007	199,230,000	5,191,797	182,688,203	0.90%	1,185
2006	92,410,000	1,873,031	90,536,969	0.61%	612

Sources:

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

Real market value comes from Deschutes County

**Administrative District No. 1  
 Deschutes County, Oregon  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years**

Calendar		Unemployment	Per capita	Total Personal	Civilian	Average Daily	Annual Cost
Year	Population	Rate	Income	Income	Labor Force	Membership	Per ADM
2015	166,400	6.2%	Not Available	Not Available	81,325	16,467	\$ 10,503
2014	162,525	8.1%	Not Available	Not Available	77,925	16,051	\$ 10,775
2013	160,140	10.8%	Not Available	Not Available	80,505	15,763	10,973
2012	158,875	11.8%	Not Available	Not Available	80,234	15,463	10,157
2011	157,905	13.5%	Not Available	\$5,946,000,000	80,246	15,380	10,037
2010	157,211	14.8%	\$36,449	5,666,000,000	80,258	15,091	10,108
2009	154,920	15.3%	35,966	5,705,290,000	86,588	15,137	10,476
2008	150,113	7.1%	35,728	5,635,347,000	83,364	15,027	10,044
2007	143,316	4.9%	36,282	5,565,902,000	83,097	14,620	9,198
2006	135,590	4.6%	33,522	4,996,527,000	80,791	13,981	8,842

Sources

Unemployment rate and labor force information is for Deschutes County and was obtained from the Oregon Employment Department - Oregon Labor Market Information System (OLMIS).

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

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

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

Employer	<u>2015</u>			<u>2006</u>		
	Employees	Rank	Percentage of Total County Employees	Employees	Rank	Percentage of Total County Employees
St Charles Medical Center	2,830	1	3.76%	2,369	1	3.06%
Administrative School District No. 1	1,750	2	2.32%	1,399	2	1.81%
Deschutes County	1,046	3	1.39%	737	5	0.95%
Sunriver Resort	900	4	1.19%	870	3	1.12%
Les Schwab	880	5	1.17%	-	-	-
Bright Wood Corporation	870	6	1.16%	-	-	-
Redmond School District	819	7	1.09%	676	6	0.87%
Mt Bachelor	775	8	1.03%	750	4	0.97%
McDonalds	668	9	0.89%	-	-	-
Bend Memorial Clinic	652	10	0.87%	600	10	0.77%
T-Mobile	-	-	-	660	7	0.85%
Beaver Motor Coaches	-	-	-	654	8	0.84%
iSky	-	-	-	600	9	0.77%
	<u>11,190</u>		<u>14.86%</u>	<u>9,315</u>		<u>13.67%</u>

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function:					
Regular instruction	602.33	639.80	687.54	695.60	639.05
Special programs including summer school	279.08	294.11	310.15	300.97	304.61
Student services	90.16	100.10	113.55	119.38	125.62
Instructional staff	29.48	36.83	37.03	38.81	41.42
General administration	2.00	2.00	2.00	2.00	2.23
School administration	100.10	105.82	105.76	105.53	104.36
Business, transportation and maintenance	206.75	208.84	211.91	211.59	216.63
Central activities	30.95	33.81	36.43	36.15	34.03
Food services	54.76	55.93	59.33	59.06	57.65
Other enterprise and community services	1.00	0.78	7.27	10.49	10.05
Facilities acquisition and construction	<u>2.00</u>	<u>7.20</u>	<u>7.20</u>	<u>7.20</u>	<u>6.45</u>
Total	<u><u>1,398.61</u></u>	<u><u>1,485.22</u></u>	<u><u>1,578.17</u></u>	<u><u>1,586.78</u></u>	<u><u>1,542.10</u></u>

Source

Information was obtained from District's payroll records

Note:

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
630.59	618.49	623.15	661.80	685.49
304.18	285.02	285.22	285.56	288.27
122.78	119.06	122.17	120.27	124.09
40.52	40.26	42.08	48.25	50.65
2.23	2.23	2.00	2.00	2.00
107.14	105.30	105.99	111.14	115.10
218.19	202.56	206.52	210.97	210.30
32.66	32.52	31.11	31.26	32.88
62.99	65.53	64.12	63.65	68.90
10.60	10.89	12.60	13.53	13.91
4.20	2.70	2.50	3.80	6.00
<u>1,536.08</u>	<u>1,484.57</u>	<u>1,497.46</u>	<u>1,552.23</u>	<u>1,597.58</u>

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

	2006	2007	2008	2009	2010
Function:					
Instruction					
Enrollment	14,648	15,077	15,607	15,951	15,834
Transportation					
Number of busses	113	116	116	117	118
Miles driven per year	1,545,026	1,639,986	1,696,668	1,753,574	1,705,606
Cost per mile	3.47	3.60	3.89	3.91	3.92
Students transported to school daily	7,033	7,170	7,255	7,563	6,648
Food services					
Free lunch participants	3,956	3,889	4,156	4,398	5,876
Reduced lunch participants	1,133	1,288	1,265	1,267	1,162
Percent free/reduced of total enrollment	35%	34%	35%	36%	44%

Source

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

Enrollment is as of October 1 of each fiscal year



2011	2012	2013	2014	2015
16,161	16,300	16,600	16,863	17,163
121	133	133	133	130
1,716,585	1,535,703	1,636,654	1,679,498	1,580,045
3.95	4.40	4.06	4.31	4.58
6,824	5,221	5,232	5,361	4,705
6,184	6,504	6,427	6,404	4,701
990	1,117	1,021	992	953
44%	47%	45%	44%	33%

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function:					
Instruction					
Number of elementary schools	14	14	14	15	16
Number of middle schools	5	5	5	5	5
Number of high schools schools	5	5	5	5	5
Elementary school enrollment	6,586	6,734	7,085	7,004	6,967
Middle school enrollment	3,115	3,294	3,344	3,637	3,640
High school enrollment	4,947	5,049	5,178	5,300	5,227
General administration					
Number of buildings	1	1	1	1	1
Business, transportation and maintenance					
Number of buildings	4	4	4	4	4

Source

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

2011	2012	2013	2014	2015
17	17	17	17	17
5	5	5	5	5
5	5	5	5	5
7,214	7,301	7,522	7,719	7,827
3,679	3,669	3,713	3,785	3,862
5,268	5,330	5,365	5,359	5,474
1	1	1	1	1
4	4	4	4	4

**Administrative District No. 1  
Deschutes County, Oregon  
School Building Capacity and Enrollment  
As of June 30, 2015**

<u>Building</u>	<u>Enrollment</u>	Capacity without modular classrooms	Percent of Capacity	Year of Building Construction
<b>Elementary Schools:</b>				
Amity Creek	174	150	116%	1948
Bear Creek	716	600	119%	1963
Buckingham	536	600	89%	1980
Ensworth	242	300	81%	2005
Elk Meadow	515	600	86%	1993
Highland	391	375	104%	1918
High Lakes	647	600	108%	2000
Jewell	620	600	103%	1974
Juniper	570	560	102%	1965
LaPine	401	600	67%	1993
Lava Ridge	593	600	99%	1994
Pine Ridge	636	600	106%	2004
Ponderosa	579	600	97%	2008
Rosland	179	300	60%	2010
Westside Village (K-8)	279	382	73%	1949
William E Miller	591	600	99%	2009
Three Rivers (K-8)	<u>367</u>	<u>450</u>	<u>82%</u>	1989
Total	8,036	8,517	94%	
<b>Middle Schools:</b>				
Cascade	887	800	111%	1978
High Desert	810	800	101%	1993
Pilot Butte	698	825	85%	1967
LaPine	287	550	52%	1978
Skyview	<u>826</u>	<u>800</u>	<u>103%</u>	2000
Total	3,508	3,775	93%	
<b>High Schools:</b>				
Bend	1,718	1,550	111%	1956
LaPine	426	550	77%	1961
Marshall	173	200	87%	1948
Mountain View	1,359	1,500	91%	1978
Summit	<u>1,516</u>	<u>1,500</u>	<u>101%</u>	2000
Total	5,192	5,300	98%	

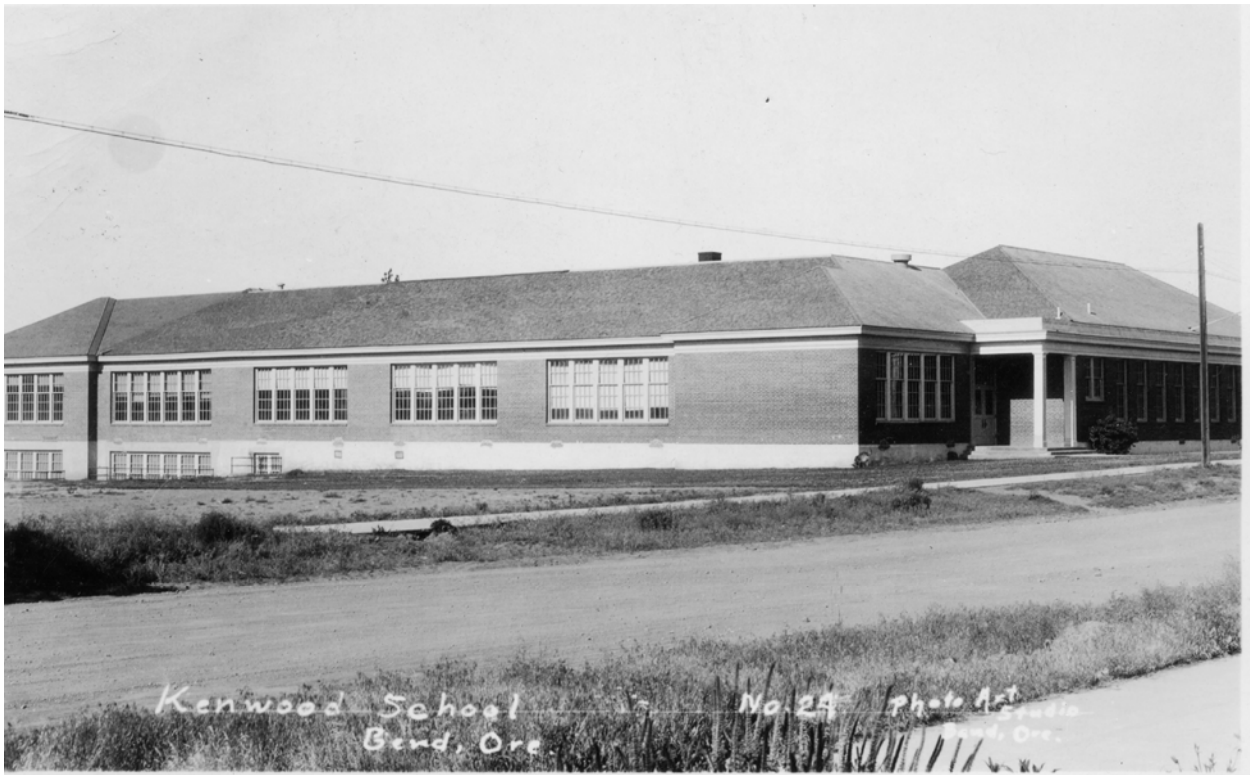
**Note:**

Enrollment is as of October 1, 2014

Many buildings have undergone remodels since original construction

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

## OTHER INFORMATION



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



**SUPPLEMENTARY INFORMATION**

**SCHEDULES REQUIRED BY**

**OREGON DEPARTMENT OF EDUCATION**

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Revenues (Budgetary Basis)  
 Year Ended June 30, 2015

	Fund 100	Fund 200	Fund 300
<b>Revenue from Local Sources</b>			
1110 - Current Year's Taxes	\$ 63,910,743	\$ -	\$ 20,383,436
1311 - Tuition From Individuals	-	925,733	-
1330 - Summer Sch Tuition-Individuals	5,550	-	-
1411 - Transportation Fees-Individual	-	-	-
1500 - Interest on Investments	169,484	8,790	31,002
1600 - Meal Tickets Sales	-	1,442,506	-
1700 - Extracurricular Activities	451,448	3,124,526	-
1910 - Scheduling Fee	349,566	-	-
1920 - Contributions/Donations	52,250	416,966	-
1960 - Recovery of Pr Yr Expenditures	7,084	-	-
1970 - Services Provided Other Funds	644,006	761,826	-
1980 - Fees Charged to Grants	698,113	-	-
1990 - Miscellaneous	1,932,126	1,923,402	458,696
<b>Total Revenue from Local Sources</b>	<b>68,220,370</b>	<b>8,603,749</b>	<b>20,873,134</b>
<b>Revenue from Intermediate Sources</b>			
2101 - County School Funds	252,712	-	-
2102 - ESD Apportionment	1,600,000	300,000	150,000
<b>Total Revenue from Intermediate Source</b>	<b>1,852,712</b>	<b>300,000</b>	<b>150,000</b>
<b>Revenue from State Sources</b>			
3101 - State School Fund	67,811,972	-	5,743,815
3102 - State School Fund-Lunch Match	-	53,252	-
3103 - Common School Fund	1,530,067	-	-
3222 - State School Fund Trans Equip	636,373	-	-
3299 - Other Restricted Grants In Aid	500,380	1,066,508	-
<b>Total Revenue from State Sources</b>	<b>70,478,792</b>	<b>1,119,760</b>	<b>5,743,815</b>
<b>Revenue from Federal Sources</b>			
4300 - Restricted Fed Revenue Direct	-	83,250	-
4500 - Restricted Fed Rev Thru State	56,148	14,249,610	-
4801 - Federal Forest Fees	189,805	-	-
<b>Total Revenue from Federal Sources</b>	<b>245,953</b>	<b>14,332,860</b>	<b>-</b>
<b>Revenue from Other Sources</b>			
5100 - Bond Proceeds	-	-	-
5200 - Interfund Transfers	-	-	-
5300 - Sale of Fixed Asset	250	-	-
5400 - Reserved Fund Balance	10,130,229	4,911,322	2,783,953
<b>Total Revenue from Other Sources</b>	<b>10,130,479</b>	<b>4,911,322</b>	<b>2,783,953</b>
<b>Total Revenues</b>	<b>\$ 150,928,306</b>	<b>\$ 29,267,692</b>	<b>\$ 29,550,903</b>



Fund 400	Fund 500	Fund 600	Fund 700	Total
\$ -	\$ -	\$ -	\$ -	\$ 84,294,179
-	-	-	-	925,733
-	-	-	-	5,550
-	-	-	-	-
166,179	-	-	117	375,572
-	-	-	-	1,442,506
-	-	-	-	3,575,974
-	-	-	-	349,566
-	-	-	45,568	514,784
-	-	-	-	7,084
-	-	-	-	1,405,832
-	-	-	-	698,113
-	-	-	-	4,314,224
166,179	-	-	45,685	97,909,117
-	-	-	-	252,712
-	-	-	-	2,050,000
-	-	-	-	2,302,712
-	-	-	-	73,555,787
-	-	-	-	53,252
-	-	-	-	1,530,067
-	-	-	-	636,373
-	-	-	-	1,566,888
-	-	-	-	77,342,367
-	-	-	-	83,250
-	-	-	-	14,305,758
-	-	-	-	189,805
-	-	-	-	14,578,813
-	-	-	-	-
-	-	-	-	-
272,342	-	-	-	272,592
<u>84,114,389</u>	-	-	<u>37,244</u>	<u>101,977,137</u>
84,386,731	-	-	37,244	102,249,729
<u>\$ 84,552,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,929</u>	<u>\$ 294,382,740</u>

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Expenditures (Budgetary Basis) - General Fund  
 Year Ended June 30, 2015

	Object 100	Object 200	Object 300
<b>Instruction</b>			
1111 - Primary, K-3 Programs	\$ 18,533,341	\$ 9,517,843	\$ 1,473,690
1113 - Elementary Extracurricular	-	-	-
1121 - Middle School Programs	8,165,472	4,110,909	580,871
1122 - Middle School Extracurricular	316,836	76,869	24,074
1131 - High School Programs	10,103,571	4,973,988	662,464
1132 - High School Extracurricular	1,332,799	344,867	373,022
1210 - Talented and Gifted Programs	195,259	95,986	18,586
1220 - Restrictive Prog Fr Disability	4,422,363	2,689,775	409,089
1250 - Less Restrictive Prog Disabled	2,131,790	1,246,181	191,346
1280 - Alternative Education	1,104,744	566,626	5,030,871
1291 - English Second Language	1,081,039	534,711	34,347
1292 - Teen Parent Programs	150,110	80,993	4,410
1400 - Summer School Programs	42,133	11,672	1,996
<b>Total Instruction</b>	<b>47,579,457</b>	<b>24,250,420</b>	<b>8,804,766</b>
<b>Support Services</b>			
2110 - Attendance and Social Work	71,485	41,616	288,974
2120 - Guidance Services	2,825,384	1,387,751	38,536
2130 - Health Services	837,701	386,048	8,426
2140 - Psychological Services	697,920	355,949	23,053
2150 - Speech Pathology and Audiology	1,496,155	805,660	24,018
2190 - Service Dir, Stu Support Svcs	834,684	442,612	112,542
2210 - Improvement of Instruction Svc	794,767	337,872	58,430
2220 - Educational Media Services	850,083	503,405	35,077
2230 - Assessment and Testing	136,761	62,462	1,392
2240 - Instructional Staff Developmnt	45,794	13,791	345,612
2310 - Board of Education Services	20,393	10,227	290,141
2320 - Executive Administration Svcs	254,614	72,276	29,186
2410 - Office of the Principal Svcs	6,518,557	3,196,104	182,543
2490 - Other Support Services	3,694	1,060	392
2510 - Business Support Services	122,841	56,853	43,184
2520 - Fiscal Services	612,142	330,947	53,770
2540 - Oper/Maint of Plant Services	4,454,447	2,534,724	3,874,202
2550 - Student Transportation Svcs	3,098,762	2,086,170	672,630
2570 - Internal Services	380,835	203,257	249,586
2620 - R&D, Eval, Grant Writing Svcs	56,793	27,128	1,112
2630 - Information Services	138,853	45,318	23,584
2640 - Staff Services	514,697	464,509	133,455
2660 - Technology Services	1,438,734	654,471	577,976
<b>Total Support Services</b>	<b>26,206,096</b>	<b>14,020,210</b>	<b>7,067,821</b>
<b>Enterprise and Community Services</b>			
3300 - Community Services	180,055	85,242	-
<b>Total Enterprise and Community Services</b>	<b>180,055</b>	<b>85,242</b>	<b>-</b>
<b>Other Uses</b>			
5100 - Debt Service	-	-	-
<b>Total Other Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Fund</b>	<b>\$ 73,965,608</b>	<b>\$ 38,355,872</b>	<b>\$ 15,872,587</b>

	Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$	2,063,400	\$ -	\$ 1,973	\$ -	\$ -	\$ 31,590,247
	3,350	-	-	-	-	3,350
	1,138,324	123,072	12,320	-	-	14,130,968
	28,655	-	3,481	-	-	449,915
	1,764,303	281,570	15,140	-	-	17,801,036
	190,219	16,442	14,241	-	-	2,271,590
	131	-	-	-	-	309,962
	36,362	-	485	-	-	7,558,074
	41,159	-	-	-	-	3,610,476
	34,493	-	60	-	-	6,736,794
	7,271	-	-	-	-	1,657,368
	2,173	-	43	-	-	237,729
	193	-	-	-	-	55,994
	5,310,033	421,084	47,743	-	-	86,413,503
	1,925	-	-	-	-	404,000
	10,144	-	392	-	-	4,262,207
	5,203	-	1,442	-	-	1,238,820
	18,124	-	-	-	-	1,095,046
	17,695	-	460	-	-	2,343,988
	19,919	-	502	-	-	1,410,259
	38,889	-	2,400	-	-	1,232,358
	230,700	-	1,551	-	-	1,620,816
	11,072	-	-	-	-	211,687
	13,461	-	1,200	-	-	419,858
	37,274	-	23,613	-	-	381,648
	30,274	-	12,203	-	-	398,553
	74,491	-	7,160	-	-	9,978,855
	-	-	-	-	-	5,146
	16,158	-	3,862	-	-	242,898
	15,428	36,316	621,369	-	-	1,669,972
	820,469	404,291	343	-	-	12,088,476
	1,075,556	-	160,474	-	-	7,093,592
	114,382	128,034	175,000	-	-	1,251,094
	350	-	-	-	-	85,383
	6,786	-	1,870	-	-	216,411
	19,193	-	44,358	-	-	1,176,212
	243,556	-	449	-	-	2,915,186
	2,821,049	568,641	1,058,648	-	-	51,742,465
	550	-	-	-	-	265,847
	550	-	-	-	-	265,847
	-	-	704,206	-	-	704,206
	-	-	704,206	-	-	704,206
\$	8,131,632	\$ 989,725	\$ 1,810,597	\$ -	\$ -	\$ 139,126,022

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Expenditures (Budgetary Basis) - Special Revenue Fund  
 Year Ended June 30, 2015

	Object 100	Object 200	Object 300
<b>Instruction</b>			
1111 - Primary, K-3 Programs	\$ 1,181,422	\$ 544,489	\$ 102,248
1113 - Elementary Extracurricular	28	5	92,969
1121 - Middle School Programs	167,353	57,308	31,450
1122 - Middle School Extracurricular	666	183	37,959
1131 - High School Programs	353,685	128,428	233,837
1132 - High School Extracurricular	54,103	14,603	410,243
1140 - Pre-kindergarten Programs	-	-	-
1210 - Talented and Gifted Programs	-	-	-
1220 - Restrictive Prog Fr Disability	6,248	-	25,258
1250 - Less Restrictive Prog Disabled	1,609,075	888,770	21,793
1271 - Remediation	-	-	-
1272 - Title I	1,894,089	1,116,626	98,529
1280 - Alternative Education	-	-	121,232
1291 - English Second Language	-	-	-
1292 - Teen Parent Programs	520	101	42
1299 - Other Special Ed Programs	-	-	352
1400 - Summer School Programs	1,859	1,341	-
<b>Total Instruction</b>	<b>5,269,048</b>	<b>2,751,854</b>	<b>1,175,912</b>
<b>Support Services</b>			
2110 - Attendance and Social Work	-	-	15
2120 - Guidance Services	35,289	11,540	54,563
2130 - Health Services	-	-	-
2140 - Psychological Services	-	-	-
2150 - Speech Pathology and Audiology	-	-	-
2190 - Service Dir, Stu Support Svcs	-	-	-
2210 - Improvement of Instruction Svc	696,075	329,765	217,125
2220 - Educational Media Services	8,506	2,881	2,439
2230 - Assessment and Testing	-	-	51,489
2240 - Instructional Staff Developmnt	615,138	304,929	346,828
2310 - Board of Education Services	-	-	-
2320 - Executive Administration Svcs	-	-	28
2410 - Office of the Principal Svcs	125,717	48,851	1,007
2490 - Other Support Services	33,551	23,326	-
2510 - Business Support Services	-	-	-
2540 - Oper/Maint of Plant Services	-	-	-
2550 - Student Transportation Svcs	-	-	76,348
2570 - Internal Services	-	-	-
2620 - R&D, Eval, Grant Writing Svcs	7,076	3,918	-
2640 - Staff Services	-	-	-
2660 - Technology Services	-	-	-
2700 - Supplemental Retirement Progrm	664,627	11,794	-
<b>Total Support Services</b>	<b>2,185,979</b>	<b>737,004</b>	<b>749,842</b>
<b>Enterprise and Community Services</b>			
3100 - Food Services	1,994,911	1,072,086	240,991
3300 - Community Services	363,443	255,362	743,854
<b>Total Enterprise and Community Services</b>	<b>2,358,354</b>	<b>1,327,448</b>	<b>984,845</b>
<b>Facilities Acquisition and Construction</b>			
4190 - Other Facilities Constr Svcs	-	-	-
<b>Total Facilities Acquisition and Construction</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Uses</b>			
5200 - Transfers of Funds	-	-	-
<b>Total Other Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Special Revenue Fund</b>	<b>\$ 9,813,381</b>	<b>\$ 4,816,306</b>	<b>\$ 2,910,599</b>

	Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$	144,347	\$ -	\$ 53	\$ (15,275)	\$ -	\$ 1,957,254
	190,953	-	1,026	13,563	-	298,544
	164,866	-	1,069	(456)	-	421,590
	146,347	-	345	706	-	186,206
	405,988	54,353	5,156	(15,089)	-	1,166,358
	961,618	16,500	13,151	15,629	-	1,485,847
	-	-	-	-	-	-
	-	-	-	-	-	-
	43,129	-	320	(666)	-	74,289
	4,477	-	-	(516)	-	2,523,599
	-	-	-	-	-	-
	28,203	-	-	-	-	3,137,447
	13,345	-	-	-	-	134,577
	366	-	-	-	-	366
	2,103	-	-	-	-	2,766
	10,464	-	-	-	-	10,816
	-	-	-	-	-	3,200
	<u>2,116,206</u>	<u>70,853</u>	<u>21,120</u>	<u>(2,104)</u>	<u>-</u>	<u>11,402,859</u>
	23	-	-	-	-	38
	996	-	(15)	-	-	102,373
	-	-	-	-	-	-
	-	-	-	-	-	-
	608	-	-	(129)	-	479
	-	-	-	-	-	-
	231,917	-	4,040	-	-	1,478,952
	132,359	-	375	2,491	-	149,051
	-	-	-	-	-	51,489
	20,297	-	698	-	-	1,287,890
	-	-	-	-	-	-
	-	-	-	-	-	28
	4,463	-	-	-	-	180,038
	-	-	-	-	-	56,877
	-	-	373,113	-	-	373,113
	-	-	-	-	-	-
	684	-	-	(318)	-	76,714
	-	-	-	-	-	-
	5,500	-	-	-	-	16,494
	-	-	-	-	-	-
	2,066	-	-	-	-	2,066
	-	-	-	-	-	676,421
	<u>398,913</u>	<u>-</u>	<u>378,211</u>	<u>2,044</u>	<u>-</u>	<u>4,452,023</u>
	2,839,784	91,528	154,991	-	-	6,394,291
	<u>37,374</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>1,400,093</u>
	2,877,158	91,528	154,991	60	-	7,794,384
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-	-
\$	<u>5,392,277</u>	<u>162,381</u>	<u>554,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>23,649,266</u>

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Expenditures (Budgetary Basis) - Debt Service Fund  
 Year Ended June 30, 2015

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

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Object 800</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650
-	-	-	-	-	650
-	-	27,278,280	-	-	27,278,280
-	-	27,278,280	-	-	27,278,280
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,278,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,278,930</u>

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Expenditures (Budgetary Basis) - Capital Projects Fund  
 Year Ended June 30, 2015

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
Facilities Acquisition and Construction			
4110 - Constr Service Area Direction	\$ 580,092	\$ 264,015	\$ 21,644
4120 - Site Acquisition and Develop	-	-	-
4150 - Building Acquisition, Improv	10,430	3,569	180
4190 - Other Facilities Constr Svcs	<u>-</u>	<u>-</u>	<u>-</u>
 Total Facilities Acquisition and Construction	 590,522	 267,584	 21,824
 Total Capital Projects Fund	 <u>\$ 590,522</u>	 <u>\$ 267,584</u>	 <u>\$ 21,824</u>



<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Object 800</u>	<u>Totals</u>
\$ 6,555	\$ -	\$ 1,361	\$ -	\$ -	\$ 873,667
-	429,550	-	-	-	429,550
547	48,347,140	-	-	-	48,361,866
-	-	-	-	-	-
7,102	48,776,690	1,361	-	-	49,665,083
<u>\$ 7,102</u>	<u>\$ 48,776,690</u>	<u>\$ 1,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,665,083</u>

Administrative School District No. 1  
 Deschutes County, Oregon  
 Schedule of Expenditures (Budgetary Basis) -Trust and Agency Fund  
 Year Ended June 30, 2015

	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>
Support Services			
2510 - Business Support Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Support Services	-	-	-
Enterprise and Community Services			
3300 - Community Services	<u>-</u>	<u>-</u>	<u>2,450</u>
Total Enterprise and Community Services	-	-	2,450
Total Trust and Agency Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,450</u></u>
Total Expenditures - All Funds	<u><u>\$ 84,369,511</u></u>	<u><u>\$ 43,439,762</u></u>	<u><u>\$ 18,808,110</u></u>

<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>Object 800</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	2,450
-	-	-	-	-	2,450
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,450</u>
<u>\$ 13,531,011</u>	<u>\$ 49,928,796</u>	<u>\$ 29,644,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,721,751</u>

Administrative School District No. 1  
 Deschutes County, Oregon  
 Supplemental Information as Required by the Oregon State Department of Education  
 For the Year Ended June 30, 2015

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

	<u>Function</u>	<u>Objects 325 &amp; 326</u>
	2540	\$ 2,238,934
	2550	-

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

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

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



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





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December 10, 2015

### Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Administrative School District No. 1 as of and for the year ended June 30, 2015, and have issued our report thereon dated December 10, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### Compliance

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

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

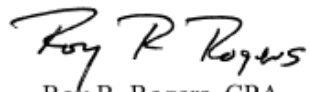
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized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

In connection with our testing nothing came to our attention that caused us to believe the Administrative School District No. 1 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 noted on page 31 of the report.

**OAR 162-10-0230 Internal Control**

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

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



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



## GRANT COMPLIANCE REVIEW SECTION



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





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December 10, 2015

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Administrative School District No. 1 as of and for the year ended June 30, 2105, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 10, 2015.

**Internal Control Over Financial Reporting**

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

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

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

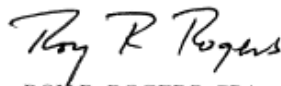
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.



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December 10, 2015

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Administrative School District No. 1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2015. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

**Opinion on Each Major Federal Program**

In our opinion, Administrative School District No. 1, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

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

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

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

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



ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

ADMINISTRATIVE SCHOOL DISTRICT NO. 1  
DESCHUTES COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2015

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**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133?  yes  no

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)?  yes  no

**IDENTIFICATION OF MAJOR PROGRAMS**

<b><u>CFDA NUMBER</u></b>	<b><u>NAME OF FEDERAL PROGRAM CLUSTER</u></b>
84.010	Title I Grants to Local Education Agencies (Title I, Part A of the ESEA)
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between type A and type B programs: \$437,364

ADMINISTRATIVE SCHOOL DISTRICT NO. 1  
DESCHUTES COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES**

1. **BASIS OF PRESENTATION**

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