

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**



**12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**2011-2012 FINANCIAL REPORT**

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**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**

**Clackamas County, Oregon**

**PRINCIPAL OFFICIALS**

<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
Vivian Scott, Chair	June 30, 2013
Rein Vaga, Vice-Chair	June 30, 2015
Linda Moraga, Director	June 30, 2013
Sam Gillispie, Director	June 30, 2015
Trisha Claxton, Director	June 30, 2015
Kyle Walker, Director	June 30, 2015
Cheryl Myers, Director	June 30, 2013

The Board of Directors receives mail at the address below:

**DISTRICT ADMINISTRATION**

Matt Utterback, Superintendent - Clerk  
Diane Larson, Executive Director of Budget and Finance – Deputy Clerk

**DISTRICT ADDRESS**  
4444 S.E. Lake Road  
Milwaukie, Oregon 97222

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**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**

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December 26, 2012

North Clackamas School District No.12  
Board of Directors  
4444 SE Lake Road  
Milwaukie, Oregon 97222-4799

Oregon Municipal Audit Law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. Pursuant to this requirement, the Comprehensive Annual Financial Report of the North Clackamas School District (the District) for the fiscal year ended June 30, 2012 is hereby submitted. This report was prepared by the District's Fiscal Services Department. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework that is designed both to protect assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

## REPORT CONTENTS

The Comprehensive Annual Financial Report is presented in four sections. These sections and their components are as follows:

- The **Introductory Section** includes this Letter of Transmittal.
- The **Financial Section** includes the independent auditor's report, Management's Discussion and Analysis, basic financial statements for the entity as a whole, notes to the basic financial statements, required supplementary information and other supplementary information.
- The section following the **Financial Section** contains **Audit Comments and Disclosures Required by Oregon Statutes**.
- The **Grant Compliance Review** contains reports required by the Single Audit Act.
- The **Other Information** contains statistical information about the District.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

## **PROFILE OF THE DISTRICT**

The North Clackamas School District is a kindergarten through twelfth grade district serving 17,300 students. The District is a financially independent, special-purpose municipal corporation exercising financial accountability for all public education within its boundaries. As required by accounting principles generally accepted in the United States of America, all significant activities and organizations have been included in the financial statements.

The District is located in Clackamas County and is located approximately 12 miles southeast of Portland, Oregon along Interstate 205. The District covers approximately 40 square miles in Northern Clackamas County and encompasses the cities of Milwaukie, Happy Valley, Johnson City, and Damascus as well as unincorporated neighborhoods of Oak Grove, Concord, Clackamas, Sunnyside, Mount Scott, Southgate and Carver. It is the sixth largest school district in Oregon. The North Clackamas School District, elected by a majority of the voting electorate, is the governing body responsible for the District's public decisions. The seven-member Board has the oversight, responsibility and control over all activities related to the District.

## **ECONOMIC CONDITION AND OUTLOOK**

Although growth has slowed with the national recession, Clackamas County is one of the fastest growing areas in the state, experiencing a 15% growth in the past ten years. The North Clackamas area currently has approximately 104,500 residents, 5,000 businesses, and 30,000 employees. Clackamas Town Center, the largest shopping center in Oregon, with 1.2 million square feet of space, has 185 stores, is fully leased and in the process of expanding. Major commercial business centers are located in the Clackamas Town Center and along McLoughlin Boulevard. Industrial sites include the Clackamas Industrial area along Highway 212, with roughly 500 businesses, and the Milwaukie Industrial area along Highway 224, with 300 businesses. Community business centers are located in Milwaukie, Gladstone and Damascus. Recently completed within the district boundaries is a neo-traditional development called Sunnyside Village, which will comprise 2,000 dwellings and a shopping mall.

Manufacturing employment represents approximately 16 percent of the total wage and salary employment. Non-manufacturing employment represents approximately 84 percent of the total wage and salary employment. The unemployment rate for the area is 4.8 percent. The taxable property tax base grew by over 8% during the year. The major taxpayers within the North Clackamas School District include Fred Meyer Stores Inc. (Commercial/Retail), General Growth Properties Inc. (Real estate Development), PCC Structural Inc. (Manufacturing/Aerospace), Safeway Stores Inc. (Grocery/Warehouse), Portland General Electric Co. (Electrical Utility), Warn Bellevue Inc. (Winches), Blount Inc. (Chainsaws, machinery), Northwest Natural Gas (Natural gas utility), United Western Grocers Inc. (Grocery), and International Airport Centers LLP (Warehouse/Storage).

A variety of transportation alternatives are available in this area. Tri-Met service is available to Portland and the metropolitan area. Transfer stations are located in downtown Milwaukie and Clackamas Town Center. Portland International Airport offers easy access to domestic and international markets with 17 scheduled passenger airlines, 14 cargo carriers, 39 cities and 12 countries serve the Portland Metropolitan area. First morning service is provided as far north as Vancouver B.C. and Los Angeles is less than two days south. The Southern Pacific Mainline runs through the Clackamas and Milwaukie Industrial areas. Two other transcontinental railroads serving Portland include Burlington Northern and Union Pacific. Amtrak provides passenger service. The Port of Portland has five Marine terminals, four dry docks and excellent ship repair facilities. Container handling and dockside rail service are readily available. An extensive rail, air, barge and highway transportation network serves the harbor. I-205 is a circumferential freeway bypassing downtown Portland. It connects with I-5 and I-84 for destinations north, south and east. The I-205 beltline serves about 100,000 vehicles daily. Highway 212 connects North Clackamas to U.S. Highway 26 and serves the Mount Hood corridor and Central Oregon. Highway 99E connects the North Clackamas area to the Willamette Valley, Salem and Eugene.

## **MAJOR INITIATIVES**

The School Board for the 2011-12 school year approved the following goals.

1. *Student Achievement*: Students develop relevant, transferable academic and life skills.
2. *Equity*: Students have access to adequate school resources and support that make rigorous learning possible.
3. *Wellness*: Students are socially, emotionally, and physically healthy and learn in a safe and caring environment.
4. *Engagement*: Students are actively involved in relevant learning and meaningful activities within the classroom and community. Families and community members play a role in student success.
5. *Technology*: Students and educators have access to the tools that support learning and enhance success in the workplace.
6. *Support*: The school system excels in teaching and leadership, with open communication, fiscal responsibility, and efficient operations.

## **FINANCIAL INFORMATION**

Management of the District is responsible for establishing and maintaining an internal control structure designed to protect the assets of the District from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of the control should not exceed the benefits likely to be derived, and
2. The valuation of costs and benefits requires estimates and judgments by management.

**Single Audit.** As a recipient of federal, state, and county financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

This internal control structure is subject to periodic evaluation by management and the internal audit staff of the District. As part of the District's single audit tests have been made to determine the adequacy of the internal control structure, including that portion related to federal financial award programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2012 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**Budgetary Controls.** In addition, the District maintains budgetary controls. The objective of such budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's Board of Directors. Activities of the General Fund, Special revenue Funds, Debt Service Funds, Enterprise Funds, Internal service Funds, Trust and Agency Funds, and Capital Project Funds are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law as outlined in the Oregon Revised Statutes 294.305 through 294.520, inclusive. The budget for each individual fund is a plan for the financial operation to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Education. After adoption, the budget may be revised through procedures specified in State statute and Board policy.

Oregon Local Budget law requires the appointment of a Budget Committee to review and approve the budget. The Budget Committee consists of the seven members of the Board of Directors and seven members appointed by the Board. The administration proposes a budget to the Budget Committee, which the Budget Committee may revise or approve. A summary of the approved budget, together with a notice of public hearing, is published in a newspaper with general circulation in the District. A public hearing is held to receive comments concerning the approved budget. The Board of Directors adopts the budget, makes appropriations, and levies taxes after the public hearing and before the beginning of the year for which the budget has been prepared.

**Fund Summary.** The results of operations and other financial data for the year ended June 30, 2012, are presented by the following non-governmental individual funds. Governmental funds are discussed in more detail in the Management's Discussion and Analysis section.

The financial statements for the non-governmental funds reflect the financial activity of the Self Insurance Fund, and Student Activity Fund.

#### Self-Insurance Fund

This fund accounts for workers compensation and general self-insurance program costs incurred for minor repair and casualty losses of fixed assets. Principal revenue sources are charges to other funds and earnings on investments. The fund balance at June 30, 2012, was \$2,328,080.

### Student Activity Fund

This fund accounts for the collection and distribution of monies for student clubs and activities at the District's schools. The amount held for student groups at June 30, 2012, was \$1,744,262.

**Cash Management:** Throughout the year, cash not required for current operations was invested in the State of Oregon Local Government Investment Pool, U.S. Treasury securities, demand deposits, time certificates of deposit, bankers' acceptances, and commercial paper. All investments were in accordance with the District's Fiscal Management Policies. Interest income on pooled cash and investments recorded in the General Fund is allocated to the various funds based upon their monthly interfund balances. The District conforms to the State requirement that amounts on deposit with financial institutions be collateralized with securities having a value of not less than 25% of amounts in excess of depository insurance coverage. Interest earning for the past two fiscal years decreased dramatically due to falling interest rates and the depletion of bond proceeds as capital projects are undertaken and completed.

**Risk Management:** The District's insurance program includes auto, property, and commercial general liability insurance coverage. The program also includes a self-insured retention of \$50,000 per occurrence for all major exposures. In addition, the District successfully maintains a self-insured Workers' Compensation program. The liability limits for this program are \$300,000 per occurrence with a \$90,000 per claim stop loss provision to further limit our exposures.

Since 1989 the District has implemented a modified return-to-work program. The program concentrates on returning injured workers to modified or light duty work until they are able to return to their own positions. The program has significantly reduced time loss claims and helps get the employee back into the work environment.

**Long-term Financial Planning:** The District's fund balance in the General Fund is \$10,146,234 (7.4 percent of total General Fund revenues) and is above the minimum targeted level of 2%. It is also above the preferred target level for budgetary and planning purposes (5 percent of total adopted revenues). Since the District is dependent on the State of Oregon for a substantial portion of its operating funds, and funding levels can vary from year to year, adherence to this level of fund balance is critical.

### **INDEPENDENT AUDIT**

As required by Oregon revised Statutes, sections 297.405 to 297.555 (known as the "Municipal Audit Law") an annual audit by independent certified public accountants has been performed. Pauly, Rogers, and Co., P.C. a firm of licensed certified public accountants, has audited the North Clackamas School District's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's basic financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report. The independent audit of

the District's basic financial statements were part of the broader federally mandated "Single Audit" designed to meet the special requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section of this report.

#### **ACKNOWLEDGEMENTS**

We wish to express our appreciation to the entire Business Services Division staff for their efforts and contributions to this annual financial report. We would also like to thank the members of the Board of Directors for their continued support and dedication to the effective financial operation of the District.

Respectfully submitted,

A handwritten signature in cursive script that reads "Diane Larson".

Diane Larson MBA  
Executive Director, Budget and Finance



**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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

December 26, 2012

To the Board of Directors  
North Clackamas School District No. 12  
Clackamas County, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Clackamas School District, Clackamas County, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the North Clackamas School District, Clackamas County, Oregon, at June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 26, 2012, on our consideration of North Clackamas School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and 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 Management's Discussion and Analysis, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the Management's Discussion and Analysis, as listed in the table of contents, 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Clackamas School District's financial statements. The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

  
PAULY, ROGERS AND CO., P.C.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2012**

As management of the North Clackamas School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i - vi of this report.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2012 by \$66,494,554.
- The District's total net assets increased by \$14,993,749 for the fiscal year primarily due to the payment of debt principal and the resulting decrease in liabilities.
- The District has \$352,086,648 invested in capital assets, net of depreciation.
- At the end of the fiscal year, total fund balance for the General Fund was \$10,146,234 or about 7.8 percent of total general fund expenditures.
- In November 2006 the citizens approved a \$229.6 million dollar bond referendum. This is the largest school bond in Oregon history. The bonds were issued in March 2007 and projects remain on time and on budget.
- In response to the recession and declining state revenues the District endured state funding reductions. Accordingly, General Fund expenditures only increased by \$1.25 million from 2010-11. The budget for 2012-13 will see further reductions down to the 2007-08 level of expenditures. Continued reductions, including substantial staff reductions, were implemented to balance the 2011-12 budget and it is anticipated that the 2012-13 budget will see some stabilization with more reductions in 2013-14. Additionally, the North Clackamas enrollment continues to show slight declines after two decades of growth.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis is intended to serve as an introduction to the basic financial statements of the District. The District's 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.

- 1) **Government-wide Financial Statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

**The Statement of Net Assets:** The *Statement of Net Assets* focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets), what it owes (liabilities), and the net difference (net assets).

Net assets may be further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the District is improving or deteriorating.



**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2012**

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

In the government-wide financial statements, the District's activities are shown in one category:

***Governmental activities:*** The District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

- 2) **Fund financial statements:** The *fund financial statements* provide more detailed information about the District's funds, focusing on its 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. The North Clackamas School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

***Governmental funds:*** The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Assets and Activities.

The District maintains several individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Programs, Long-Term Planning, Debt Service, and Capital Projects Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as Supplemental Information.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2012**

***Proprietary funds:*** The District maintains one proprietary fund type (internal service fund). The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for insurance claims and premiums. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

***Fiduciary funds:*** Fiduciary funds are used to account for resources held for the benefit of parties outside the District, such as the Trust and Agency funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds. The District's fiduciary fund is the Student Activity Fund.

- 3) **Notes to the basic financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are considered to be an integral part of the financial statements.
- 4) **Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* including budget to actual presentations for major funds and a schedule of property tax transactions.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$66,494,554 at June 30, 2012.

Cash and investments represent 8.5% of total assets. However a significant portion of these cash and investments are due to the recent bond issuance. As land purchases and construction projects are completed cash and investments will go down significantly and will be accompanied by a rise in the value of capital assets.

Capital assets, which consist of the District's land, buildings, building improvements, construction-in-progress, vehicles, and equipment, represent about 74% of total assets.

The remaining assets consist mainly of property tax and other receivables, inventories, and prepaid assets.

The District's largest liability (92.4 percent) is for the repayment of general obligation and limited tax pension obligation bonds. Other liabilities, representing 7.6 percent of the District's total liabilities, consist almost entirely of payables on accounts, capital leases, and accrued salaries and benefits.

The entire balance of the District's net assets reflect its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2012**

investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	<b><u>Net Assets (in thousands)</u></b>		
	<b><u>Governmental Activities</u></b>		<b><u>Increase (Decrease)</u></b>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>From</u></b>
			<b><u>Fiscal 2011</u></b>
Current and other assets	\$122,446	\$111,601	\$10,845
Capital assets	352,086	348,284	3,802
<b>Total assets</b>	<b>474,532</b>	<b>459,885</b>	<b>14,647</b>
 Bonds Payable	 376,754	 376,532	 222
Other Liabilities	31,284	31,852	(568)
<b>Total liabilities</b>	<b>408,038</b>	<b>408,384</b>	<b>(346)</b>
 <b>Net Assets:</b>			
Invested in capital assets	93,717	85,125	8,592
Restricted	15,346	12,203	3,143
Unrestricted	(42,569)	(45,827)	3,258
<b>Total net assets</b>	<b>\$66,494</b>	<b>\$51,501</b>	<b>\$14,993</b>

During the current fiscal year, the District's overall financial condition increased slightly as indicated by the increase of \$14.993 million in net assets. Unrestricted net assets had an increase of \$3.258 million. At the same time, the balance of the District's capital assets increased by \$3.802 million due to ongoing construction projects financed primarily by bond proceeds.

**Governmental activities:** The key elements of the change in the District's net assets for the year ended June 30, 2012 are as follows:

	<b><u>Changes in Net Assets (in thousands)</u></b>		
	<b><u>Governmental Activities</u></b>		<b><u>Increase (Decrease)</u></b>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>From</u></b>
			<b><u>Fiscal 2011</u></b>
<b>Revenues:</b>			
Program Revenues			
Charges for Services	\$ 4,305	\$ 3,876	\$ 429
Operating Grants	13,264	12,291	973
 General Revenues:			
Property Taxes	74,399	66,524	7,875
State School Fund	92,211	84,714	7,497
Miscellaneous	3,827	6,752	(2,925)
<b>Total Revenues</b>	<b>\$188,006</b>	<b>\$174,157</b>	<b>\$13,849</b>

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2012**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	<u>Changes in Net Assets (in thousands)</u>		
	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2012</u>	<u>2011</u>	<u>From Fiscal 2011</u>
<b>Expenses:</b>			
Instruction	\$ 85,372	\$ 87,973	\$ (2,601)
Support Services	60,359	58,904	1,455
Community Services	7,443	7,312	134
Interest on Long-Term Debt	19,837	13,477	6,360
<b>Total Expenses</b>	<u>173,011</u>	<u>167,666</u>	<u>5,348</u>
<b>Change in Net Assets</b>	14,994	6,491	8,503
<b>Beginning Net Assets</b>	<u>51,500</u>	<u>45,010</u>	<u>6,490</u>
<b>Ending Net Assets</b>	<u>\$66,494</u>	<u>\$ 51,501</u>	<u>\$ 14,993</u>

- Miscellaneous income decreased due to decreased interest income generated as schools continued to be built and renovated which reduced the balance in the Capital Projects Fund and low interest rates.
- Property tax revenues increased by \$7.9 million due to an increase in the District's assessed property values.
- Instruction program and support services expenses decreased by \$1.2 million from the prior year primarily due to staff reductions and unpaid furlough days.
- Interest on long-term debt increased as the debt payment structure for the most recent debt issuance changed.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2012**

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

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's 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, 2012, the District's governmental funds reported combined ending fund balances of \$25.56 million, an increase of \$7.29 million in comparison with the prior year. This increase is related to a more timely payment of revenue from the state. Approximately \$9.9 million of the ending fund balance constitutes *unassigned fund balance*, which is available for spending at the government's discretion. 60 percent of fund balance, or \$15.4 million, is designated for capital projects and debt repayment, as authorized by voters.

*General Fund:* The General Fund is the chief operating fund of the District. As of June 30, 2012, unassigned fund balance was \$10.1 million. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 7.8 percent of total General Fund expenditures. The fund balance increased by \$3.8 million during the current fiscal year. This increase is due to accelerated state-fund payments.

*Debt Service Fund:* The Debt Service Fund has a total fund balance of \$4.1 million, all of which is restricted for the payment of debt service.

*Capital Projects Fund:* The Capital Projects Fund has a total fund balance of \$10.4 million, all of which is designated for ongoing capital projects, as authorized by District voters in the November 2006 election. The fund balance decreased by \$1.3 million during the current fiscal year, due to the progress on a number of construction projects.

*Special Revenue Funds:* The Special Revenue Funds account for revenues and expenditures for grants that are restricted for specific educational projects. Principal revenue sources are federal, state, and intermediate grants. Total fund balances were \$843,748.

*Community Services Fund:* The Community Services Fund accounts for the revenue and expense of the District's community activities (drivers' education, adult education, daycare, etc.) The fund balance at June 30, 2012 was \$283,919.

*Scholarships Fund:* The Scholarships fund provides for continuing education for scholarships. Revenue is generated by local donations and state sources. The fund balance at June 30, 2012 was -\$258,928.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2012**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets:** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. During the year, the District's investment in capital assets increased by nearly \$40 million as work on numerous bond projects continued as scheduled. Minimal equipment purchases were made due to the recession fueled budget cuts.

The changes in capital assets from the fiscal year ended June 30, 2012 are as follows:

	<b>Governmental Capital Assets</b>			<b>Governmental Capital Assets</b>
	<b>July 1, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2012</b>
Land and Improvements	\$ 5,914,647	21,502,257	-	\$ 27,416,904
Buildings and Improvements	141,930,519	24,356,579	-	166,287,098
Vehicles & Equipment	18,858,001	1,420,755	376,665	19,902,091
Construction in Progress	<u>251,052,472</u>	<u>4,541,464</u>	<u>42,410,774</u>	<u>213,183,162</u>
Total Capital Assets	417,755,639	51,821,055	42,787,439	426,789,255
Accumulated Depreciation	<u>(69,471,517)</u>	<u>(5,607,755)</u>	<u>376,665</u>	<u>(74,702,607)</u>
Assets net of Depreciation	<u>\$348,284,122</u>			<u>\$352,086,648</u>

**Long-term debt:** At the end of the current fiscal year, the District had total bonded debt outstanding of \$364.8 million, consisting of general obligation and pension obligation debt net of unamortized premium/discount.

In October 2002 and April 2003, the District issued \$113,978,012 of limited tax pension obligation bonds to finance its unfunded actuarially accrued liability with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the District's unfunded actuarial liability and resulted in an estimated present value savings of approximately \$29.3 million over the life of the bonds.

In March 2007, the District issued \$229.6 million in general obligation bonds, the largest school bond issuance in Oregon history. The bonds have funded a variety of projects including land purchases, the addition of four new schools, the building of two replacement schools and a variety of renovation and improvement projects.

State statutes limit the amount of general obligation debt a school district may issue to 7.95 percent of its total real market value. With a real market value of over \$12.4 billion the current debt margin for the District is nearly \$1.0 billion, which is significantly in excess of the District's outstanding general obligation debt.

During the current fiscal year, shown in the following table, the Districts' total debt was decreased by \$11.7 million. The decrease is a result of the bond principal payments during 2011-2012.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2012**

**Outstanding Bonded Debt (in thousands)**

	<b><u>Governmental Activities</u></b>		<b>Increase (Decrease)</b>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>from</u></b>
			<b><u>Fiscal 2011</u></b>
General Obligation Bonds	\$256,681	\$265,406	\$ (8,725)
Pension Obligation Bonds	97,566	100,067	(2,501)
Unamortized Premium	10,532	11,058	(526)
Total Bonded Debt	<u>\$364,779</u>	<u>\$ 376,531</u>	<u>\$ (11,752)</u>

The District maintains an “AA-” rating from Standard & Poor's and an “A1” rating from Moody's for general obligation debt.

Additional information on the District's long-term debt can be found in Note 11 in the Notes to Basic Financial statements section of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ended June 30, 2012, the State School Fund – General Support provided over 59 percent of the District's General Fund program resources. Additional reductions in staffing and programming are a certainty. The District has been working on a major educational redesign process, which will enable additional cuts while still providing a high quality educational experience.

The District expects small decrease in enrollment. As the state and national economy rebound the District's enrollment will rebound and begin to grow. The State formula is structured to give districts with declining enrollment a year of grace-they are funded at the highest of the past or current years weighted enrollment. It is anticipated that enrollment will continue to see a slight decrease in 2012-13 and will start to increase again in 2013-14.

The District has completed a strategic planning process that will more closely link budgeting efforts to action plan goals. This will be extremely important as the District tries to optimize limited resources.

The District's Budget Committee and School Board will consider all of these factors when preparing the District budget for 2013-14 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Districts' Executive Director of Budget and Finance at 4444 SE Lake Road, Milwaukie, Oregon 97222.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



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**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF NET ASSETS**  
**June 30, 2012**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 40,521,620
Property taxes and other receivables	10,620,579
Inventories	74,797
Prepaid Pension Costs (Note 12)	70,458,972
Bond Issue Costs	769,967
Capital assets, net of depreciation (Note 6)	352,086,648
	<hr/>
Total Assets	474,532,583
	<hr/>
<b>LIABILITIES:</b>	
Accounts payable	2,662,354
Accrued payroll, taxes, and employee withholdings	11,464,509
Estimated claims liability	4,017,133
Interest payable	2,186,958
Unearned Revenue	421,729
Unamortized Premium	10,531,915
Noncurrent liabilities (Note 11)	
Due within one year:	
PERS GO Bonds, current portion	2,583,365
GO Bonds, current portion	10,180,000
Capital Leases, current portion	15,488
Notes Payable, current portion	1,648,057
Accrued Compensated Absences	515,777
Post Retirement Benefits, current portion	1,254,780
Net Pension Obligation, current portion	423,851
Due in more than one year:	
PERS GO Bonds	94,983,240
GO Bonds	246,501,141
Capital Leases	123,899
Notes Payable	10,358,705
Post Retirement Benefits	7,559,069
Net Pension Obligation	606,059
	<hr/>
Total Liabilities	408,038,029
	<hr/>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	93,717,904
Restricted for:	
Future Capital Projects	10,458,546
Special Grants and Services	796,760
Debt Services	4,090,878
Unrestricted	(42,569,534)
	<hr/>
Total Net Assets	\$ 66,494,554
	<hr/>

The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2012**

FUNCTIONS	EXPENSES	FUNCTION REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Instruction	\$ 85,371,860	\$ 21,636	\$ 5,002,947	\$ -	\$ (80,347,277)
Support Services	60,359,493	716,206	3,959,931	391,116	(55,292,240)
Community Services	7,443,413	3,566,863	3,910,143	-	33,593
Interest on Long-Term Debt	19,837,141	-	-	-	(19,837,141)
Total Governmental Activities	<u>\$ 173,011,907</u>	<u>\$ 4,304,705</u>	<u>\$ 12,873,021</u>	<u>\$ 391,116</u>	<u>(155,443,065)</u>

General Revenues

Taxes:

Property Taxes

74,398,746

State and Local Revenue

92,210,885

Grants and Contributions Not Restricted to Specific Programs

1,531,231

Interest and Investment Earnings

290,898

Miscellaneous

2,005,054

Total General Revenues

170,436,814

Changes in Net Assets

14,993,749

Net Assets - Beginning

51,500,805

Net Assets - Ending

\$ 66,494,554

The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**FUND FINANCIAL STATEMENTS**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2012**

	GENERAL FUND	CAPITAL PROJECTS	DEBT SERVICE FUND
<hr/>			
ASSETS:			
Cash and cash equivalents	\$ 21,827,286	\$ 7,298,679	\$ 4,926,181
Property taxes and other receivables	5,623,688	110,647	1,731,234
Due from other funds	-	3,402,660	-
Inventories	27,809	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 27,478,783</u>	<u>\$ 10,811,986</u>	<u>\$ 6,657,415</u>
 LIABILITIES, AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 2,292,781	\$ 353,440	\$ -
Accrued payroll, taxes, and employee withholdings	10,398,547	-	-
Due to other funds	1,497,922	-	951,042
Deferred revenue:			
Property taxes and other	3,143,299	-	1,615,495
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>17,332,549</u>	<u>353,440</u>	<u>2,566,537</u>
 Fund Balances (Deficit):			
Nonspendable - Inventory	27,809	-	-
Restricted for -			
Future Capital Projects	-	10,458,546	-
Special Grants and Services	-	-	-
Debt Service	-	-	4,090,878
Committed for -			
Community Projects and Classes	-	-	-
Unassigned	10,118,425	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances (Deficit)	<u>10,146,234</u>	<u>10,458,546</u>	<u>4,090,878</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 27,478,783</u>	<u>\$ 10,811,986</u>	<u>\$ 6,657,415</u>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS	SCHOLARSHIPS FUND	COMMUNITY SERVICE FUND	TOTALS
\$ 4,200	\$ 211,614	\$ 2,000	\$ 34,269,960
3,061,349	-	39,900	10,566,818
-	-	285,603	3,688,263
46,988	-	-	74,797
<u>\$ 3,112,537</u>	<u>\$ 211,614</u>	<u>\$ 327,503</u>	<u>\$ 48,599,838</u>
\$ 16,133	\$ -	\$ -	\$ 2,662,354
794,763	201,672	43,584	11,438,566
1,036,164	268,870	-	3,753,998
421,729	-	-	5,180,523
<u>2,268,789</u>	<u>470,542</u>	<u>43,584</u>	<u>23,035,441</u>
46,988	-	-	74,797
-	-	-	10,458,546
796,760	-	-	796,760
-	-	-	4,090,878
-	-	283,919	283,919
-	(258,928)	-	9,859,497
<u>843,748</u>	<u>(258,928)</u>	<u>283,919</u>	<u>25,564,397</u>
<u>\$ 3,112,537</u>	<u>\$ 211,614</u>	<u>\$ 327,503</u>	<u>\$ 48,599,838</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2012**

	GENERAL FUND	CAPITAL PROJECTS	DEBT SERVICE FUND
REVENUES:			
Taxes	\$ 46,359,514	\$ -	\$ 27,215,353
Federal grants	2,132,503	-	-
State and local sources	85,801,036	-	-
Earnings from investments	155,110	36,878	69,034
Services Provided Other Funds	1,136,177	-	7,857,118
Construction Excise Tax	-	786,256	-
Miscellaneous	689,214	36,114	22,000
	<u>136,273,554</u>	<u>859,248</u>	<u>35,163,505</u>
Total Revenues			
EXPENDITURES:			
Current:			
Instruction	75,557,120	-	-
Support Services	54,456,753	-	-
Community Services	-	-	-
Facilities Acquisition	-	1,473,784	-
Capital Outlay	1,028	3,323,178	-
Debt Service	-	-	32,644,016
	<u>130,014,901</u>	<u>4,796,962</u>	<u>32,644,016</u>
Total Expenditures			
Revenues over (under) expenditures	<u>6,258,653</u>	<u>(3,937,714)</u>	<u>2,519,489</u>
Other Financing Sources, (Uses):			
Loan Receipts	-	2,695,950	-
Transfers in	274,506	-	2,100,581
Transfers out	(2,738,452)	-	-
	<u>(2,463,946)</u>	<u>2,695,950</u>	<u>2,100,581</u>
Total other financing sources (uses)			
Net Change in Fund Balance	3,794,707	(1,241,764)	4,620,070
Fund balance (Deficit), July 1, 2011	<u>6,351,527</u>	<u>11,700,310</u>	<u>(529,192)</u>
Fund balance (Deficit), June 30, 2012	<u>\$ 10,146,234</u>	<u>\$ 10,458,546</u>	<u>\$ 4,090,878</u>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS	SCHOLARSHIPS FUND	COMMUNITY SERVICE FUND	TOTALS
\$ -	\$ -	\$ -	\$ 73,574,867
12,132,501	-	-	14,265,004
5,034,297	4,992,275	1,449,066	97,276,674
-	1,155	-	262,177
-	-	-	8,993,295
-	-	-	786,256
-	-	-	747,328
17,166,798	4,993,430	1,449,066	195,905,601
4,831,426	4,353,884	-	84,742,430
4,337,364	742,480	-	59,536,597
6,051,417	16,500	1,274,018	7,341,935
116,629	-	-	1,590,413
2,006,743	-	-	5,330,949
-	-	-	32,644,016
17,343,579	5,112,864	1,274,018	191,186,340
(176,781)	(119,434)	175,048	4,719,261
1,403,234	-	-	4,099,184
473,850	-	-	2,848,937
(1,644,985)	-	-	(4,383,437)
232,099	-	-	2,564,684
55,318	(119,434)	175,048	7,283,945
788,430	(139,494)	108,871	18,280,452
\$ 843,748	\$ (258,928)	\$ 283,919	\$ 25,564,397



NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Assets  
June 30, 2012

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Total Fund Balances - Governmental Funds	\$	25,564,397
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The statement of Net Assets includes those capital assets among the assets of the District as a whole.

Net Capital Assets		352,086,648
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The unamortized portion of prepaid pension costs and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.

Prepaid pension costs		70,458,972
Bond issuance costs		769,967

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Assets.

Long term Liabilities		
Early Retirement liability	\$	(9,843,759)
Capital lease obligations payable		(139,387)
Notes payable		(12,006,762)
Interest Payable		(2,186,958)
Accrued Compensated Absences		(515,777)
General obligation bonds payable		(354,247,746)
Unamortized Premium on General Obligation Bonds		<u>(10,531,915)</u>
		(389,472,304)

The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		2,328,080
--	--	-----------

Deferred revenue related to property taxes		<u>4,758,794</u>
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Net Assets	\$	<u><u>66,494,554</u></u>
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The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2012**

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Total Net Changes in Fund Balances - Governmental Funds	\$	7,283,945
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Repayment of bond principal, capital leases and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Additions to bond principal, capital leases and post retirement obligations is an expense for the Statement of Net Assets but not the governmental funds.

6,707,351

Capital Outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.

Capitalized Items	\$ 9,410,281	
Depreciation Expense	<u>(5,607,755)</u>	
		3,802,526

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.

478,472

In the governmental funds, the current year payment to PERS to advance fund the District's UAL is charged as expenditures. In the Statement of Net Assets it is reported as an asset and amortized over the life of the pension bonds issued to fund the payment.

(4,402,543)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

142,235

The revenues and expenses of the internal service funds are included in governmental activities in the statement of activities.

157,884

Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued.

823,879

Change in Net Assets of Governmental Activities

\$ 14,993,749

The accompanying notes are an integral part of this statement.

NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON  
STATEMENT OF PROPRIETARY NET ASSETS  
INTERNAL SERVICE FUND  
June 30, 2012

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	HEALTH SELF INSURANCE FUND
ASSETS:	
Current assets	
Cash and Investments	\$ 6,251,660
Property taxes and other receivables	53,761
Interfund Receivable	65,735
	<hr/>
Total current assets	6,371,156
	<hr/>
Total assets	\$ 6,371,156
	<hr/> <hr/>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
Current Liabilities	
Estimated Claims Liability	\$ 4,017,133
Accrued payroll, taxes, and employee withholdings	25,943
	<hr/>
Total Current Liabilities	4,043,076
	<hr/>
Total Liabilities	4,043,076
	<hr/>
NET ASSETS	
Unrestricted	2,328,080
	<hr/>
Total Net Assets	2,328,080
	<hr/>
Total Liabilities and Net Assets	\$ 6,371,156
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN PROPRIETARY NET ASSETS  
INTERNAL SERVICE FUND  
For the Year Ended June 30, 2012

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	HEALTH SELF INSURANCE FUND
OPERATING REVENUES:	
Charges for Services	\$ 27,225,968
Services Provided to Other Funds	102,295
Earnings from Investments	28,721
Miscellaneous	504,015
	<hr/>
Total Operating Revenues	27,860,999
	<hr/>
OPERATING EXPENSES:	
Purchased Services	29,237,615
	<hr/>
Total Operating Expenses	29,237,615
	<hr/>
TRANSFERS	
Transfers In	1,534,500
	<hr/>
Total Transfers	1,534,500
	<hr/>
Change in Net Assets	157,884
	<hr/>
Net Assets (Deficit), July 1, 2011	2,170,196
	<hr/>
Net Assets (Deficit), June 30, 2012	\$ 2,328,080
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2012**

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	HEALTH SELF INSURANCE FUND
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 27,802,847
Cash Paid to Employees and Suppliers	(28,931,546)
Net cash provided (used) by operating activities	<u>(1,128,699)</u>
Cash Flows From Non-Capital Financing Activities:	
Transfers	1,534,500
Net increase (decrease) in cash and investments	405,801
Cash and investments, beginning of year	<u>5,845,859</u>
Cash and investments, end of year	<u><u>\$ 6,251,660</u></u>
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities	
Operating Income	\$ (1,376,616)
(Increase) Decrease in Receivables	(58,152)
Increase (Decrease) in Payables	322,259
Increase (Decrease) in Accrued Payroll	<u>(16,190)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (1,128,699)</u></u>

The accompanying notes are an integral part of this statement.

NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
June 30, 2012

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	AGENCY FUNDS STUDENT ACTIVITY FUNDS
ASSETS:	
Cash and cash equivalents	\$ 1,744,262
Total Assets	<u>1,744,262</u>
LIABILITIES:	
Due to Student Organizations	<u>1,744,262</u>
Total Liabilities	<u>\$ 1,744,262</u>

The accompanying notes are an integral part of this statement.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

North Clackamas School District No. 12 (the District) is a municipal corporation governed by an elected seven-member Board of Directors. Administration officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by generally accepted accounting principles, all activities of the District have been included in these 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 services within the District's boundaries. The District has 4 component units, 3 charter schools and a foundation. Due to the amounts being immaterial to the financial statements, the component units have not been included in these financial statements.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The Statement of Net Assets and Statements of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets.

The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfold activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

**FUND FINANCIAL STATEMENTS**

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GOVERNMENTAL FUND TYPES**

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**INTERNAL SERVICE FUND**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected to follow subsequent private-sector guidance.

Proprietary funds (internal service fund) distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are internal charges. Operating expenses for internal service funds include the cost of sales and services, and administrative expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major governmental funds:

**GENERAL FUND**

This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are property taxes and distributions for the State of Oregon. Expenditures in the fund are made for instructional purposes and related support services.

**CAPITAL PROJECTS FUND**

These funds account for activities related to the acquisition, construction, equipping and furnishing of new schools and other facilities. Principal revenue sources are proceeds received from general obligation bond issues and the related interest earned on proceeds not yet expended.

**COMMUNITY SERVICES FUND**

These funds account for activities related to community service activities. Principal revenue sources are charges for services.



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**DEBT SERVICE FUND**

This fund accounts for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes and investment earnings.

**SPECIAL REVENUE FUNDS**

This fund accounts for the grants received from federal and state sources.

**SCHOLARSHIP FUND**

This fund accounts for scholarship donations to the district reserved for future scholarships granted to students.

Additionally, the government reports the following fund types:

**INTERNAL SERVICE FUND**

This fund accounts for costs incurred for employees' general health insurance. The principal revenue source is charges to other funds for service.

**FIDUCIARY FUND TYPE**

The District's agency fund is custodial in nature and does not present results of operations or have a measurement focus. These funds account for student body funds at various District Schools.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the 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 financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

**ASSETS, LIABILITIES AND EQUITY**

**CASH AND CASH EQUIVALENTS**

For financial reporting purposes, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**PROPERTY TAXES**

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

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net assets.

**INVENTORIES**

Inventories of supplies are valued at cost, first-in, first-out (FIFO) method. Donated commodities are valued at their fair market value when donated. Inventories are charged as expenditures when purchased or donated.

**CAPITAL ASSETS**

Capital assets, which includes land, buildings, equipment and construction in progress, are reported in the government wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost. Donated Capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets 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	10 to 50 years
Vehicles and Equipment	5 to 30 years

**SELF-INSURANCE**

The District is self-insured for losses and claims up to policy deductible limits ranging from \$5,000 to \$50,000 for property, comprehensive general and automobile liability, Board of Directors' liability, boiler and machinery, and fidelity bond coverage's. Additionally, the District is self-insured for workers' compensation.

**COMPENSATED ABSENCES**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued in the government wide statements. A liability is accrued in the governmental funds when the amount matures.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**LONG-TERM OBLIGATIONS**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. As permitted by GASB Statement No. 34 the cost of bond issuance will be amortized prospectively from the date of adoption of GASB Statement No. 34.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NET ASSETS**

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three categories.

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consists of all other net assets that are not included in the other categories previously mentioned.

**FUND EQUITY**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY (CONTINUED)**

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. This authority has been given to the Superintendent and Chief Financial Officer.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. The District will target a minimum fund balance equal to no less than two (2) percent of the General Fund expenditures and other financing uses as a reserve for economic uncertainties.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

A budget is prepared and legally adopted for each fund, except the Student Activities and the Deferred Compensation Agency Funds, in accordance with Oregon Local Budget Law. These budgets are all prepared using the modified accrual basis of accounting.

The District begins its budgeting process by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

During the year ended June 30, 2012, there were three appropriation transfer resolutions. Budget amounts shown in the basic financial statements include the original budget amounts and appropriation transfers approved by the Board. Appropriations lapse at the end of each fiscal year.

For the year ended June 30, 2012, the District did not over-expend appropriations, except for General Fund Instruction, General Fund Transfers Out, Scholarships Fund Instruction, and Scholarship Fund Support Services, which were overspent by \$1,322,585, \$281,322, \$415,159, and \$58,628 respectively.

**3. BUDGET/GAAP REPORTING DIFFERENCES**

While the District reports financial position, results of operations, and changes in fund balance/net assets on the basis of accounting principles generally accepted in the United States of America (GAAP), the District's budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary difference between the District's budgetary basis and GAAP basis is the classification of capital outlay which for budgetary purposes is reported within the functional categories at the level of appropriation control. On a GAAP basis capital outlay is separately reported after current expenditures.

**4. CASH AND INVESTMENTS**

The District maintains a cash pool that is available for use by all funds except the agency funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts of Interfund Payables. In addition, cash is separately held by some of the District's funds.

Cash and Investments at June 30, 2012(recorded at fair value) consisted of:

Deposits with Financial Institutions:

Petty Cash	\$	102,803		
Demand Deposits		11,602,264	Governmental	\$ 34,269,960
Investments		28,816,553	Internal Services	6,251,660
	\$	<u>40,521,620</u>		<u>\$ 40,521,620</u>

**DEPOSITS**

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS (CONTINUED)**

**INVESTMENTS**

No more than the stated percentage of the overall portfolio will be invested in each of the following categories of securities:

U.S. Treasury Obligations	100%
Local Government Investment Pool	100% (or pool limit)
Fully insured Certificates of Deposit (CD)	100%
Bankers' Acceptances (BA's)	50%
Certificates of Deposit (CD)	25%
Repurchase Transactions	10%
U.S. Government agency securities and instrumentalities of government sponsored corporations	100%

There were no known violations of legal or contractual provisions for investments.

Investments are valued at fair value as required by GASB 31. At June 30, 2012, the fair value of the District's position in the State Treasurer's Local Governmental Investment Pool was equal to 100% of the value of the pool shares.

As of June 30, 2012, the District had the following investments and maturities.

Investment Type	@Market 6/30/12	Investment Maturities (in months)		
	Fair Value	Less than 3	3-17	18-59
LGIP	\$ 28,798,080	\$ 28,798,080	\$ -	\$ -
Wells Fargo OSBA	18,473	18,473	-	-
TOTAL	<u>\$ 28,816,553</u>	<u>\$ 28,816,553</u>	<u>\$ -</u>	<u>\$ -</u>

**Credit Risk**

Neither the Oregon Revised Statutes nor the District's investment policy limits investments as to credit rating for securities purchased from U.S. Government Agencies. The District's investments in U.S. Government Agencies were rated AA- by Standard & Poor's and A1 by Moody's Investor Service. The State Pool is unrated.

The District is to maintain a listing of financial institutions approved for investment purposes. At minimum, the district is to conduct an annual evaluation of each bank's creditworthiness, in order to determine whether it should remain on the list of those qualified.

Oregon Revised Statutes require bankers' acceptances to be guaranteed by and carried on the books of, a qualified financial institution, eligible for discount by Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. CASH AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

Custodial credit risk – deposits. At year-end, the District's net carrying amount of deposits was \$11,602,664 and the bank balance was \$12,761,558. Of these deposits, \$5,850,151 was covered by federal depository insurance, the remainder is collateralized the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and District policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the District's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2012 the District was in compliance with all percentage restrictions.

Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized.

**5. GRANTS RECEIVABLE**

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2012 are as follows:

	Governmental Capital Assets July 1, 2011	Additions	Deletions	Governmental Capital Assets June 30, 2012
Capital Assets:				
Non Depreciable:				
Land and Land Improvements	\$ 5,914,647	\$ 21,502,257	\$ -	\$ 27,416,904
Construction in Progress	<u>251,052,472</u>	<u>4,541,464</u>	<u>42,410,774</u>	<u>213,183,162</u>
Total Non Depreciable	256,967,119	26,043,721	42,410,774	240,600,066
Depreciable:				
Buildings and Improvements	141,930,519	24,356,579	-	166,287,098
Vehicles and Equipment	<u>18,858,001</u>	<u>1,420,755</u>	<u>376,665</u>	<u>19,902,091</u>
Total Depreciable	160,788,520	25,777,334	376,665	186,189,189
Total Capital Assets	<u>417,755,639</u>	<u>51,821,055</u>	<u>42,787,439</u>	<u>426,789,255</u>
Accumulated Depreciation:				
Buildings and Improvements	(55,463,572)	(4,896,523)	-	(60,360,095)
Vehicles and Equipment	<u>(14,007,945)</u>	<u>(711,232)</u>	<u>376,665</u>	<u>(14,342,512)</u>
Total Accumulated Depreciation	<u>(69,471,517)</u>	<u>\$ (5,607,755)</u>	<u>\$ 376,665</u>	<u>(74,702,607)</u>
Total Net Capital Assets	<u>\$ 348,284,122</u>			<u>\$ 352,086,648</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 3,079,835
Support Services	2,259,251
Community Services	<u>268,669</u>
Total	<u>\$ 5,607,755</u>



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District is self-insured for \$50,000 for each comprehensive general liability or automobile claim. The operations of the self-insurance program are reported in an Internal Service Fund, the General Self-Insurance Fund. Expenses are for reported and expected claims, administrative operating costs and the premium for its property insurance policies.

The District established a Self-Insurance Fund to account for and finance its uninsured risks of loss related to injuries of employees. Under this program, the Fund provides coverage up to a maximum of \$300,000 for each workers' compensation claim.

The District established the Health Self-Insurance Fund during the 1999-2000 fiscal year. The Health Self-Insurance Fund is used to pay employee medical bills, stop loss insurance payment, and administrative fees. The District purchases commercial insurance for claims in excess of coverage provided by the above internal service funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The General Fund makes payments to the above internal service funds based on estimates of the amounts needed to pay prior and current year claims and to establish assets available to pay claim losses. The claim liability of \$4,017,133 reported in the funds at June 30, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amounts of the loss can be reasonably estimated. Liabilities include an amount calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The District provides currently for estimated losses to be incurred from pending claims and for IBNR claims.

Change in the funds' claims liability amounts for the years ended June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Estimated claims liability, July 1	\$ 3,694,874	\$ 2,595,983
Current year claims and changes in estimates	29,559,874	30,053,569
Claims payments	<u>(29,237,615)</u>	<u>(28,954,678)</u>
Estimated claims Liability, June 30	<u>\$ 4,017,133</u>	<u>\$ 3,694,874</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

Plan Description: The District contributes to the Oregon Public Employees Retirement System (PERS), a state-wide cost-sharing multiple-employer defined benefit pension plan. Within PERS, school districts comprise a cost-sharing component. Generally, employees who retire at or after age 55 or with 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.67% of their final average salary for each year of credited service. Final average monthly salary is based upon either the three calendar years out of the last ten calendar years of employment during which the highest salaries were earned or the last 36 calendar months of membership, whichever is larger. Employees become members of PERS after six months of service in a qualified position and benefits fully vest on reaching 5 years of service. Vested employees with fewer than 30 years of service will receive reduced benefits if retirement occurs prior to age 58. PERS also provides death and disability benefits. Benefits are established by State statute. The Oregon Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700. Description of Funding Policy: Covered employees are required by State statute to contribute 6% of their salary to the plan. The District is required to contribute at actuarially determined rates, as adopted by the PERS Board. In October 31, 2002 and in April 2003, the District participated in the Oregon School Boards Association limited tax pension obligation bond issues to finance a portion of the estimated unfunded PERS actuarial liability (the "UAL"). The District borrowed \$113,978,012, reducing their PERS employer contribution rate, which was 7.97% for the 2011-2012 fiscal year. The District's contribution to the plan for the years ending June 30, 2012, 2011, and 2010 were \$3,858,852, \$210,520, and \$219,270, respectively, and were equal to the required contributions for each year. The District also pays the employee portion in accordance with bargaining agreements.

**9. DEFERRED COMPENSATION**

The District had a deferred compensation plan available for its employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets and liabilities of the District.

After June 30, 2007, any Administrator who was employed by the district as an administrator on June 30, 2005 will be eligible for a retirement pension as defined: Any administrator qualifying for the retirement benefit who retires after July 1, 2007, will be eligible for a supplemental retirement benefit equal to 60% of the administrator's salary at the time of retirement or \$60,000, whichever is less. The administrator's salary for purposes of this agreement shall include the 6% payment which the District currently makes to the PERS on the Administrator's behalf. An administrator initially employed as an administrator between July 1, 2002, and June 30, 2005, and who had at least 15 years of employment in the North Clackamas School District prior to that retirement will be eligible for supplemental retirement benefits. The administrator may elect to take the supplemental retirement benefit in cash payments or in payment of District insurance coverage.

If the administrator opts to take the retirement benefit in cash payments, the payments will be made in five equal annual installments made by September 1 of each of the five calendar years following retirement into the PERS system. If the administrator opts to apply the supplemental retirement benefit to insurance payments, those payments will continue until the sum of the benefit is exhausted. In the case of the death of the employee before the supplemental retirement benefit is fully paid, any moneys remaining will be paid to the estate in a single, lump-sum payment.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**10. OTHER POST EMPLOYMENT BENEFITS**

Plan Description – The substantive plan is comprised of both explicit and implicit benefits to employees attaining early retirement eligibility. Employees are generally “early retirement eligible” after attaining age 55 and completing 10 years of District Service or upon retiring from the District after completing 30 years of PERS covered employment. Licensed and Administrative employees are provided with an “allowance” that may be drawn down as a stipend or may be applied to pay for continued coverage under one or more of the District’s benefit plans (i.e. the medical plan, the dental plan, the vision plan, and the life insurance plan). These benefits fall within the scope of GASB 27 and are collectively referred to as “Stipend” benefits.

Confidential employees are provided an allowance to pay for continued coverage under one or more of the District’s benefit plans. Because this benefit is contingent on the retiree’s continued coverage under the District’s health plan the benefit is within the scope of GASB 45 and are referred to as “Explicit Medical” benefits.

This plan allows eligible retirees and their dependents to purchase continuation coverage under the District’s health insurance plans from the date of retirement until eligibility for Medicare as required under ORS 234.303. Coverage of these retirees, as well as those paying for coverage with their stipend, can result in an “implicit subsidy” (the difference between expected early retiree claim costs and the premium paid by the retiree) requiring cost and liability recognition under GASB 45.

Confidential employees who are eligible for the “Explicit Medical” benefit are provided with an amount equal to the lesser of 60% of their final salary or \$30,000 that is applied to pay for continued coverage under one or more of the District’s health plans (i.e. medical plan, dental plan, and vision plan). Benefits for employees who work less than full time are pro-rated. Any remaining amount to be paid at age 65 is forfeited. If the retiree dies before the account balance is paid, any remaining amount is paid as a lump sum to the retiree’s beneficiary.

In regard to the “Implicit Subsidy”, an employee must be enrolled in a North Clackamas School District health plan for 24 consecutive months immediately prior to retirement and eligible for retirement under PERS, or the surviving spouse of an employee who would have been eligible. The younger spouse of a retiree who is Medicare-eligible is also eligible for implicit medical benefits through the District until the spouse is Medicare-eligible. The retiree receives health insurance coverage for themselves and their dependents on a self-pay basis. Coverage for the retiree ends the first day of the month that the retiree is eligible for Medicare. Coverage for the retiree’s spouse ends the first day of the first month that the spouse is eligible for Medicare. Unmarried children are covered until such time as they are no longer eligible.

Stipend benefits for licensed and administrative employees are described on page 35.

Funding Policy – The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**10. OTHER POST EMPLOYMENT BENEFITS**

Annual Pension Cost and Net Pension Obligation - The District's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within the parameter of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

	2012	2011	2010
Annual Required Contribution	\$ 2,583,065	\$ 2,583,065	\$ 2,147,663
Interest on OPEB Obligation	214,556	159,769	140,059
Adjustment to ARC	(354,255)	(263,797)	1,254,780
Annual OPEB Cost	2,443,366	2,479,037	3,542,502
Contributions	(781,370)	(652,831)	(828,960)
Increase (Decrease) in Net OPEB Obligation	1,661,996	1,826,206	2,713,542
Net OPEB Obligation - beginning of year	7,151,853	5,325,647	2,612,105
Net OPEB Obligation - end of year	<u>\$ 8,813,849</u>	<u>\$ 7,151,853</u>	<u>\$ 5,325,647</u>

Schedule of Funding Progress

Actuarial	Actuarial Value	EAM Actuarial		Funded		UALL as a %
Valuation Date	of Plan Assets	Accrued Liability	Unfunded AAL	Ration	Covered Payroll	of Covered Payroll
		(AAL)				
6/30/2012	\$ -	\$ 19,363,213	\$ 19,363,213	0%	\$ 75,040,356	25.80%
6/30/2011	\$ -	\$ 19,363,213	\$ 19,363,213	0%	\$ 75,040,356	25.80%
6/30/2010	\$ -	\$ 16,916,514	\$ 16,916,514	0%	\$ 75,345,917	22.45%

Actuarial Methods and Assumptions – The annual required contribution (ARC) for the current year was determined as part of the June 30, 2011 actuarial valuation using the projected unit credit method. The objective of this method is to fund each participant's benefits under the plans as they accrue. The unfunded accrued liability is amortized over an open period of 30 years as a percentage of payroll. The actuarial assumptions included (a) an investment return assumption (interest discount) of 3.0%; (b) initial annual increases for medical premiums are between 7% and 12% depending on the provider. Annual increases decrease by 0.5% each year until reaching 5%. Increases remain stable thereafter. Increases in dental premiums are assumed to be 3% annually; (c) at each age from 50 through 64, a percentage of the otherwise eligible employees are assumed to retire. The percentages range from 2.5% to 40% at most ages. The actuarial assumptions are set by the District, based upon recommendations made by the Plan's actuary. With the exception of the investment return, medical trend assumptions, and retirement rates for employees eligible for early retirement OPEB or stipend benefits, all of the other actuarial assumptions are intended to match those selected by the Oregon PERS actuary and used to value benefits for school district employees under Oregon PERS.

Funding Status and Funding Progress – As of June 30, 2012, the plan was 0% funded. The actuarial accrued liability for benefits was \$8,813,849 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,363,213. The covered payroll (annual payroll of active employees covered by the plan) was \$75,040,356, and the ratio of the UAAL to the covered payroll was 25.80%.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**10. OTHER POST EMPLOYMENT BENEFITS**

Net Pension Obligation – The District offers stipend benefits to all retired licensed employees and administrators with at least 10 years of District Service (15 years for Administrators hired after June 30, 2002), and who are at least 55 years of age or have 30 years of PERS service. Administrators must have been hired before July 1, 2006.

Stipend Benefits for Licensed Employees - Eligible licensed employees may receive a \$30,000 benefit at retirement (benefit is pro-rated for employees who work less than full time) that may be paid in one of the following forms:

*Option 1:* Retiree may use \$30,000 to pay for continued coverage under one or more of the District's health plans (i.e. the medical plan, the dental plan, the vision plan, and the life insurance plan) on a pre-tax basis. Any remaining amount in the retiree's account balance at age 65 is paid as a lump sum. If the retiree dies before the account balance is paid, any remaining amount is paid as a lump sum to the retiree's beneficiary.

*Option 2:* Retiree may receive \$30,000 as a stipend payable over 4 years in equal installments. This benefit continues until the account balance is exhausted. If the retiree dies before the account balance is paid, any remaining amount is paid as a lump sum to the retiree's beneficiary.

Stipend Benefits for Administrators – Administrators receive the lesser of 60% of salary at retirement of \$60,000 (benefit is pro-rated for employees who work less than full time) as a retirement benefit that may be paid in one of the following forms:

*Option 1:* Same as Licensed Employee

*Option 2:* Retiree may receive retirement benefit as a stipend payable over 5 years in equal installments. This benefit continues until the account balance is exhausted. If the retiree dies before the account balance is paid, any remaining amount is paid as a lump sum to the retiree's beneficiary.

The following table shows the components of the Net Pension Obligation at the end of the year:

	2012	2011	2010
Annual Required Contribution (Stipend)	\$ 1,094,150	\$ 1,094,150	\$ 1,028,529
Interest on Net Pension Obligation (BOY)	26,277	15,388	14,920
Adjustment to ARC for Net Pension Obligation	(43,386)	(25,408)	423,851
Annual Pension Cost	1,077,041	1,084,130	1,467,300
Estimated Contributions	(923,029)	(721,176)	(954,356)
Increase (Decrease) in Net Pension Obligation	154,012	362,954	512,944
Net Pension Obligation - Beginning of Fiscal Year	875,898	512,944	-
Net Pension Obligation - End of Fiscal Year	<u>\$ 1,029,910</u>	<u>\$ 875,898</u>	<u>\$ 512,944</u>

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Plan Assets	PUC Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2012	\$ -	\$ 9,225,232	\$ 9,225,232	0.00%	\$ 50,660,891	18.21%
6/30/2011	\$ -	\$ 9,225,232	\$ 9,225,232	0.00%	\$ 50,660,892	18.21%
6/30/2010	\$ -	\$ 8,259,726	\$ 8,259,726	0.00%	\$ 53,322,507	15.49%

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**11. LONG-TERM DEBT**

In October 31, 2002 and April 2003, the District issued \$113,978,012 of limited tax pension obligation bonds to finance its unfunded actuarially accrued liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the District's UAL and resulted in an estimated present value savings of approximately \$29.3 million over the life of the bonds. The actual savings realized by the District over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the District's future required contribution rate. Changes in bonds outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding June 30, 2011	Issued	Matured And Redeemed	Outstanding June 30, 2012
December 2007	4.0 - 5.0%	229,596,142	211,026,142	-	2,760,000	208,266,142
December 2004	2.0 - 5.0%	65,160,000	54,380,000	-	5,965,000	48,415,000
October 2002	2.06-6.1%	21,009,781	46,826,568	-	859,254	45,967,314
April 2003	2.06-6.1%	26,941,738	53,240,595	-	1,641,305	51,599,290
			\$ 365,473,305	\$ -	\$ 11,225,559	\$ 354,247,746
Unamortized Premium/(Discount)			11,058,510	-	526,595	10,531,915
Total Bonds Payable			<u>\$ 376,531,815</u>	<u>\$ -</u>	<u>\$ 11,752,154</u>	<u>\$ 364,779,661</u>

All general obligation debt has annual principal and semi-annual interest payment requirements. All long-term debt obligations are payable from the General and Debt Service funds. The contracts payable is comprised of five contracts, two are lease purchase agreements for the purchase of computers, and three are installment purchase agreements for buses and food service equipment. The District defeased 1998 GO bonds, and \$61,405,000 are still outstanding. Notes payable at June 30, 2012 consist of the following:

	Issued to	Issue Date	Maturity Date	Interest Rate	Original Issue Amount	Amount Outstanding
Property Schedule #4	Key Bank	July 1, 2005	June 30, 2015	4.0-4.5%	\$ 2,220,847	\$ 762,217
Property Schedule #5	Key Bank	Sept. 29, 2005	June 29, 2015	4.0-4.5%	1,224,365	416,442
Property Schedule #8	Key Bank	Sept. 29, 2005	June 29, 2015	4.0-4.5%	750,000	255,097
Property Schedule #9	Key Bank	June 29, 2007	Dec. 29, 2016	4.0-4.5%	2,235,743	1,188,000
Property Schedule #10	Key Bank	Mar. 10, 2008	Apr. 10, 2018	4.23%	3,941,454	2,559,414
Property Schedule #11	Key Bank	June 1, 2009	Sep 10, 2019	4.0-4.5%	3,535,896	2,777,056
Property Schedule #12	Key Bank	Jan. 20, 2012	Jan. 20, 2022	2.78%	1,403,237	1,403,237
Freeman Building	US Bank	Nov. 4, 2011	Oct. 1, 2016	3.82%	2,700,000	2,645,300
Total					<u>\$ 18,381,542</u>	<u>\$ 12,006,763</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**11. LONG-TERM DEBT**

	Beginning Balance	Additons	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 365,473,305	\$ -	\$ 11,225,559	\$ 354,247,746	\$ 12,763,365
Contracts Payable	154,875	-	15,488	139,387	15,488
Notes Payable	9,298,627	4,131,729	1,423,594	12,006,762	1,648,057
Accrued Compensated Absences	506,224	9,553	-	515,777	515,777
Other Post Employment Benefits	7,151,853	1,661,996	-	8,813,849	1,254,780
Other Post Employment Benefits	875,898	154,012	-	1,029,910	423,851
Total Long-term Liabilities	<u>\$ 383,460,782</u>	<u>\$ 5,957,290</u>	<u>\$ 12,664,641</u>	<u>\$ 376,753,431</u>	<u>\$ 16,621,318</u>

Future maturities of long term debt are as follows:

	General	Contracts	Notes	Total	Interest Due
2012-2013	12,763,365	15,488	1,648,057	14,426,910	20,021,370
2013-2014	14,317,787	15,488	1,747,633	16,080,908	19,844,789
2014-2015	16,167,137	15,488	1,764,948	17,947,573	19,616,214
2015-2016	17,898,976	15,488	1,292,839	19,207,303	19,318,165
2016-2017	19,885,549	15,488	3,343,742	23,244,779	18,931,738
2017-2022	53,533,799	61,948	2,209,544	55,805,291	94,551,022
2022-2027	111,582,400	-	-	111,582,400	65,565,043
2027-2032	108,098,733	-	-	108,098,733	23,412,648
	<u>\$ 354,247,746</u>	<u>\$ 139,388</u>	<u>\$ 12,006,763</u>	<u>\$ 366,393,897</u>	<u>\$ 281,260,989</u>

**12. PREPAID PERS LIABILITY**

As a result of the issuance of the 2002 and 2003 Limited Tax Pension Obligation Bonds, as described in Note 11, the District has reported a Prepaid PERS Liability in the Statement of Net Assets. The prepaid liability is equal to the initial \$112,748,635 payment made to PERS from the bond proceeds, less accumulated amortization at June 30, 2012 of \$42,289,663. Annual amortization is being calculated on a straight-line basis over the life of the pension obligation bonds.

**13. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS**

The composition of interfund balances as of June 30, 2012, is shown in the basic financial statements. The interfund receivables and payables are used for a pooling of cash. The interfund transfers are used to fund operations in the various funds.

**14. DEFICIT FUND BALANCE**

As of June 30, 2012, the Scholarship Fund had a deficit fund balance of \$258,928. The District plans to increase revenues to eliminate the deficit balance.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**15. RECEIVABLES**

Receivables, as of year-end for the government's individual major funds and nonmajor, internal service in aggregate, including the applicable allowances for uncollectable accounts, are as follows:

Uncollected Taxes	\$ 4,758,794
Taxes Receivable - July Turnover	339,096
Grants Receivable	3,061,349
Other Miscellaneous Receivables	<u>2,461,340</u>
	<u><u>\$ 10,620,579</u></u>

**16. PROPERTY TAX LIMITATIONS**

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue. The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling 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 State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

**17. COMMITMENTS AND CONTINGENCIES**

The District is involved in various claims and legal matters relating to its operations which have all been tended to, and are either being adjusted by the District's liability carrier, or are being defended by attorneys retained by the District's liability carrier. The status of these matters is uncertain at this time. Any potential loss is also uncertain.

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

The district entered into various contracts for construction services. At June 30, 2012 the District had \$917,680 in construction commitments.



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**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**  
**REQUIRED SUPPLEMENTARY INFORMATION**

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**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2012**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>				
Revenue From Local Sources:				
Taxes	\$ 45,818,160	\$ 45,818,160	\$ 46,066,982	\$ 248,822
Penalties and Interest	150,000	150,000	292,532	142,532
Earnings from investments	100,000	100,000	155,110	55,110
Extracurricular Activities	360,000	360,000	287,492	(72,508)
Community Service Activities	7,500	7,500	(300)	(7,800)
Contributions - private	125,000	125,000	186,381	61,381
Services Provided Other LEA's	-	-	9,399	9,399
Services Provided Other Funds	500,000	500,000	1,136,177	636,177
Fees Charged to Grants	200,000	200,000	230,720	30,720
Miscellaneous	532,500	532,500	689,214	156,714
Total Local Revenue	47,793,160	47,793,160	49,053,707	1,260,547
Revenue From Intermediate Sources:				
County School Fund	15,000	15,000	33,222	18,222
Other Intermediate Sources	1,340,018	1,340,018	1,351,583	11,565
Total Intermediate Revenue	1,355,018	1,355,018	1,384,805	29,787
Revenue From State Sources:				
School Support Fund	78,618,724	78,618,724	78,492,517	(126,207)
Common School Fund	1,508,116	1,508,116	1,404,975	(103,141)
Other	-	-	3,805,047	3,805,047
Total State Revenue	80,126,840	80,126,840	83,702,539	3,575,699
Revenue From Federal Sources:				
Restricted Grant	-	-	2,033,260	2,033,260
Federal Forest Fees	-	-	99,243	99,243
Total Federal Revenue	-	-	2,132,503	2,132,503
Total Revenue	\$ 129,275,018	\$ 129,275,018	\$ 136,273,554	\$ 6,998,536

Continued on pages 40-41A

NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2012**

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>
Instruction:				
Regular programs:				
Elementary			\$ 14,957,997	\$ 8,250,361
Intermediate Programs			244,513	332,485
Elementary-cocurricular			1,244	467
Middle/JHS			7,350,810	3,833,849
Middle/JHS-cocurricular			65,101	19,338
High School Programs			10,367,502	5,606,924
High School-cocurricular			1,025,244	319,178
Special alternative programs:				
Talented and Gifted			-	-
Programs for Students with Disabilities			1,793,246	1,300,041
Resource room and other disabled			3,081,605	1,934,436
Remediation			14,237	4,040
Alternative Education			46,423	33,655
Charter School			-	-
English Second Language Learners			2,300,502	1,384,757
Designated Programs			-	2,048
Total Instruction	<u>72,381,377</u>	<u>74,234,535 (1)</u>	<u>41,248,424</u>	<u>23,021,579</u>
Support Services:				
Students:				
Attendance and Social Work			738,938	493,125
Guidance services			2,249,831	1,183,464
Health Services			341,698	153,645
Psychological services			112,914	59,447
Speech Pathology and Audiology			797,450	417,155
Treatment, Student Services			236,029	117,535
Direction, Student Services			444,108	228,586
Improvement of Instruction Services			1,126,820	764,829
Assessment and Testing			57,816	22,020
Instructional Staff Development			299,253	337,323
Board of Education Services			-	-
Executive Administrative Services			537,994	215,524
Office of the Principal			5,964,449	3,367,219
Other Support Services			23,108	2,766
Business:				
Direction of Business Support			117,042	53,565
Fiscal Services			725,594	446,768
Operation and maintenance			4,227,966	2,582,228
Student transportation			4,600,321	3,457,059
Internal services			220,814	131,731
Direction of Central Support Service			-	-
Evaluation Services			-	-
Information Services			368,303	186,772
Staff Services			549,973	819,707
Technology Services			988,273	571,442
Other Support Services			-	-
Supplemental Retirement			719,438	858,041
Total Support Services	<u>55,357,654</u>	<u>55,614,951 (1)</u>	<u>25,448,132</u>	<u>16,469,951</u>

(1) Appropriation Level

					VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
PURCHASED SERVICES	SUPPLIES & MATERIALS	CAPITAL OUTLAY	OTHER OBJECTS	TOTAL	
\$ 82,216	\$ 176,455	\$ -	\$ -	\$ 23,467,029	\$
-	4,195	-	-	581,193	
395	-	-	-	2,106	
6,016	90,908	-	-	11,281,583	
-	-	-	-	84,439	
21,021	278,258	-	12,730	16,286,435	
104,826	100,159	-	41,414	1,590,821	
-	239	-	-	239	
1,669,569	14,964	-	1,365,343	6,143,163	
85,260	72,029	-	-	5,173,330	
-	86	-	-	18,363	
478,594	11,267	-	-	569,939	
6,617,161	-	-	-	6,617,161	
32,670	12,062	-	-	3,729,991	
9,280	-	-	-	11,328	
9,107,008	760,622	-	1,419,487	75,557,120	(1,322,585)
118,076	(1,557)	-	-	1,348,582	
10,164	2,588	-	-	3,446,047	
4,659	3,815	-	-	503,817	
1,720	1,664	-	-	175,745	
1,670	4,648	-	286	1,221,209	
314,194	4,374	-	-	672,132	
38,815	3,246	-	-	714,755	
139,925	112,003	-	-	2,143,577	
1,337	2,427	-	-	83,600	
11,414	5,032	-	-	653,022	
162,720	4,848	-	61,744	229,312	
243,706	48,504	-	121,105	1,166,833	
33,859	403,645	-	973	9,770,145	
45,725	390	-	34,598	106,587	
1,009	407	-	3,839	175,862	
61,677	14,839	-	52,494	1,301,372	
4,392,774	820,230	1,028	388,057	12,412,283	
555,605	1,602,057	-	270,643	10,485,685	
565,168	6,397	-	1,395	925,505	
12,506	-	-	-	12,506	
120	43	-	-	163	
82,532	9,973	-	2,633	650,213	
186,121	6,778	-	-	1,562,579	
788,242	769,924	-	-	3,117,881	
-	890	-	-	890	
-	-	-	-	1,577,479	
7,773,738	3,827,165	1,028	937,767	54,457,781	1,157,170

NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF EXPENDITURES AND TRANSFERS  
BUDGETARY BASIS  
For the Year Ended June 30, 2012

	<u>GENERAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>SALARIES</u>	<u>EMPLOYEE BENEFITS</u>
EXPENDITURES (continued):				
Contingency	2,468,159	75,889 (1)	-	-
	<u>130,207,190</u>	<u>129,925,375</u>	<u>\$ 66,696,556</u>	<u>\$ 39,491,530</u>
Excess of Revenues Over, (Under) Expenditures	<u>(932,172)</u>	<u>(650,357)</u>		
Other Financing Sources, (Uses):				
Transfers In	274,506	274,506		
Transfers Out	<u>(2,457,130)</u>	<u>(2,457,130) (1)</u>		
Total Other Financing Sources, (Uses)	<u>(2,182,624)</u>	<u>(2,182,624)</u>		
Net Change in Fund Balance	(3,114,796)	(2,832,981)		
Fund Balance, July 1, 2011	<u>3,114,796</u>	<u>3,114,796</u>		
Fund Balance, June 30, 2012	<u>\$ -</u>	<u>\$ 281,815</u>		

(1) Appropriation Level

<u>PURCHASED SERVICES</u>	<u>SUPPLIES &amp; MATERIALS</u>	<u>CAPITAL OUTLAY</u>	<u>OTHER OBJECTS</u>	<u>TOTAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE -UNFAVORABLE</u>
-	-	-	-	-	75,889
<u>\$ 16,880,746</u>	<u>\$ 4,587,787</u>	<u>\$ 1,028</u>	<u>\$ 2,357,254</u>	<u>130,014,901</u>	<u>(89,526)</u>
				<u>6,258,653</u>	<u>6,909,010</u>
				274,506	-
				<u>(2,738,452)</u>	<u>(281,322)</u>
				<u>(2,463,946)</u>	<u>(281,322)</u>
				3,794,707	6,627,688
				<u>6,351,527</u>	<u>3,236,731</u>
				<u>\$ 10,146,234</u>	<u>\$ 9,864,419</u>



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2012**

<u>SPECIAL REVENUE FUNDS</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Federal grants	\$ 11,784,303	\$ 12,762,084	\$ 12,132,501	\$ (629,583)
State and local sources	6,219,578	6,839,823	5,034,297	(1,805,526)
Total revenues	18,003,881	19,601,907	17,166,798	(2,435,109)
EXPENDITURES:				
Current:				
Instruction	5,007,623	5,557,669 (1)	4,847,126	710,543
Support services	8,815,847	9,707,055 (1)	6,048,601	3,658,454
Enterprise & community services	6,450,482	6,472,844 (1)	6,056,736	416,108
Facilities Acquisition	396,681	501,926 (1)	391,116	110,810
Contingency	285,000	285,000 (1)	-	285,000
Total expenditures	20,955,633	22,524,494	17,343,579	5,180,915
Revenues over (under) expenditures	(2,951,752)	(2,922,587)	(176,781)	(2,745,806)
Other Financing Sources, (Uses):				
Loan Receipts	3,000,000	3,000,000	1,403,234	(1,596,766)
Transfers In	474,343	479,343	473,850	(5,493)
Transfers out	(1,652,805)	(1,652,805) (1)	(1,644,985)	7,820
Total other financing sources	1,821,538	1,826,538	232,099	(1,594,439)
Net Change in Fund Balance	(1,130,214)	(1,096,049)	55,318	1,151,367
Fund Balance (Deficit), July 1, 2011	1,130,214	1,130,214	788,430	(341,784)
Fund Balance (Deficit), June 30, 2012	\$ -	\$ 34,165	\$ 843,748	\$ 809,583
(1) Appropriation Level				

NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2012

	SCHOLARSHIPS FUND			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
State and Local Sources	\$ 4,622,577	\$ 4,622,577	\$ 4,992,275	\$ 369,698
Earnings from investments	11,000	11,000	1,155	(9,845)
Total revenues	4,633,577	4,633,577	4,993,430	359,853
EXPENDITURES:				
Instruction	3,938,725	3,938,725 (1)	4,353,884	(415,159)
Support Services	683,852	683,852 (1)	742,480	(58,628)
Community Services	226,500	226,500 (1)	16,500	210,000
Total expenditures	4,849,077	4,849,077	5,112,864	(263,787)
Net Change in Fund Balance	(215,500)	(215,500)	(119,434)	96,066
Fund Balance, July 1, 2011 (budgetary basis)	2,789,883	2,789,883	(139,494)	(2,929,377)
Fund Balance, June 30, 2012 (budgetary basis)	\$ 2,574,383	\$ 2,574,383	\$ (258,928)	\$ (2,833,311)

(1) Appropriation Level

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**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**  
**SUPPLEMENTARY INFORMATION**

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NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2012

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	\$ 26,326,182	\$ 26,326,182	\$ 27,215,353	\$ 889,171
Earnings from investments	23,000	23,000	69,034	46,034
Services Provided Other Funds	7,927,910	7,927,910	7,857,118	(70,792)
Miscellaneous	-	-	22,000	22,000
Total revenues	34,277,092	34,277,092	35,163,505	886,413
EXPENDITURES:				
Debt service	36,445,858	36,445,858 (1)	32,644,016	3,801,842
Contingency	400,000	400,000 (1)	-	400,000
Total expenditures	36,845,858	36,845,858	32,644,016	4,201,842
Expenditures over revenues	(2,568,766)	(2,568,766)	2,519,489	(3,315,429)
Other Financing Sources, (Uses)				
Transfers In	2,568,766	2,568,766	2,100,581	(468,185)
Total other financing sources, (uses)	2,568,766	2,568,766	2,100,581	(468,185)
Net Change in Fund Balance	-	-	4,620,070	2,847,244
Fund balance (deficit) June 30, 2011	-	-	(529,192)	(529,192)
Fund balance (deficit) June 30, 2012	\$ -	\$ -	\$ 4,090,878	\$ 4,090,878

(1) Appropriation Level

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2012**

<u>CAPITAL PROJECTS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Earnings from investments	\$ 51,387	\$ 51,387	\$ 36,878	\$ (14,509)
Miscellaneous	-	-	36,114	36,114
Construction Excise Tax	350,000	350,000	786,256	436,256
Total revenues	401,387	401,387	859,248	457,861
EXPENDITURES:				
Support Services	-	700,000 (1)	535,489	164,511
Facilities Acquisition	8,939,387	8,239,387 (1)	4,261,473	3,977,914
Contingency	3,900,000	3,900,000 (1)	-	3,900,000
Total expenditures	12,839,387	12,839,387	4,796,962	4,142,425
Revenues over (under) expenditures	(12,438,000)	(12,438,000)	(3,937,714)	8,500,286
Other Financing Sources				
Loan Receipts	-	-	2,695,950	2,695,950
Total other financing sources	-	-	2,695,950	2,695,950
Net Change in Fund Balance	(12,438,000)	(12,438,000)	(1,241,764)	11,196,236
Fund balance (deficit) June 30, 2011	12,438,000	12,438,000	11,700,310	(737,690)
Fund balance (deficit) June 30, 2012	\$ -	\$ -	\$ 10,458,546	\$ 10,458,546

(1) Appropriation Level

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2012**

COMMUNITY SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Revenue from Local Sources:				
Tuition	\$ 72,000	\$ 72,000	\$ 90,785	\$ 18,785
Child Care	842,568	842,568	985,416	142,848
Rentals	180,000	180,000	332,165	152,165
Miscellaneous	14,401	14,401	800	(13,601)
Total Local Revenue	1,108,969	1,108,969	1,409,166	300,197
Revenue from State Sources:				
Driver Education	38,000	38,000	39,900	1,900
Total State Revenue	38,000	38,000	39,900	1,900
Total Revenue	1,146,969	1,146,969	1,449,066	302,097
EXPENDITURES:				
Enterprise and Community Services	1,278,075	1,278,075 (1)	1,274,018	4,057
Total Expenditures	1,278,075	1,278,075	1,274,018	4,057
Net Change in Fund Balance	(131,106)	(131,106)	175,048	306,154
Fund balance (deficit)				
June 30, 2011	131,106	131,106	108,871	(22,235)
Fund balance (deficit)				
June 30, 2012	\$ -	\$ -	\$ 283,919	\$ 283,919

(1) Appropriation Level



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2012**

	<u>SELF-INSURANCE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Recovery Stop Loss	\$ 600,000	\$ 600,000	\$ 290,870	\$ (309,130)
RX America Refund	150,000	150,000	137,561	(12,439)
Service Provided Other Funds	1,550,000	1,550,000	102,295	(1,447,705)
Employer Insurance Contributions	28,000,000	28,000,000	22,370,328	(5,629,672)
Employee Insurance Contributions	5,500,000	5,500,000	4,855,640	(644,360)
Earnings from Investments	30,000	30,000	28,721	(1,279)
Miscellaneous	1,000	1,000	75,584	74,584
Total revenues	<u>35,831,000</u>	<u>35,831,000</u>	<u>27,860,999</u>	<u>(7,970,001)</u>
EXPENDITURES:				
Support services - self-insured losses and claims	37,020,860	37,020,860 (1)	29,237,615	7,783,245
Contingency	<u>2,400,000</u>	<u>2,400,000 (1)</u>	<u>-</u>	<u>2,400,000</u>
Total expenditures	<u>39,420,860</u>	<u>39,420,860</u>	<u>29,237,615</u>	<u>10,183,245</u>
Expenditures over revenues	<u>(3,589,860)</u>	<u>(3,589,860)</u>	<u>(1,376,616)</u>	<u>2,213,244</u>
Other Financing Sources, (Uses)				
Transfers In	<u>784,500</u>	<u>784,500</u>	<u>1,534,500</u>	<u>(750,000)</u>
Total other financing sources, (uses)	<u>784,500</u>	<u>784,500</u>	<u>1,534,500</u>	<u>(750,000)</u>
Net Change in Fund Balance	(2,805,360)	(2,805,360)	157,884	2,963,244
Fund Balance, July 1, 2011 (budgetary basis)	<u>2,805,360</u>	<u>2,805,360</u>	<u>2,170,196</u>	<u>(635,164)</u>
Fund Balance, June 30, 2012 (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,328,080</u>	<u>\$ 2,328,080</u>

(1) Appropriation Level

NORTH CLACKAMAS SCHOOL DISTRICT NO. 12  
CLACKAMAS COUNTY, OREGON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND  
For the Year Ended June 30, 2012

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	<u>BALANCES</u> <u>JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2012</u>
<u>STUDENT ACTIVITY FUND</u>				
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 1,850,383</u>	<u>\$ 4,247,593</u>	<u>\$ 4,353,714</u>	<u>\$ 1,744,262</u>
<u>LIABILITIES</u>				
Due to student groups	<u>1,850,383</u>	<u>4,247,593</u>	<u>4,353,714</u>	<u>1,744,262</u>
Total liabilities	<u>\$ 1,850,383</u>	<u>\$ 4,247,593</u>	<u>\$ 4,353,714</u>	<u>\$ 1,744,262</u>

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS**

**For the Year Ended June 30, 2012**

TAX YEAR	UNCOLLECTED 7/1/2011	LEVY AS EXTENDED BY ASSESSOR	DISCOUNTS ALLOWED	INTEREST	ADJUSTMENTS	COLLECTIONS	UNCOLLECTED 6/30/2012
<b>GENERAL FUND:</b>							
Current 2011-2012	\$ -	\$ 47,775,661	1,171,782	22,361	(155,719)	44,886,091	\$ 1,562,069
Prior 2010-2011	1,534,113	-	(5,831)	69,694	46,275	772,774	813,445
2009-2010	677,642	-	(5,278)	59,896	(15,195)	137,040	530,685
2008-2009	358,599	-	(25)	65,616	(6,426)	190,260	161,938
2007-2008	102,723	-	(10)	28,895	(6,782)	69,999	25,952
2006-2007							
& Prior	70,022	-	(4)	5,244	(3,190)	17,627	49,209
Total prior	2,743,099	-	(11,148)	229,345	14,682	1,187,700	1,581,229
Total General Fund	\$ 2,743,099	\$ 47,775,661	\$ 1,160,634	\$ 251,706	\$ (141,037)	\$ 46,073,791	\$ 3,143,299

**RECONCILIATION TO REVENUE (GENERAL FUND):**

Cash Collections by County Treasurers Above	\$ 46,073,791
Other Taxes	(6,809)
Total Revenue	\$ 46,066,982

**DEBT SERVICE FUND**

Current 2011-2012	\$ -	\$ 28,226,948	692,315	13,212	(92,002)	26,519,725	\$ 922,906
Prior 2010-2011	669,390	-	(2,544)	30,410	110,516	423,370	359,080
2008-2009	299,899	-	(2,304)	26,142	(10,777)	59,811	231,615
2007-2008	155,390	-	(11)	28,433	(2,785)	82,444	70,172
2006-2007	44,831	-	(4)	12,611	(1,151)	30,549	13,135
2006-2007							
& Prior	22,305	-	(1)	1,981	2,939	6,658	18,587
Total prior	1,191,815	-	(4,864)	99,577	98,742	602,832	692,589
Total Debt Service Fund	\$ 1,191,815	\$ 28,226,948	\$ 687,451	\$ 112,789	\$ 6,740	\$ 27,122,557	\$ 1,615,495
Total all funds	\$ 3,934,914	\$ 76,002,609	\$ 1,848,085	\$ 364,495	\$ (134,297)	\$ 73,196,348	\$ 4,758,794

**RECONCILIATION TO REVENUE (DEBT SERVICE FUND):**

Cash Collections by County Treasurers Above	\$ 27,122,557
Other Taxes	92,796
Total Revenue	\$ 27,215,353



# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 26, 2012

## Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of North Clackamas School District No. 12 as of and for the year ended June 30, 2012, and have issued our report thereon dated December 26, 2012. 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 North Clackamas School District No. 12's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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.**

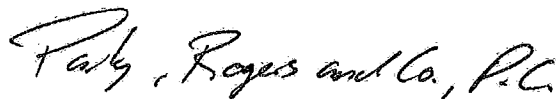
In connection with our testing nothing came to our attention that caused us to believe North Clackamas School District No. 12 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

1. There were four instances where actual expenditures exceeded appropriations, as noted on page 27.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

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

PAULY, ROGERS AND CO., P.C.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**GRANT COMPLIANCE REVIEW**

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**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2012**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD	EXPENDITURES
<b>US DEPARTMENT OF EDUCATION</b>			
Passed through State Department of Education			
Title I, Part A	84.010	2011-2012	\$ 3,062,385
Special Education Cluster			
Public Law 101-476 IDEA	84.027	2011-2012	3,262,258
Special Ed Preschool Grant	84.173	2011-2012	16,884
ARRA - IDEA Part B	84.391	2011-2012	634,465
Total Special Education Cluster			<u>3,913,607 (1)</u>
ARRA - Title X - Homeless Children and Youth	84.387	2011-2012	8,073
ARRA - State Fiscal Stabilization	84.394	2011-2012	1,411,291 (1)
Charter Schools	84.282	2011-2012	11,300
Title IID	84.318	2011-2012	3,542
Title III - English Language Acquisition Grant	84.365	2011-2012	405,529
Title IIA - Improving Teacher Quality	84.367	2011-2012	422,420
Program Improvement Grant for Child with Disabilities	84.323	2011-2012	13,746
ARRA - Ed Jobs	84.410	2011-2012	621,970 (1)
Passed through Clackamas ESD			
Title IC - Migrant Education	84.xxx	2011-2012	4,369
Carl Perkins II-C	84.048	2011-2012	98,709
TOTAL US DEPARTMENT OF EDUCATION			<u>9,976,941</u>
<b>US DEPARTMENT OF AGRICULTURE</b>			
Passed through State Department of Education			
USDA Commodities	10.555	2011-2012	343,161
School Breakfast Program	10.553	2011-2012	601,853
National School Lunch Program	10.555	2011-2012	2,562,619
Child and Adult Care Food Program	10.558	2011-2012	102,112
Summer Food Service Program for Children	10.559	2011-2012	58,007
Fresh Fruit and Vegetable Program	10.582	2011-2012	71,520
Passed through Clackamas County			
Federal Forest Fees	10.665	2011-2012	99,243
TOTAL US DEPARTMENT OF AGRICULTURE			<u>3,838,515</u>
<b>US DEPARTMENT OF LABOR</b>			
Workforce Incentive	17.259	2011-2012	58,432
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through State Department of Health and Human Services			
Affordable Care Act (ACA) - Grants for School-Based Health Centers Capital Program	93.501	2011-2012	391,116
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>391,116</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 14,265,004</u>

(1) Major Programs



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**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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

December 26, 2012

To the Board of Directors  
North Clackamas School District No. 12

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

We have audited the financial statements of North Clackamas School District No. 12 as of and for the year ended June 30, 2012, and have issued our report thereon dated December 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered North Clackamas School District No. 12's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

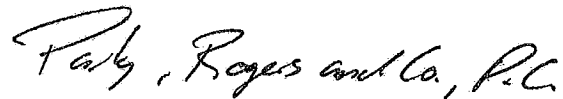
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Clackamas School District No. 12's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

PAULY, ROGERS AND CO., P.C.



**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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

December 26, 2012

To the Board of Directors  
North Clackamas School District No. 12

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

**Compliance**

We have audited the compliance of North Clackamas School District No. 12 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. North Clackamas School District No. 12's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of North Clackamas School District No. 12's management. Our responsibility is to express an opinion on North Clackamas School District No. 12's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of North Clackamas School District No. 12's compliance with those requirements.

In our opinion, North Clackamas School District No. 12 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

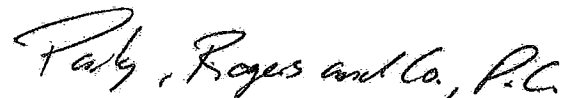
**Internal Control over Compliance**

The management of North Clackamas School District No. 12 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered North Clackamas School District No. 12's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

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

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

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

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

PAULY, ROGERS AND CO., P.C.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

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

**FINANCIAL STATEMENTS**

Type of Auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses

\_\_\_\_\_ Yes      X   No

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   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      X   No

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses

\_\_\_\_\_ Yes      X   No

\_\_\_\_\_ Yes      X   None reported

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

Unqualified

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

\_\_\_\_\_ Yes      X   No

Identification of major programs

CFDA Number(s):

84.027, 84.173, 84.391

84.394

84.410

Name of Federal Program:

Special Education Cluster (IDEA)

State Fiscal Stabilization Fund Cluster – ARRA

Education Jobs Fund – ARRA

Dollar threshold used to distinguish between type A and type B programs:

\$ 427,950

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

---

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:**

None

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

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of North Clackamas School District 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.

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**

**OTHER INFORMATION**  
**(Statistical Section)**



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**NORTH CLACKAMAS SCHOOL DISTRICT  
CLACKAMAS COUNTY TAX COLLECTION RECORD (1)  
2008-2012**

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Fiscal Year	Percent Collected at Levy Year End (2)	Percent collected as of 6/30/2012 (3)
2012	96.73%	96.73%
2011	96.77%	98.30%
2010	96.27%	98.86%
2009	95.70%	99.64%
2008	96.55%	99.93%

- (1) Percentage of total tax levy collection in Clackamas County. Pre-payment discounts are consider to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2012.

Source: Clackamas County Department of Assessment and Taxation

**NORTH CLACKAMAS SCHOOL DISTRICT  
MAJOR TAXPAYERS  
FISCAL YEAR 2012**

**North Clackamas School District**

Taxpayer	Business/Service	Tax	Assessed Value (1)	Percent of Value
General Growth Properties Inc	Real Estate Development	\$ 3,334,540	\$ 205,653,826	2.04%
Clackamas Baking Plant	Baked Goods	\$ 2,183,334	\$ 133,247,687	1.32%
PCC Structurals Inc	Manufacturing/Aerospace	\$ 1,370,734	\$ 81,109,421	0.80%
Blount Inc	Chainsaws/Machinery	\$ 1,210,771	\$ 70,357,653	0.70%
Comcast Corporation	Communications Utility	\$ 1,206,293	\$ 65,798,200	0.65%
Portland General Electric	Electrical Utility	\$ 1,161,830	\$ 69,930,000	0.69%
Northwest Natural Gas Co	Natural Gas Utility	\$ 872,366	\$ 52,160,200	0.52%
Marvin F Poer & Company	Property Tax Advisor	\$ 810,105	\$ 44,505,937	0.44%
Kaiser Foundation Hospital	Hospital/Medical	\$ 807,914	\$ 49,120,685	0.49%
International Airport Centers LLC	Warehouse/Storage	\$ 762,667	\$ 43,369,958.00	0.43%
Subtotal-ten of District's Largest Taxpayers		\$ 13,720,554	\$ 815,253,567	8.07%
All Other District Taxpayers			\$ 9,282,232,749	91.93%
Total District			\$ 10,097,486,316	100.00%

**Clackamas County**

Taxpayer	Business/Service	Tax	Assessed Value (1)	Percent of Value
Portland General Electric	Electrical Utility	\$ 7,947,540	\$ 555,237,000	1.21%
Shorenstein Properties LLC	Property Management	\$ 4,457,906	\$ 260,620,401	0.57%
General Growth Properties	Property Management	\$ 3,339,151	\$ 205,653,826	0.45%
Northwest Natural Gas Co	Natural Gas Utility	\$ 3,042,470	\$ 194,463,600	0.43%
Clackamas Baking Plant	Baked Goods	\$ 3,037,917	\$ 181,846,215	0.40%
Comcast Corporation	Communications Utility	\$ 2,660,513	\$ 149,777,000	0.33%
Xerox Corporation	Digital Printing Equipment	\$ 1,543,623	\$ 85,169,272	0.19%
PCC Structurals Inc	Manufacturing/Aerospace	\$ 1,370,734	\$ 81,109,421	0.18%
Blount Inc	Chainsaws/Machinery	\$ 1,211,348	\$ 70,357,653	0.15%
Thomson Reuters Pts Inc	Financial Services	\$ 1,196,536	\$ 65,753,150	0.14%
Subtotal-ten of County's Largest Taxpayers		\$ 29,807,737	\$ 1,849,987,538	4.04%
All Other County Taxpayers			\$ 43,899,226,252	95.96%
Total County			\$ 45,749,213,790	100.00%

(1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Clackamas County Department of Assessment and Taxation

**NORTH CLACKAMAS SCHOOL DISTRICT  
REPRESENTATIVE LEVY RATES  
2012**

General Government	Billing Rate	Bond Levy Rate	Local Option Rate (1)	Consolidated Rate
Clackamas County (rural rate)	\$ 2.9766		\$ 0.2480	\$ 3.2246
Clackamas County Law Enforcement	\$ 0.7198			\$ 0.7198
Clackamas Co. Fire District No. 1	\$ 2.4012	\$ 0.0619		\$ 2.4631
N, Clackamas Park and Recreation District	\$ 0.5382			\$ 0.5382
Port of Portland	\$ 0.0701			\$ 0.0701
Metro	\$ 0.0945	\$ 0.2159		\$ 0.3104
Trimet	\$ -	\$ 0.0571	\$ 0.0583	\$ 0.1154
Vector Control	\$ 0.0065		\$ 0.0250	\$ 0.0315
County Urban Renewal (special levy)	\$ 0.1082			\$ 0.1082
Total General Government	\$ 6.9151	\$ 0.3349	\$ 0.3313	\$ 7.5813
<b>Education</b>				
Clackamas Community College	\$ 0.5582	\$ 0.1391		\$ 0.6973
Clackamas ESD	\$ 0.3687			\$ 0.3687
North Clackamas School District (2)	\$ 4.8701	\$ 2.7069		\$ 7.5770
Total Education	\$ 5.7970	\$ 2.8460	\$ -	\$ 8.6430
Total Tax Rate	\$ 12.7121	\$ 3.1809	\$ 0.3313	\$ 16.2243

NOTE: County assessors report levy rates by tax code. Levy rates apply to taxable "assessed" property value. Tax rate limitations are based on "real market" and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction.

(1) Local option levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local option rates compress to zero before there is any compression of district billing rates.

(2) The District's operating tax rate is \$4.8701 per \$1,000 of assessed value.

Source: Clackamas County Department of Assessment and Taxation. Note there are over 83 tax codes in Clackamas County that overlap the District and Tax Code 012-245 has the highest property value of these tax codes. Total tax levies in the District range from \$14.9995 to \$21.3047 per \$1,000 of assessed property value.

**NORTH CLACKAMAS SCHOOL DISTRICT  
TAXABLE PROPERTY VALUES  
2012**

Fiscal Year	Real Market Value (1)	Total Assessed Valuation	Less Urban Renewal Excess	AV Used to Calculate Rates (2)
2012	\$ 12,442,681,334	\$ 10,725,351,614	\$ 627,865,298	\$ 10,097,486,316
2011	\$ 13,229,281,939	\$ 10,529,130,436	\$ 659,911,782	\$ 9,869,218,654
2010	\$ 14,733,416,918	\$ 10,295,166,453	\$ 638,971,735	\$ 9,656,255,718
2009	\$ 16,452,188,324	\$ 9,860,466,765	\$ 548,171,538	\$ 9,312,295,227
2008	\$ 13,416,337,408	\$ 9,265,112,552	\$ 467,480,361	\$ 8,797,632,191
2007	\$ 13,416,337,408	\$ 8,644,036,618	\$ 412,748,527	\$ 8,231,288,091
2006	\$ 11,324,297,494	\$ 8,088,321,032	\$ 662,171,330	\$ 7,426,149,702
2005	\$ 10,074,937,279	\$ 7,644,119,037	\$ 636,287,838	\$ 7,007,831,199
2004	\$ 9,280,660,734	\$ 7,296,731,848	\$ 611,151,866	\$ 6,685,579,982
2003	\$ 8,816,320,613	\$ 6,966,494,771	\$ 598,616,090	\$ 6,367,878,681
2002	\$ 8,504,166,737	\$ 6,680,133,416	\$ 796,649,080	\$ 5,883,484,336

- (1) Value represents the Real Market Value of taxable properties, including special assessed properties such as farms.  
This Value is also commonly referred to as the "Measure 5 value" by county assessors.
- (2) Assessed Value of property in the District on which the operating tax rate limit is applied to derive ad valorem property taxes, excluding urban renewal and any other offsets.

Source: Clackamas County Department of Assessment and Taxation

**NORTH CLACKAMAS SCHOOL DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE TEN YEARS ENDING JUNE 30, 2012**

	2003		2004		2005		2006		2007
Revenue from Local Sources (1)	\$	31,340,507	\$	33,018,882	\$	36,276,969	\$	38,731,736	\$ 41,293,614
Revenue from Intermediate Sources	\$	1,211,619	\$	1,191,103	\$	1,209,650	\$	1,167,649	\$ 1,447,277
Revenue from State Sources	\$	63,742,524	\$	66,194,314	\$	61,274,683	\$	66,705,654	\$ 72,679,331
Revenue from Federal Sources	\$	385,330	\$	394,581	\$	405,324	\$	421,643	\$ 434,406
	\$	96,679,980	\$	100,798,880	\$	99,166,626	\$	107,026,682	\$ 115,854,628
Transfers In		\$	379,328	\$	904,679	\$	63,462	\$	470,887
Total Revenues	\$	96,679,980	\$	101,178,208	\$	100,071,305	\$	107,090,144	\$ 116,325,515
(1) Local Revenue includes Taxes	\$	29,974,048	\$	31,429,243	\$	32,885,287	\$	34,921,989	\$ 38,436,622
	2003		2004		2005		2006		2007
Salaries	\$	58,028,771	\$	59,596,623	\$	59,483,496	\$	62,679,131	\$ 66,407,257
Associated Payroll Costs	\$	23,876,338	\$	25,997,287	\$	29,072,983	\$	28,491,073	\$ 28,493,908
Purchased Services	\$	6,823,017	\$	7,912,072	\$	7,091,957	\$	7,746,610	\$ 9,000,065
Supplies and Materials	\$	3,107,615	\$	4,137,473	\$	3,816,290	\$	4,269,606	\$ 5,127,885
Capital Outlay	\$	570,900	\$	1,760,754	\$	23,057	\$	67,633	\$ 44,645
Other Objects	\$	522,465	\$	806,178	\$	772,780	\$	643,311	\$ 605,175
	\$	92,929,106	\$	100,210,387	\$	100,260,563	\$	103,897,364	\$ 109,678,935
Transfers Out	\$	(2,319,603)	\$	(1,765,950)	\$	(1,313,001)	\$	(1,465,979)	\$ (1,763,649)
Total Expenditures	\$	90,609,503	\$	98,444,437	\$	98,947,562	\$	102,431,385	\$ 107,915,286
Revenue in Excess Expenditures	\$	6,070,477	\$	2,733,771	\$	1,123,743	\$	4,658,759	\$ 8,410,229
Beginning Fund Balance	\$	6,475,727	\$	12,546,204	\$	7,099,588	\$	8,223,331	\$ 7,225,117
Ending Fund Balance	\$	12,546,204	\$	15,279,975	\$	8,223,331	\$	12,882,090	\$ 15,635,346

Continued on page 65

**NORTH CLACKAMAS SCHOOL DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE TEN YEARS ENDING JUNE 30, 2012**

	2008	2009	2010	2011	2012
Revenue from Local Sources (1)	\$ 43,989,617	\$ 45,273,866	\$ 47,144,335	\$ 48,354,719	\$ 48,519,244
Revenue from Intermediate Sources	\$ 969,467	\$ 1,064,035	\$ 1,343,864	\$ 1,098,683	\$ 1,384,805
Revenue from State Sources	\$ 87,968,069	\$ 89,169,857	\$ 72,795,944	\$ 75,522,670	\$ 83,702,539
Revenue from Federal Sources	\$ 438,498	\$ 3,822,927	\$ 3,892,510	\$ 5,043,231	\$ 2,132,503
	<u>\$ 133,365,651</u>	<u>\$ 139,330,685</u>	<u>\$ 125,176,653</u>	<u>\$ 130,019,303</u>	<u>\$ 135,739,091</u>
Transfers In	\$ 10,077	\$ 100,000	\$ 2,504,000	\$ 3,246,341	\$ 274,506
Total Revenues	<u>\$ 133,375,728</u>	<u>\$ 139,430,685</u>	<u>\$ 127,680,653</u>	<u>\$ 133,265,644</u>	<u>\$ 136,013,597</u>
(1) Local Revenue includes Taxes	\$ 40,888,282	\$ 42,722,752	\$ 45,000,894	\$ 46,186,436	\$ 46,066,982

	2008	2009	2010	2011	2012
Salaries	\$ 73,847,621	\$ 81,002,580	\$ 76,923,134	\$ 71,646,828	\$ 66,696,556
Associated Payroll Costs	\$ 31,650,653	\$ 36,306,075	\$ 35,818,821	\$ 36,754,732	\$ 39,491,530
Purchased Services	\$ 17,799,626	\$ 16,677,228	\$ 16,946,709	\$ 15,704,659	\$ 16,346,283
Supplies and Materials	\$ 5,015,132	\$ 5,203,165	\$ 4,456,742	\$ 3,839,600	\$ 4,587,787
Capital Outlay	\$ 107,983	\$ 45,045	\$ 23,015	\$ 577	\$ 1,028
Other Objects	\$ 515,436	\$ 600,370	\$ 675,571	\$ 816,187	\$ 2,357,254
	<u>\$ 128,936,451</u>	<u>\$ 139,834,463</u>	<u>\$ 134,843,992</u>	<u>\$ 128,762,583</u>	<u>\$ 129,480,438</u>
Transfers Out	\$ 91,569	\$ (1,544,201)	\$ (1,848,092)	\$ (1,767,366)	\$ 2,738,452
Total Expenditures	<u>\$ 129,028,020</u>	<u>\$ 138,290,262</u>	<u>\$ 132,995,900</u>	<u>\$ 126,995,217</u>	<u>\$ 132,218,890</u>
Revenue in Excess Expenditures	\$ 4,347,708	\$ 1,140,423	\$ (5,315,247)	\$ 6,270,427	\$ 3,794,707
Beginning Fund Balance	\$ 15,635,346	\$ 19,983,054	\$ 21,123,477	\$ 15,808,230	\$ 22,078,657
Ending Fund Balance	<u>\$ 19,983,054</u>	<u>\$ 21,123,477</u>	<u>\$ 15,808,230</u>	<u>\$ 22,078,657</u>	<u>\$ 10,146,234</u>