

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

**2013-2014 FINANCIAL REPORT**

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**Clackamas County, Oregon**

**PRINCIPAL OFFICIALS**

<b><u>BOARD OF DIRECTORS</u></b>	<b><u>TERM EXPIRES</u></b>
Rein Vaga, Director	June 30, 2015
Sam Gillispie, Chair	June 30, 2015
Tory McVay, Director	June 30, 2017
Vivian Scott, Director	June 30, 2017
Trisha Claxton, Director	June 30, 2015
Kyle Walker, Vice Chair	June 30, 2015
Daryl Dixon, Director	June 30, 2017

The Board of Directors receives mail at the address below:

**DISTRICT ADMINISTRATION**

Matt Utterback, Superintendent - Clerk  
Diane Larson, Executive Director of Budget and Finance – Through June 30, 2014  
Mary Knigge, Chief Financial Officer – Effective July 1, 2014

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

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**

**TABLE OF CONTENTS**

	<u>PAGE NUMBER</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i-vi
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS AND SCHEDULES:	
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	17
Statement of Net Position – Internal Service Fund	18
Statement of Revenues, Expenses and Changes in Net Position – Internal Service Fund	19
Statement of Cash Flows – Internal Service Fund	20
Fiduciary Funds:	
Statement of Fiduciary Net Position – Fiduciary Funds	21
Notes to Basic Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress	40
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:	
General Fund	41
Special Revenue Funds	44
Trust, Agency, and Other Funds	45
Community Service Fund	46

**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**

**TABLE OF CONTENTS (CONTINUED)**

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	<u>PAGE NUMBER</u>
SUPPLEMENTARY INFORMATION:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:	
Debt Service Fund	47
Capital Projects Fund	48
Self – Insurance Fund	49
Statement of Changes in Assets and Liabilities – Agency Fund	50
Other Financial Schedules:	
Schedule of Property Tax Transactions	51
INDEPENDENT AUDITORS’ REPORT REQUIRED BY OREGON STATE REGULATIONS	52
GRANT COMPLIANCE REVIEW:	
Schedule of Expenditures of Federal Awards (supplementary information)	54
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 <i>Government Auditing Standards</i>	55
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	57
Schedule of Audit Findings and Questioned Costs	59
OTHER INFORMATION:	
Future Maturities of Long Term Debt	61



Mary Knigge  
*Chief Financial Officer*

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Milwaukie, Oregon 97222  
503-353-1900  
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December 19, 2014

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 annual financial report of the North Clackamas School District (the District) for the fiscal year ended June 30, 2014, 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.
- Following the **Financial Section** is the **Independent Auditors' Report** required by Oregon State Regulations.
- The **Grant Compliance Review** contains reports required by the Single Audit Act.
- Finally, the **Other Information** contains schedules showing the future maturities of long-term debt.

## **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 approximately 17,000 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 part of Damascus as well as unincorporated neighborhoods of Oak Grove, Concord, Clackamas, Sunnyside, Mount Scott, Southgate and Carver. It is the fifth 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**

The State of Oregon, trailing the developments affecting the national economy, is now in a weakened but improving economic position with slowly moderating unemployment, gradual unfreezing of business credit, improvement in the national housing market, and other encouraging economic indicators.

Clackamas County had passed through the end of the decade of steady growth in population and development as the recession of 2008-09 took hold. 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 6.1 percent, down from 6.8 percent a year ago and identical to the national average. The major taxpayers within the North Clackamas School District include General Growth Properties Inc. (Town Center Mall), PCC Structural Inc. (Manufacturing/Aerospace), Clackamas Baking Plant (Bakery), Comcast

Corporation (Telecommunications), Portland General Electric Co. (Electrical Utility), Blount Inc. (Chainsaws, machinery), and Kaiser Foundation Hospital (Hospital).

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 2013-14 school year, approved the following goals:

1. **Student Achievement**: Each student will meet or exceed grade level standards and graduate.
2. **Equity**: Create inclusive learning environments for each student.
3. **Resources and Quality Programs**: Improve financial stability, leverage assets, and expand efficiencies throughout the system.

## **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, 2014, 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, 2014, 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 Internal Service Fund (self-insurance fund) and the Fiduciary Fund (student activity funds).

#### Internal Service Fund

This fund accounts for costs incurred for employees' general health insurance, workers compensation, property and liability claims. Principal revenue sources are charges to other funds for service and earnings on investments. The fund balance at June 30, 2014, was \$12,852,864.



### Fiduciary 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, 2014, was \$2,281,675.

**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 percent of amounts in excess of depository insurance coverage. Interest earning for the past three 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 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:** In January 2014, the Board of Directors readopted Policy **DBDB Fund Balance**, which directs the superintendent or designee to ensure a minimum fund balance of 5 percent of total adopted revenues. The District's unassigned fund balance in the General Fund is \$11,437,858, well above the minimum targeted level of 5 percent.

### **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, 2014, 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, 2014, 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 Fiscal Services 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 black ink that reads "Mary Knigge". The signature is written in a cursive style with a prominent loop at the end of the last name.

Mary Knigge,  
Chief Financial Officer



**PAULY, ROGERS AND CO., P.C.**  
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(503) 620-2632 ♦ (503) 684-7523 FAX  
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December 10, 2014

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

## INDEPENDENT AUDITORS' REPORT

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

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, 2014, and the related notes to the financials which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the North Clackamas School District, Clackamas County, Oregon, at June 30, 2014 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.

## **Emphasis of Matter**

The District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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 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.

### *Other Information*

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 and other 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 basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, are 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.

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 financials statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 10, 2014, 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.



Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014. 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, 2014, by \$79,580,908.
- The District's total net position increased by \$14,382,295 for the fiscal year primarily due to the payment of debt principal and the resulting decrease in liabilities.
- The District has \$336,179,447 invested in capital assets, net of depreciation.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$11,437,858 or about 8.0 percent of total general fund expenditures.
- In response to the recession and declining state revenues the District has endured state funding reductions. Reductions, including substantial staff reductions, were implemented to balance the 2013-14 budget. It is anticipated that the 2014-15 budget will see some growth with more improvement in 2015-16. Additionally, the North Clackamas enrollment is beginning to show slight increases after a few years of decline.

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

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

**The Statement of Activities:** The *Statement of Activities* presents information showing how the net position of the District changed over the year by tracking

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes 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 Position 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 Revenue, Trust/Agency, Debt Service, Community Services and Capital Projects Funds, all of which are considered to be major funds.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

***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. 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 maintains a fiduciary fund for the combined Student Activity Funds.

- 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 position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$79,580,908 at June 30, 2014.

Cash and investments represent 10% of total 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 and prepaid assets.

The District's largest liability (89.5 percent) is for the repayment of general obligation and limited tax pension obligation bonds. Other liabilities, representing 10.5 percent of the District's total liabilities, consist almost entirely of payables on accounts, notes, and accrued salaries and benefits.

The majority of the District's net position reflects 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 investment in its capital assets is reported net of related debt, it should be noted that



**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

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 Position (in thousands)</u></b>		<b>Increase (Decrease) From Fiscal 2013</b>
	<b><u>Governmental Activities</u></b>		
	<b><u>2014</u></b>	<b><u>2013</u></b>	
Current and other assets	\$119,838	\$115,989	\$3,489
Capital assets	336,179	344,581	(8,402)
<b>Total assets</b>	<b>456,017</b>	<b>460,570</b>	<b>(4,553)</b>
Long-Term Debt	349,020	364,692	(15,672)
Other Liabilities	27,416	30,680	(3,264)
<b>Total liabilities</b>	<b>376,436</b>	<b>395,372</b>	<b>(18,936)</b>
<b>Net Position:</b>			
Invested in capital assets	81,726	76,045	5,681
Restricted	12,650	13,639	(989)
Unrestricted	(14,795)	(24,486)	9,691
<b>Total net position</b>	<b>\$79,581</b>	<b>\$65,198</b>	<b>\$14,383</b>

During the current fiscal year, the District's overall financial condition improved as indicated by the increase of \$14.38 million in net position. Unrestricted net position had an increase of \$9.69 million. At the same time, the District's investment in capital assets decreased by \$5.68 million due to depreciation.

**Governmental activities:** The key elements of the change in the District's net position for the year ended June 30, 2014 are as follows:

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

**Changes in Net Position (in thousands)**

	<b><u>Governmental Activities</u></b>		<b>Increase (Decrease)</b>
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>From Fiscal 2013</u></b>
<b>Revenues:</b>			
Program Revenues			
Charges for Services	\$ 4,402	\$ 4,183	\$ 219
Operating Grants	11,281	10,269	1,012
Capital Grants	0	6	(6)
General Revenues:			
Property Taxes	74,988	70,032	4,956
State School Fund	99,525	92,964	6,561
Miscellaneous	<u>2,200</u>	<u>2,693</u>	(493)
<b>Total Revenues</b>	<b><u>\$192,396</u></b>	<b><u>\$180,147</u></b>	<b><u>\$12,249</u></b>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Changes in Net Position (in thousands)**

	<b><u>Governmental Activities</u></b>		<b>Increase (Decrease)</b>
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>From Fiscal 2013</u></b>
<b>Expenses:</b>			
Instruction	\$ 89,985	\$ 88,105	\$1,880
Support Services	61,045	63,209	(2,164)
Community Services	7,190	7,219	(29)
Interest on Long-Term Debt	<u>19,794</u>	<u>19,811</u>	(17)
<b>Total Expenses</b>	<b><u>178,014</u></b>	<b><u>178,344</u></b>	<b><u>(330)</u></b>
<b>Change in Net Position</b>	14,382	1,803	12,579
<b>Beginning Net Position</b>	65,198	66,495	(1,297)
<b>Restatement of Net Position</b>	0	(3,100)	3,100
<b>Ending Net Position</b>	<b><u>\$79,580</u></b>	<b><u>\$ 65,198</u></b>	<b><u>\$14,382</u></b>

- Property tax revenues increased by \$4.956 million. Taxes were levied appropriately to collect the permanent tax rate and funds to pay general obligation bonded debt.
- State School Fund (SSF) revenues increased by \$6.561 million. This represents an overpayment to the District of approximately \$3 million. The cause is an over estimate of property tax collections in 2013-14 through the funding formula. The Oregon Department of Education will reconcile the SSF in May 2015 and reduce funding by the appropriate amount of overpayment.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

- Instruction expenses increased by \$1.88 million due to costs related to salary increases related to collective bargaining agreements and furlough days added back during the school year.
- Support services expenses decreased by \$2.733 million due to the District placing more emphasis on targeted instruction related to staff and programs. In addition, the District has seen decreases in grant funding related to support services and interfund transfers to the General Fund.

**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, 2014, the District's governmental funds reported combined ending fund balances of \$24.52 million, an increase of \$3.87 million in comparison with the prior year. This increase is related to additional State School Funding combined with moderate spending. Approximately \$11.22 million of the ending fund balance constitutes *unassigned fund balance*, which is available for spending at the government's discretion. 52 percent of fund balance, or \$12.65 million, is restricted for capital projects, grant purposes, and debt repayment, as authorized by voters and grantors.

*General Fund:* The General Fund is the chief operating fund of the District. As of June 30, 2014, unassigned fund balance was \$11.44 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 8 percent of total General Fund expenditures. The fund balance increased by \$4.68 million during the current fiscal year. This increase is due to additional State School Funding combined with moderate spending.

*Debt Service Fund:* The Debt Service Fund has a total fund balance of \$4.2 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 \$6.4 million. The fund balance decreased by \$.27 million during the current fiscal year, due to construction.

*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 \$1.99 million.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

*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, 2014, was \$643,584.

*Trust and Agency Fund:* The Trust and Agency funds accounts for revenues and expenditures related to Charter Schools, an Education Foundation and Scholarship donations. The fund balance deficit at June 30, 2014, was -\$212,990.

**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 decreased by over \$8 million mainly due to depreciation. Minimal equipment purchases were made.

The changes in capital assets from the fiscal year ended June 30, 2014, are as follows:

	<b>Governmental Capital Assets July 1, 2012</b>	<b>Adjustments</b>	<b>Additions</b>	<b>Deletions</b>	<b>Governmental Capital Assets June 30, 2013</b>
Land and Improvements	39,993,097	-	-	-	39,993,097
Construction in Progress					
Buildings and Improvements	365,586,343	-	272,027	-	365,858,370
Vehicles & Equipment	25,803,323	-	-	-	25,803,323
Total Capital Assets	431,382,763	-	272,027	-	431,654,790
Total Accumulated Depreciation	(86,800,914)		(8,674,429)	-	(95,475,343)
Total Net Capital Assets	<u>344,581,849</u>				<u>336,179,447</u>

**Long-term debt:** At the end of the current fiscal year, the District had total long-term debt outstanding of \$349 million, consisting of general obligation and pension obligation debt, contracts and notes payable, compensated absences, and other post-employment benefits.

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

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

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 \$12.7 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 \$15.68 million. The decrease is a result of the bond principal payments during 2013-2014.

**Outstanding Bonded Debt (in thousands)**

	<b><u>Governmental Activities</u></b>		<b>Increase (Decrease)</b>
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b>from <u>Fiscal 2013</u></b>
General Obligation Bonds	\$234,831	\$246,501	(\$11,670)
Pension Obligation Bonds	92,440	94,983	(2,543)
Unamortized Premium	9,479	10,005	(526)
Total Bonded Debt	<u>\$336,750</u>	<u>\$ 351,489</u>	<u>(\$14,739)</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, 2014, the State School Fund – General Support provided over 60 percent of the District's General Fund program resources. The state provided more funding for K-12 education for the 2013-15 biennium. Anticipated use of the funds includes reduction in class size, restoration of school days, and salary and benefit improvements for staff.

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. Enrollment has been relatively flat the past few years. The District is projected to see moderate increases due to the recovering economy and the State funding full-day kindergarten.

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.

**NORTH CLACKAMAS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

The District's Budget Committee and School Board will consider all of these factors when preparing the District budget for the 2015-16 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**

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

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2014**

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**ASSETS**

Cash and cash equivalents	\$ 44,166,625
Property taxes and other receivables	14,013,297
Prepaid Pension Costs (Note 12)	61,657,797
Capital assets, net of depreciation (Note 6)	<u>336,179,447</u>
 Total Assets	 <u><u>456,017,166</u></u>

**LIABILITIES:**

Accounts payable	1,568,779
Accrued payroll, taxes, and employee withholdings	6,313,771
Estimated claims liability	4,904,848
Interest payable	1,862,233
Unearned Revenue	3,287,487
Unamortized Premium	9,478,724
Noncurrent liabilities (Note 11)	
Due within one year:	
PERS GO Bonds, current portion	2,687,137
GO Bonds, current portion	13,480,000
Capital Leases, current portion	15,488
Notes Payable, current portion	1,919,742
Accrued Compensated Absences	473,834
Due in more than one year:	
PERS GO Bonds	89,753,316
GO Bonds	221,351,141
Capital Leases	77,437
Notes Payable	8,130,888
Post Retirement Benefits	10,156,422
Net Pension Obligation	<u>975,011</u>
 Total Liabilities	 <u><u>376,436,258</u></u>

**NET POSITION:**

Invested in capital assets, net of related debt	81,726,027
Restricted for:	
Future Capital Projects	6,424,943
Special Grants and Services	1,989,165
Debt Services	4,235,901
Unrestricted	<u>(14,795,128)</u>
 Total Net Position	 <u><u>\$ 79,580,908</u></u>

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, 2014**

FUNCTIONS	EXPENSES	FUNCTION REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 89,985,900	\$ 37,389	\$ 4,345,540	\$ (85,602,971)
Support Services	61,044,734	712,708	3,310,556	(57,021,470)
Community Services	7,190,201	3,652,036	3,625,379	87,214
Interest on Long-Term Debt	19,793,619	-	-	(19,793,619)
<b>Total Governmental Activities</b>	<b>\$ 178,014,454</b>	<b>\$ 4,402,133</b>	<b>\$ 11,281,475</b>	<b>(162,330,846)</b>
General Revenues				
Taxes:				
				74,987,438
				99,525,479
				85,457
				325,201
				1,789,566
				<u>176,713,141</u>
				14,382,295
				<u>65,198,613</u>
				<u>\$ 79,580,908</u>

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, 2014**

	GENERAL FUND	CAPITAL PROJECTS	DEBT SERVICE FUND
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 19,472,174	\$ 2,510,207	\$ 4,272,074
Property taxes and other receivables	5,259,793	390,397	1,722,180
Due from other funds	-	3,544,222	-
<b>Total Assets</b>	<b>\$ 24,731,967</b>	<b>\$ 6,444,826</b>	<b>\$ 5,994,254</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 625,713	\$ 17,621	\$ 80,849
Accrued payroll, taxes, and employee withholdings	5,809,359	2,262	-
Due to other funds	672,715	-	101,239
Unearned Revenue	3,028,875	-	-
<b>Total Liabilities</b>	<b>10,136,662</b>	<b>19,883</b>	<b>182,088</b>
<b>Deferred Inflows:</b>			
Unavailable Revenue - Property Taxes	3,157,447	-	1,576,265
<b>Total Liabilities</b>	<b>3,157,447</b>	<b>-</b>	<b>1,576,265</b>
<b>Fund Balances (Deficit):</b>			
<b>Restricted for -</b>			
Future Capital Projects	-	6,424,943	-
Special Grants and Services	-	-	-
Debt Service	-	-	4,235,901
<b>Committed for -</b>			
Community Projects and Classes	-	-	-
Unassigned	11,437,858	-	-
<b>Total Fund Balances (Deficit)</b>	<b>11,437,858</b>	<b>6,424,943</b>	<b>4,235,901</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 24,731,967</b>	<b>\$ 6,444,826</b>	<b>\$ 5,994,254</b>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS	TRUST, AGENCY, AND OTHER FUNDS	COMMUNITY SERVICE FUND	TOTALS
\$ 2,000	\$ 203,705	\$ -	\$ 26,460,160
6,300,457	2,529	26,880	13,702,236
-	-	661,840	4,206,062
\$ 6,302,457	\$ 206,234	\$ 688,720	\$ 44,368,458
\$ 548,480	\$ 2,610	\$ 1,869	\$ 1,277,142
314,160	107,229	43,267	6,276,277
3,192,040	309,385	-	4,275,379
258,612	-	-	3,287,487
4,313,292	419,224	45,136	15,116,285
-	-	-	4,733,712
-	-	-	4,733,712
-	-	-	6,424,943
1,989,165	-	-	1,989,165
-	-	-	4,235,901
-	-	643,584	643,584
-	(212,990)	-	11,224,868
1,989,165	(212,990)	643,584	24,518,461
\$ 6,302,457	\$ 206,234	\$ 688,720	\$ 44,368,458

**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, 2014**

REVENUES:	GENERAL FUND	CAPITAL PROJECTS	DEBT SERVICE FUND
Taxes	\$ 50,457,433	\$ -	\$ 24,542,871
Federal grants	85,457	-	-
State and local sources	93,452,311	-	90,617
Earnings from investments	199,999	12,797	75,044
Services Provided Other Funds	1,486,003	-	9,032,953
Construction Excise Tax	-	1,349,704	-
Miscellaneous	429,120	76,997	-
<b>Total Revenues</b>	<b>146,110,323</b>	<b>1,439,498</b>	<b>33,741,485</b>
<b>EXPENDITURES:</b>			
Current:			
Instruction	82,332,470	-	-
Support Services	58,146,453	25,045	-
Community Services	-	-	-
Facilities Acquisition	90,000	162,557	-
Capital Outlay	3,345	260,736	-
Debt Service	-	-	36,166,415
<b>Total Expenditures</b>	<b>140,572,268</b>	<b>448,338</b>	<b>36,166,415</b>
Revenues over (under) expenditures	5,538,055	991,160	(2,424,930)
Other Financing Sources, (Uses):			
Transfers in	1,818,022	-	2,155,833
Transfers out	(2,676,046)	(1,258,446)	-
<b>Total other financing sources (uses)</b>	<b>(858,024)</b>	<b>(1,258,446)</b>	<b>2,155,833</b>
<b>Net Change in Fund Balance</b>	<b>4,680,031</b>	<b>(267,286)</b>	<b>(269,097)</b>
Fund balance (Deficit), July 1, 2013	6,757,827	6,692,229	4,504,998
Fund balance (Deficit), June 30, 2014	<u>\$ 11,437,858</u>	<u>\$ 6,424,943</u>	<u>\$ 4,235,901</u>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS	TRUST, AGENCY, AND OTHER FUNDS	COMMUNITY SERVICE FUND	TOTALS
\$ -	\$ -	\$ -	\$ 75,000,304
9,723,279	-	-	9,808,736
4,057,500	6,257,202	1,628,178	105,485,808
-	1,113	-	288,953
-	-	-	10,518,956
-	-	-	1,349,704
-	-	-	506,117
<u>13,780,779</u>	<u>6,258,315</u>	<u>1,628,178</u>	<u>202,958,578</u>
4,160,639	5,437,944	-	91,931,053
3,353,490	839,301	-	62,364,289
5,923,153	15,000	1,407,473	7,345,626
41,219	-	-	293,776
31,918	-	-	295,999
-	-	-	36,166,415
<u>13,510,419</u>	<u>6,292,245</u>	<u>1,407,473</u>	<u>198,397,158</u>
<u>270,360</u>	<u>(33,930)</u>	<u>220,705</u>	<u>4,561,420</u>
1,206,414	-	-	5,180,269
<u>(1,935,777)</u>	<u>-</u>	<u>-</u>	<u>(5,870,269)</u>
<u>(729,363)</u>	<u>-</u>	<u>-</u>	<u>(690,000)</u>
(459,003)	(33,930)	220,705	3,871,420
<u>2,448,168</u>	<u>(179,060)</u>	<u>422,879</u>	<u>20,647,041</u>
<u>\$ 1,989,165</u>	<u>\$ (212,990)</u>	<u>\$ 643,584</u>	<u>\$ 24,518,461</u>

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

**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**June 30, 2014**

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Total Fund Balances - Governmental Funds	\$	24,518,461
<p>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 Position includes those capital assets among the assets of the District as a whole.</p>		
Net Capital Assets		336,179,447
<p>The unamortized portion of prepaid pension costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.</p>		
Prepaid pension costs		61,657,797
<p>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 Position.</p>		
Long term Liabilities		
Early Retirement liability	\$	(11,131,433)
Capital lease obligations payable		(92,925)
Notes payable		(10,050,630)
Interest Payable		(1,862,233)
Accrued Compensated Absences		(473,834)
General obligation bonds payable		(327,271,594)
Unamortized Premium on General Obligation Bonds		<u>(9,478,724)</u>
		(360,361,373)
<p>The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.</p>		
		12,852,864
Deferred revenue related to property taxes		<u>4,733,712</u>
Net Position	\$	<u><u>79,580,908</u></u>

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, 2014**

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Total Net Changes in Fund Balances - Governmental Funds \$ 3,871,420

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 Position. Proceeds from the issuance of long-term debt are recorded as revenue in the governmental funds, but are liabilities on the Statement of Net Position. 15,671,265

Bond Issue Costs are expensed in the period incurred under GASB 65. The balance of previously unamortized Bond Issue Costs are written off in the current year (721,844)

Bond Issue Premiums are amortized over the life of the bond in the government-wide statements 526,596

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	\$ 272,027	
Depreciation Expense	<u>(8,674,429)</u>	(8,402,402)

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 Position it is reported as an asset and amortized over the life of the pension bonds issued to fund the payment. (4,397,985)

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. 168,159

The revenues and expenses of the internal service funds are included in governmental activities in the statement of activities. 7,679,952

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. (12,866)

Change in Net Position of Governmental Activities \$ 14,382,295

The accompanying notes are an integral part of this statement.



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**  
**CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF PROPRIETARY NET POSITION**  
**INTERNAL SERVICE FUND**  
**June 30, 2014**

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	HEALTH SELF INSURANCE FUND
	FUND
<b>ASSETS:</b>	
Current assets	
Cash and Investments	\$ 17,706,465
Accounts Receivable	311,061
Interfund Receivable	69,317
	18,086,843
Total current assets	18,086,843
Total assets	\$ 18,086,843
<b>LIABILITIES AND NET POSITION:</b>	
<b>LIABILITIES:</b>	
Current Liabilities	
Estimated Claims Liability	\$ 4,904,848
Accounts Payable	291,637
Accrued payroll, taxes, and employee withholdings	37,494
	5,233,979
Total Current Liabilities	5,233,979
Total Liabilities	5,233,979
<b>NET POSITION</b>	
Unrestricted	12,852,864
Total Net Position	12,852,864
Total Liabilities and Net Position	\$ 18,086,843

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 POSITION**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2014**

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	HEALTH SELF INSURANCE FUND
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 37,605,489
Services Provided to Other Funds	107,281
Earnings from Investments	36,248
Miscellaneous	169,987
	37,919,005
<b>OPERATING EXPENSES:</b>	
Purchased Services	30,929,053
	30,929,053
Income From Operations	6,989,952
<b>OTHER FINANCING SOURCES, (USES)</b>	
Transfers In	690,000
	690,000
Change in Net Position	7,679,952
Net Position, July 1, 2013	5,172,912
Net Position, June 30, 2014	\$ 12,852,864

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, 2014**

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	<b>HEALTH SELF INSURANCE FUND</b>
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 37,593,367
Cash Paid to Employees and Suppliers	(28,669,658)
Net cash provided (used) by operating activities	8,923,709
Cash Flows From Non-Capital Financing Activities:	
Transfers	690,000
Net increase (decrease) in cash and investments	9,613,709
Cash and investments, beginning of year	8,092,756
Cash and investments, end of year	\$ 17,706,465
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 6,989,952
(Increase) Decrease in Receivables	(325,638)
Increase (Decrease) in Payables	2,272,075
Increase (Decrease) in Accrued Payroll	(12,680)
Net Cash Provided by Operating Activities	\$ 8,923,709

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2014**

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	<u>AGENCY FUNDS STUDENT ACTIVITY FUNDS</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ <u>2,281,675</u>
Total Assets	<u><u>2,281,675</u></u>
<b>LIABILITIES:</b>	
Due to Student Organizations	<u>2,281,675</u>
Total Liabilities	<u><u>\$ 2,281,675</u></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. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

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

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

The Statement of Net Position 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 Position.

The Statement of Net Position and the Statement of Activities were 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 Position 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**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.

**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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**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.

**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 FUND**

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

**TRUST, AGENCY, AND OTHER FUNDS**

The activities of multiple different fund types are combined in the trust, agency, and other funds. The individual items being combined are the funds for Scholarships, Clackamas Charter Alliance, Milwaukie Academy of the Arts, and Sojourner Education Foundation.

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.

**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)**

**PROPERTY TAXES**

Uncollected real and personal property taxes are reflected on the statement of net position 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.

**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 position.

**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.



**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)**

**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.

**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 POSITION**

Net position is comprised of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is 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 position – consists of all other net assets that are not included in the other categories previously mentioned.

**FUND BALANCE**

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**

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

**FUND BALANCE (CONTINUED)**

- Nonspendable fund balance represents amounts that are not in a spendable form. No portion of the District's fund balance is considered nonspendable.
- 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.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes that have been levied but are not received within 60 days of June 30<sup>th</sup> are reported as deferred inflows in the governmental fund statements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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.

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, 2014, 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, 2014, actual expenditures were within appropriations, except for Instruction in the Trust, Agency and Other Funds and Debt Service in the Debt Service Fund, which were overspent by \$357,542 and \$122,286 respectively.

**3. BUDGET/GAAP REPORTING DIFFERENCES**

While the District reports financial position, results of operations, and changes in fund balance/net position 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**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, 2014(recorded at fair value) consisted of:

Deposits with Financial Institutions:

Petty Cash	\$ 85,304		
Demand Deposits	5,007,381	Governmental	\$ 26,460,160
Investments	39,073,940	Internal Services	17,706,465
	\$ 44,166,625		\$ 44,166,625

**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.

**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, 2014, the fair value of the District's position in the State Treasurer's Local Governmental Investment Pool was equal to 100.8% of the value of the pool shares.

As of June 30, 2014, the District had the following investments and maturities.

Investment Type	@Market 6/30/14 Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
LGIP	\$ 39,073,940	\$ 39,073,940	\$ -	\$ -
TOTAL	\$ 39,073,940	\$ 39,073,940	\$ -	\$ -

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**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.

**Concentration of Credit Risk**

Custodial credit risk – deposits. At year-end, the District's net carrying amount of deposits was \$5,007,381 and the bank balance was \$5,588,482. Of these deposits, \$500,000 was covered by federal depository insurance, the remainder is collateralized the Oregon Public Funds Collateralization Program (PFCP).

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, 2014 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, 2014 are as follows:

	Governmental Capital Assets July 1, 2013	Additions	Deletions	Governmental Capital Assets June 30, 2014
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital Assets:				
Non Depreciable:				
Land and Land Improvements	\$ 39,993,097	\$ -	\$ -	\$ 39,993,097
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Depreciable:				
Buildings and Improvements	365,586,343	272,027	-	365,858,370
Vehicles and Equipment	25,803,323	-	-	25,803,323
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Depreciable	391,389,666	272,027	-	391,661,693
Total Capital Assets	<u>431,382,763</u>	<u>272,027</u>	<u>-</u>	<u>431,654,790</u>
Accumulated Depreciation:				
Buildings and Improvements	70,623,776	7,283,613	-	77,907,389
Vehicles and Equipment	16,177,138	1,390,816	-	17,567,954
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Accumulated Depreciation	<u>86,800,914</u>	<u>\$ 8,674,429</u>	<u>\$ -</u>	<u>95,475,343</u>
Total Net Capital Assets	<u>\$ 344,581,849</u>			<u>\$ 336,179,447</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 4,933,461
Support Services	3,346,758
Community Services	<u>394,210</u>
Total	<u>\$ 8,674,429</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 \$4,904,848 reported in the funds at June 30, 2014 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 incurred but not reported claims.

Change in the funds' claims liability amounts for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Estimated claims liability, July 1	\$ 2,918,616	\$ 4,017,133
Current year claims and changes in estimates	31,806,448	26,385,227
Claims payments	<u>(29,820,216)</u>	<u>(27,483,744)</u>
Estimated claims liability, June 30	<u>\$ 4,904,848</u>	<u>\$ 2,918,616</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 is a participating employer in the State of Oregon Public Employees Retirement System Plan. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (“OPSRP”) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who returned to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the Individual Account Program or “IAP”). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general verses police or fire).

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (“OPERB”). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at [www.state.or.us](http://www.state.or.us).

The District borrowed \$113,978,012, reducing their PERS and OPSRP employer contribution rates, which were 8.68% and 6.68% respectively for the 2013-2014 fiscal year. The District's contribution to the plan for the years ending June 30, 2014, 2013, and 2012 were \$5,775,344, \$5,529,049, and \$3,858,852, 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:

	2014	2013	2012
Annual Required Contribution	\$ 1,585,417	\$ 1,585,417	\$ 2,583,065
Interest on OPEB Obligation	285,409	264,415	159,769
Adjustment to ARC	(471,241)	(436,579)	(263,797)
Annual OPEB Cost	1,399,585	1,413,253	2,479,037
Contributions	(756,800)	(713,465)	(652,831)
Increase (Decrease) in Net OPEB Obligation	642,785	699,788	1,826,206
Net OPEB Obligation - beginning of year	9,513,637	8,813,849	5,325,647
Net OPEB Obligation - end of year	<u>\$ 10,156,422</u>	<u>\$ 9,513,637</u>	<u>\$ 7,151,853</u>

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets	EAM Actuarial		Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
		Accrued Liability (AAL)	Unfunded AAL (UAAL)			
6/30/2014	\$ -	\$ 15,844,071	\$ 15,844,071	0.00%	\$ 75,345,917	21.03%
6/30/2013	\$ -	\$ 15,844,071	\$ 15,844,071	0.00%	\$ 75,345,917	21.03%
6/30/2012	\$ -	\$ 19,363,213	\$ 19,363,213	0.00%	\$ 75,040,356	25.80%

Actuarial Methods and Assumptions – The annual required contribution (ARC) for the current year was determined as part of the June 30, 2013 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 8% and 9% depending on the provider. Annual increases decrease by 0.5% each year until reaching 5%. Increases remain stable thereafter. Increases in dental premiums are initially 4%. Annual increases decrease by 0.5% each year until reaching 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 0% to 50% 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, 2014, the plan was 0% funded. The actuarial accrued liability for benefits was \$10,156,422 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,844,071. The covered payroll (annual payroll of active employees covered by the plan) was \$75,345,917, and the ratio of the UAAL to the covered payroll was 21.03%.

**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:

	2014	2013	2012
Annual Required Contribution (Stipend)	\$ 1,099,043	\$ 1,099,043	\$ 1,094,150
Interest on Net Pension Obligation (BOY)	35,372	30,897	26,277
Adjustment to ARC for Net Pension Obligation	(58,403)	(51,015)	(43,386)
Annual Pension Cost	1,076,012	1,078,925	1,077,041
Estimated Contributions	(1,280,063)	(929,773)	(923,029)
Increase (Decrease) in Net Pension Obligation	(204,051)	149,152	154,012
Net Pension Obligation - Beginning of Fiscal Year	1,179,062	1,029,910	875,898
Net Pension Obligation - End of Fiscal Year	<u>\$ 975,011</u>	<u>\$ 1,179,062</u>	<u>\$ 1,029,910</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
6/30/2014	\$ -	\$ 11,070,495	\$ 11,070,495	0.00%	\$ 49,621,196	22.31%
6/30/2013	\$ -	\$ 11,070,495	\$ 11,070,495	0.00%	\$ 49,621,196	22.31%
6/30/2012	\$ -	\$ 9,225,232	\$ 9,225,232	0.00%	\$ 50,660,891	18.21%

**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, 2013	Issued	Matured And Redeemed	Outstanding June 30, 2014
August 2011	4.0 - 5.0%	3,490,000	3,490,000	-	-	3,490,000
December 2007	4.0 - 5.0%	229,596,142	204,516,142	-	4,585,000	199,931,142
December 2004	2.0 - 5.0%	65,160,000	41,985,000	-	7,085,000	34,900,000
April 2003	2.06-6.1%	63,156,952	49,928,716	-	1,692,872	48,235,844
October 2002	2.06-6.1%	50,821,060	41,669,524	-	954,916	40,714,608
			\$ 341,589,382	\$ -	\$ 14,317,788	\$ 327,271,594
Unamortized Premium/(Discount)			10,005,320	-	526,596	9,478,724
Total Bonds Payable			<u>\$ 351,594,702</u>	<u>\$ -</u>	<u>\$ 14,844,384</u>	<u>\$ 336,750,318</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 \$35,980,000 are still outstanding. Notes payable at June 30, 2014 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	\$ 264,350
Property Schedule #5	Key Bank	Sept. 29, 2005	June 29, 2015	4.0-4.5%	1,224,365	144,478
Property Schedule #8	Key Bank	Sept. 29, 2005	June 29, 2015	4.0-4.5%	750,000	88,503
Property Schedule #9	Key Bank	June 29, 2007	Dec. 29, 2016	4.0-4.5%	2,235,743	688,792
Property Schedule #10	Key Bank	Mar. 10, 2008	Apr. 10, 2018	4.23%	3,941,454	1,776,621
Property Schedule #11	Key Bank	June 1, 2009	Sep 10, 2019	4.0-4.5%	3,535,896	2,040,868
Property Schedule #12	Key Bank	Jan. 20, 2012	Jan. 20, 2022	2.78%	1,403,237	1,152,697
Property Schedule #13	Key Bank	Jan. 20, 2013	Dec. 20, 2022	2.37%	1,665,122	1,439,661
Freeman Building	US Bank	Nov. 4, 2011	Oct. 1, 2016	3.82%	2,700,000	2,454,660
Total					<u>\$ 19,676,664</u>	<u>\$ 10,050,630</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**11. LONG-TERM DEBT**

The following table displays the District's total long term debt:

	Beginning Balance	Additons	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 341,589,382	\$ -	\$ 14,317,788	\$ 327,271,594	\$ 16,167,137
Contracts Payable	108,413	-	15,488	92,925	15,488
Notes Payable	11,921,991	-	1,871,361	10,050,630	1,919,742
Accrued Compensated Absences	484,196	-	10,362	473,834	473,834
Other Post Employment Benefits	9,513,637	642,785	-	10,156,422	-
Other Post Employment Benefits	1,179,062	-	204,051	975,011	-
<b>Total Long-term Liabilities</b>	<b>\$ 364,796,681</b>	<b>\$ 642,785</b>	<b>\$ 16,419,050</b>	<b>\$ 349,020,416</b>	<b>\$ 18,576,201</b>

Future maturities of bonds, contracts, and notes are as follows:

	General	Contracts	Notes	Total	Interest Due
2014-2015	16,167,137	15,488	1,919,742	18,102,367	19,793,036
2015-2016	17,898,976	15,488	1,451,324	19,365,788	19,491,296
2016-2017	19,885,549	15,488	3,505,931	23,406,968	19,101,091
2017-2018	12,577,058	15,488	1,159,595	13,752,141	18,657,991
2018-2019	7,763,597	15,488	715,782	8,494,867	19,825,066
2019-2024	68,213,126	15,485	1,298,256	69,526,867	86,076,460
2024-2028	114,126,151	-	-	114,126,151	50,882,607
2028-2032	70,640,000	-	-	70,640,000	6,637,250
	<b>\$ 327,271,594</b>	<b>\$ 92,925</b>	<b>\$ 10,050,630</b>	<b>\$ 337,415,149</b>	<b>\$ 240,464,797</b>

Future payment schedules for each individual debt item are located on page 61.

**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, 2014 of \$51,090,838. 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, 2014, 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, 2014, the Trust, Agency, and Other Funds had a deficit fund balance of \$212,990. 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	\$ 4,733,712
Taxes Receivable - July Turnover	459,163
Grants Receivable	6,300,457
Other Miscellaneous Receivables	<u>2,519,965</u>
Total Receivables	<u>\$ 14,013,297</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.

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

**NORTH CLACKAMAS SCHOOL DISTRICT  
CLACKAMAS COUNTY, OREGON**

**SCHEDULE OF FUNDING PROGRESS  
For the Year Ended June 30, 2014**

**MEDICAL BENEFIT - ACCOUNTING UNDER GASB 45**

**OPEB - Schedule of Funding Progress**

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL ÷ Payroll
6/30/2009	\$ -	\$ 15,844,071	\$ 15,844,071	0.0%	\$ 75,345,917	21.03%
6/30/2011	\$ -	\$ 19,363,213	\$ 19,363,213	0.0%	\$ 75,040,356	25.80%
6/30/2013	\$ -	\$ 14,389,637	\$ 14,389,637	0.0%	\$ 71,792,068	20.04%

**STIPEND - Schedule of Funding Progress**

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL ÷ Payroll
6/30/2009	\$ -	\$ 15,844,071	\$ 15,844,071	0.0%	\$ 75,345,917	21.03%
6/30/2011	\$ -	\$ 19,363,213	\$ 19,363,213	0.0%	\$ 75,040,356	25.80%
6/30/2013	\$ -	\$ 14,389,637	\$ 14,389,637	0.0%	\$ 71,792,068	20.04%



**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, 2014**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>				
Revenue From Local Sources:				
Taxes	\$ 46,700,000	\$ 46,700,000	\$ 50,094,966	\$ 3,394,966
Penalties and Interest	310,000	310,000	362,467	52,467
Earnings from investments	100,000	100,000	199,999	99,999
Extracurricular Activities	60,000	60,000	119,674	59,674
Fees	175,000	175,000	151,684	(23,316)
Rentals	455,000	455,000	441,351	(13,649)
Contributions - private	150,000	150,000	83,813	(66,187)
Services Provided Other LEA's	10,000	10,000	62,296	52,296
Services Provided Other Funds	1,350,000	1,350,000	1,486,003	136,003
Fees Charged to Grants	85,000	85,000	131,242	46,242
Miscellaneous	150,000	150,000	429,120	279,120
<b>Total Local Revenue</b>	<b>49,545,000</b>	<b>49,545,000</b>	<b>53,562,615</b>	<b>4,017,615</b>
Revenue From Intermediate Sources:				
Other Intermediate Sources	1,662,690	1,662,690	1,512,276	(150,414)
<b>Total Intermediate Revenue</b>	<b>1,662,690</b>	<b>1,662,690</b>	<b>1,512,276</b>	<b>(150,414)</b>
Revenue From State Sources:				
School Support Fund	89,275,826	89,275,826	88,832,204	(443,622)
Common School Fund	-	-	1,445,592	1,445,592
Other Unrestricted Grants	-	-	672,179	672,179
<b>Total State Revenue</b>	<b>89,275,826</b>	<b>89,275,826</b>	<b>90,949,975</b>	<b>1,674,149</b>
Revenue From Federal Sources:				
Federal Forest Fees	-	-	85,457	85,457
<b>Total Federal Revenue</b>	<b>-</b>	<b>-</b>	<b>85,457</b>	<b>85,457</b>
<b>Total Revenue</b>	<b>\$ 140,483,516</b>	<b>\$ 140,483,516</b>	<b>\$ 146,110,323</b>	<b>\$ 5,626,807</b>

Continued on pages 42-43A

**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, 2014**

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	SALARIES	EMPLOYEE BENEFITS
<b>Instruction:</b>				
Regular programs:				
Elementary			\$ 15,870,129	\$ 10,535,868
Intermediate Programs			762	465
Middle/JHS			7,660,216	4,886,384
Middle/JHS-cocurricula			58,550	19,941
High School Programs			10,895,810	7,048,256
High School-cocurricula			1,054,624	349,392
Special alternative programs				
Talented and Gifted			3,350	1,125
Programs for Students with Disabilities			2,124,029	1,830,608
Resource room and other disabled			3,248,034	2,485,415
Remediation			35,835	20,943
Alternative Education			7,743	7,836
Charter School			-	-
English Second Language Learners			2,303,812	1,682,250
Designated Programs			-	2,084
Transportation Fees			76,226	23,986
Total Instruction	81,268,746	82,659,487 (1)	43,339,120	28,894,553
<b>Support Services:</b>				
<b>Students:</b>				
Attendance and Social Work			539,302	455,024
Guidance services			2,443,966	1,551,280
Health Services			346,225	171,776
Psychological services			207,861	112,811
Speech Pathology and Audiology			846,595	595,972
Treatment, Student Services			311,063	200,989
Direction, Student Services			652,276	370,905
Improvement of Instruction Services			1,611,257	1,147,725
Assessment and Testing			119,487	53,662
Instructional Staff Development			346,421	509,444
Board of Education Services			-	1,374
Executive Administrative Services			642,255	218,667
Office of the Principal			6,343,881	4,060,440
Other Support Services			56,838	9,893
<b>Business:</b>				
Direction of Business Support			-	-
Fiscal Services			703,962	457,711
Operation and maintenance			4,091,301	2,861,815
Student transportation			4,660,707	4,167,758
Internal services			247,581	172,261
Direction of Central Support Service			-	-
Information Services			353,544	218,892
Staff Services			648,364	434,128
Technology Services			1,011,157	643,622
Other Support Services			-	-
Supplemental Retirement			597,999	509,715
Total Support Services	58,034,455	59,075,634 (1)	26,782,042	18,925,864

(1) Appropriation Level

						VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
PURCHASED SERVICES	SUPPLIES & MATERIALS	CAPITAL OUTLAY	OTHER OBJECTS	TOTAL		
\$ 15,600	\$ 106,541	\$ -	\$ -	\$ 26,528,138	\$	
-	-	-	-	1,227		
5,776	137,212	-	-	12,689,588		
-	15	-	-	78,506		
80,245	250,212	-	23,494	18,298,017		
137,484	134,694	-	47,441	1,723,635		
-	4,315	-	-	8,790		
1,599,823	14,251	-	-	5,568,711		
8,537	(1,607)	-	-	5,740,379		
-	157	-	-	56,935		
40,111	5,105	-	700	61,495		
7,433,378	-	-	-	7,433,378		
9,605	33,243	-	60	4,028,970		
8,310	-	-	-	10,394		
563	3,532	-	-	104,307		
<u>9,339,432</u>	<u>687,670</u>	<u>-</u>	<u>71,695</u>	<u>82,332,470</u>		<u>327,017</u>
229,969	1,661	-	4,025	1,229,981		
-	3,098	-	40	3,998,384		
4,008	2,265	-	-	524,274		
-	4,854	-	-	325,526		
876	21,391	-	-	1,464,834		
5,640	4,677	-	-	522,369		
943	2,619	-	-	1,026,743		
9,934	279,273	-	-	3,048,189		
9,387	9,099	-	4,048	195,683		
91,347	12,107	-	4,823	964,142		
230,128	5,836	-	12,231	249,569		
142,310	36,681	-	204	1,040,117		
38,348	251,596	-	1,142	10,695,407		
62,955	(35)	-	345	129,996		
-	-	-	573	573		
26,088	23,155	-	56,017	1,266,933		
4,422,770	972,238	-	485,261	12,833,385		
828,785	1,513,766	-	333,087	11,504,103		
555,838	52,067	-	285	1,028,032		
23,488	-	-	-	23,488		
122,068	22,446	3,345	5,014	725,309		
207,071	46,718	-	260	1,336,541		
451,943	782,159	-	-	2,888,881		
-	19,625	-	-	19,625		
-	-	-	-	1,107,714		
<u>7,463,896</u>	<u>4,067,296</u>	<u>3,345</u>	<u>907,355</u>	<u>58,149,798</u>		<u>925,836</u>

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

**SCHEDULE OF EXPENDITURES AND TRANSFERS**  
**BUDGETARY BASIS**  
**For the Year Ended June 30, 2014**

<u>GENERAL FUND</u>				
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>SALARIES</u>	<u>EMPLOYEE</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>BENEFITS</u>	
EXPENDITURES (continued):				
Facilities Acquisition and Construction:				
Other Construction Services	-	90,000	-	-
Total Facilities Acquisition and Construction	-	90,000	-	-
Contingency	5,716,155	2,694,235 (1)	-	-
Total Expenditures	<u>145,019,356</u>	<u>144,519,356</u>	<u>\$ 70,121,162</u>	<u>\$ 47,820,417</u>
Excess of Revenues Over, (Under)				
Expenditures	<u>(4,535,840)</u>	<u>(4,035,840)</u>		
Other Financing Sources, (Uses):				
Transfers In	1,818,022	1,818,022		
Transfers Out	<u>(2,190,724)</u>	<u>(2,690,724) (1)</u>		
Total Other Financing Sources, (Uses)	<u>(372,702)</u>	<u>(872,702)</u>		
Net Change in Fund Balance	(4,908,542)	(4,908,542)		
Fund Balance, July 1, 2013	<u>4,908,542</u>	<u>4,908,542</u>		
Fund Balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</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>
90,000	-	-	-	90,000	-
90,000	-	-	-	90,000	-
-	-	-	-	-	2,694,235
<u>\$ 16,893,328</u>	<u>\$ 4,754,966</u>	<u>\$ 3,345</u>	<u>\$ 979,050</u>	<u>140,572,268</u>	<u>3,947,088</u>
				<u>5,538,055</u>	<u>9,573,895</u>
				1,818,022	-
				<u>(2,676,046)</u>	<u>14,678</u>
				<u>(858,024)</u>	<u>14,678</u>
				4,680,031	9,588,573
				<u>6,757,827</u>	<u>1,849,285</u>
				<u>\$ 11,437,858</u>	<u>\$ 11,437,858</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, 2014**

<u>SPECIAL REVENUE FUNDS</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Federal grants	\$ 9,914,786	\$ 9,914,786	\$ 9,723,279	\$ (191,507)
State and local sources	4,170,333	5,233,980	4,057,500	(1,176,480)
Total revenues	<u>14,085,119</u>	<u>15,148,766</u>	<u>13,780,779</u>	<u>(1,367,987)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	3,832,522	4,481,446 (1)	4,160,639	320,807
Support services	5,449,635	5,114,742 (1)	3,353,490	1,761,252
Enterprise & community services	5,814,066	6,365,206 (1)	5,955,071	410,135
Facilities Acquisition	-	200,000 (1)	41,219	158,781
Contingency	192,378	190,854 (1)	-	190,854
Total expenditures	<u>15,288,601</u>	<u>16,352,248</u>	<u>13,510,419</u>	<u>2,841,829</u>
Revenues over (under) expenditures	<u>(1,203,482)</u>	<u>(1,203,482)</u>	<u>270,360</u>	<u>1,473,842</u>
<b>Other Financing Sources, (Uses):</b>				
Transfers In	721,092	721,092	1,206,414	485,322
Transfers out	(1,935,777)	(1,935,777) (1)	(1,935,777)	-
Total other financing sources	<u>(1,214,685)</u>	<u>(1,214,685)</u>	<u>(729,363)</u>	<u>485,322</u>
Net Change in Fund Balance	(2,418,167)	(2,418,167)	(459,003)	1,959,164
Fund Balance (Deficit), July 1, 2013	<u>2,418,167</u>	<u>2,418,167</u>	<u>2,448,168</u>	<u>30,001</u>
Fund Balance (Deficit), June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,989,165</u>	<u>\$ 1,989,165</u>

(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, 2014**

<u>TRUST, AGENCY, AND OTHER FUNDS</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>				
State and Local Sources	\$ 5,895,274	\$ 5,895,274	\$ 6,257,202	\$ 361,928
Earnings from investments	-	-	1,113	1,113
<b>Total revenues</b>	<b>5,895,274</b>	<b>5,895,274</b>	<b>6,258,315</b>	<b>363,041</b>
<b>EXPENDITURES:</b>				
Instruction	5,080,402	5,080,402 (1)	5,437,944	(357,542)
Support Services	809,311	869,311 (1)	839,301	30,010
Community Services	224,000	164,000 (1)	15,000	149,000
Facility Acquisition	2,372,000	2,372,000 (1)	-	2,372,000
<b>Total expenditures</b>	<b>8,485,713</b>	<b>8,485,713</b>	<b>6,292,245</b>	<b>2,193,468</b>
<b>Net Change in Fund Balance</b>	<b>(2,590,439)</b>	<b>(2,590,439)</b>	<b>(33,930)</b>	<b>2,556,509</b>
Fund Balance, July 1, 2013 (budgetary basis)	2,590,439	2,590,439	(179,060)	(2,769,499)
Fund Balance, June 30, 2014 (budgetary basis)	\$ -	\$ -	\$ (212,990)	\$ (212,990)

(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, 2014**

COMMUNITY SERVICE FUND

REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Revenue from Local Sources:				
Tuition	\$ 75,000	\$ 75,000	\$ 76,403	\$ 1,403
Child Care	965,000	965,000	1,248,046	283,046
Rentals	275,000	275,000	275,923	923
Miscellaneous	-	-	926	926
Total Local Revenue	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,601,298</u>	<u>286,298</u>
Revenue from State Sources:				
Driver Education	<u>38,000</u>	<u>38,000</u>	<u>26,880</u>	<u>(11,120)</u>
Total State Revenue	<u>38,000</u>	<u>38,000</u>	<u>26,880</u>	<u>(11,120)</u>
Total Revenue	<u>1,353,000</u>	<u>1,353,000</u>	<u>1,628,178</u>	<u>275,178</u>
EXPENDITURES:				
Support Services	5,000	6,000 (1)	-	6,000
Enterprise and Community Services	1,326,137	1,476,137 (1)	1,407,473	68,664
Contingency	<u>404,863</u>	<u>253,863 (1)</u>	<u>-</u>	<u>253,863</u>
Total Expenditures	<u>1,736,000</u>	<u>1,736,000</u>	<u>1,407,473</u>	<u>328,527</u>
Net Change in Fund Balance	(383,000)	(383,000)	220,705	603,705
Fund balance (deficit)				
June 30, 2013	<u>383,000</u>	<u>383,000</u>	<u>422,879</u>	<u>39,879</u>
Fund balance (deficit)				
June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 643,584</u>	<u>\$ 643,584</u>

(1) Appropriation Level



**NORTH CLACKAMAS SCHOOL DISTRICT NO. 12**

**CLACKAMAS COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION**

**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, 2014**

DEBT SERVICE FUND

REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
Taxes	\$ 24,043,675	\$ 24,136,764	\$ 24,542,871	\$ 406,107
Penalties and Interest on Taxes	140,000	140,000	90,617	(49,383)
Earnings from investments	100,000	100,000	75,044	(24,956)
Services Provided Other Funds	<u>8,630,259</u>	<u>8,630,259</u>	<u>9,032,953</u>	<u>402,694</u>
 Total revenues	 <u>32,913,934</u>	 <u>33,007,023</u>	 <u>33,741,485</u>	 <u>734,462</u>
 EXPENDITURES:				
Debt service	35,951,040	36,044,129 (1)	36,166,415	(122,286)
Contingency	<u>200,000</u>	<u>200,000</u> (1)	<u>-</u>	<u>200,000</u>
 Total expenditures	 <u>36,151,040</u>	 <u>36,244,129</u>	 <u>36,166,415</u>	 <u>77,714</u>
 Expenditures over revenues	 <u>(3,237,106)</u>	 <u>(3,237,106)</u>	 <u>(2,424,930)</u>	 <u>656,748</u>
 Other Financing Sources, (Uses)				
Transfers In	<u>2,155,833</u>	<u>2,155,833</u>	<u>2,155,833</u>	<u>-</u>
 Total other financing sources, (uses)	 <u>2,155,833</u>	 <u>2,155,833</u>	 <u>2,155,833</u>	 <u>-</u>
 Net Change in Fund Balance	 (1,081,273)	 (1,081,273)	 (269,097)	 (656,748)
 Fund balance (deficit)				
June 30, 2013	<u>2,081,273</u>	<u>2,081,273</u>	<u>4,504,998</u>	<u>2,423,725</u>
 Fund balance (deficit)				
June 30, 2014	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 4,235,901</u>	<u>\$ 3,235,901</u>

(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, 2014**

	<u>CAPITAL PROJECTS FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Earnings from investments	\$ -	\$ -	\$ 12,797	\$ 12,797
Miscellaneous	100,000	100,000	76,997	(23,003)
Construction Excise Tax	800,000	800,000	1,349,704	549,704
<b>Total revenues</b>	<b>900,000</b>	<b>900,000</b>	<b>1,439,498</b>	<b>539,498</b>
<b>EXPENDITURES:</b>				
Support Services	3,491,554	3,491,554 (1)	25,045	3,466,509
Facilities Acquisition	500,000	500,000 (1)	423,293	76,707
<b>Total expenditures</b>	<b>3,991,554</b>	<b>3,991,554</b>	<b>448,338</b>	<b>3,543,216</b>
Revenues over (under) expenditures	(3,091,554)	(3,091,554)	991,160	4,082,714
<b>Other Financing Sources</b>				
Transfers Out	(1,258,446)	(1,258,446) (1)	(1,258,446)	-
<b>Total other financing sources</b>	<b>(1,258,446)</b>	<b>(1,258,446)</b>	<b>(1,258,446)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(4,350,000)</b>	<b>(4,350,000)</b>	<b>(267,286)</b>	<b>4,082,714</b>
<b>Fund balance (deficit)</b>				
June 30, 2013	4,350,000	4,350,000	6,692,229	2,342,229
<b>Fund balance (deficit)</b>				
June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,424,943</u>	<u>\$ 6,424,943</u>

(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, 2014**

	<u>SELF-INSURANCE FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Recovery Stop Loss	\$ -	\$ -	\$ 10,860	\$ 10,860
RX America Refund	450,000	450,000	137,044	(312,956)
Service Provided Other Funds	-	-	107,281	107,281
Employer Insurance Contributions	31,585,000	31,585,000	32,424,638	839,638
Employee Insurance Contributions	-	-	5,180,851	5,180,851
Earnings from Investments	60,000	60,000	36,248	(23,752)
Miscellaneous	80,000	80,000	22,083	(57,917)
Total revenues	<u>32,175,000</u>	<u>32,175,000</u>	<u>37,919,005</u>	<u>5,744,005</u>
<b>EXPENDITURES:</b>				
Support services - self-insured losses and claims	<u>36,680,000</u>	<u>36,680,000</u> (1)	<u>30,929,053</u>	<u>5,750,947</u>
Total expenditures	<u>36,680,000</u>	<u>36,680,000</u>	<u>30,929,053</u>	<u>5,750,947</u>
Expenditures over revenues	<u>(4,505,000)</u>	<u>(4,505,000)</u>	<u>6,989,952</u>	<u>11,494,952</u>
<b>Other Financing Sources, (Uses)</b>				
Transfers In	<u>-</u>	<u>-</u>	<u>690,000</u>	<u>690,000</u>
Net Change in Fund Balance	(4,505,000)	(4,505,000)	7,679,952	12,184,952
Fund Balance, July 1, 2013 (budgetary basis)	<u>4,505,000</u>	<u>4,505,000</u>	<u>5,172,912</u>	<u>667,912</u>
Fund Balance, June 30, 2014 (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,852,864</u>	<u>\$ 12,852,864</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, 2014**

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<u>STUDENT ACTIVITY FUND</u>	<u>BALANCES</u> <u>JULY 1, 2013</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2014</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,993,670	\$ 4,311,404	\$ 4,023,399	\$ 2,281,675
<u>LIABILITIES</u>				
Due to student groups	1,993,670	4,311,404	4,023,399	2,281,675
Total liabilities	\$ 1,993,670	\$ 4,311,404	\$ 4,023,399	\$ 2,281,675

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS**

**For the Year Ended June 30, 2014**

TAX YEAR	UNCOLLECTED 7/1/2013	LEVY AS EXTENDED BY ASSESSOR	DISCOUNTS ALLOWED	INTEREST	ADJUSTMENTS	COLLECTIONS	UNCOLLECTED 6/30/2014
<b>GENERAL FUND:</b>							
Current 2013-2014	\$ -	\$ 51,360,022	1,304,013	25,344	(84,185)	48,680,970	\$ 1,290,854
Prior 2012-2013	1,415,061	-	(746)	67,592	54,069	733,338	736,538
2011-2012	804,290	-	(252)	74,674	36,242	320,103	520,681
2010-2011	524,765	-	(54)	88,407	34,141	250,233	308,727
2009-2010	293,654	-	(7)	39,367	15,355	90,510	218,506
2008-2009 & Prior	110,766	-	(38)	5,638	(8,850)	19,812	82,142
Total prior	3,148,536	-	(1,097)	275,678	130,957	1,413,996	1,866,594
Total General Fund	<u>\$ 3,148,536</u>	<u>\$ 51,360,022</u>	<u>\$ 1,302,916</u>	<u>\$ 301,022</u>	<u>\$ 46,772</u>	<u>\$ 50,094,966</u>	<u>\$ 3,157,448</u>

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

Cash Collections by County Treasurers Above	<u>\$ 50,094,966</u>
Total Revenue	<u>\$ 50,094,966</u>

**DEBT SERVICE FUND**

Current 2013-2014	\$ -	\$ 25,128,043	637,992	12,400	(41,187)	23,817,309	\$ 631,555
Prior 2012-2013	709,921	-	(374)	33,910	27,126	367,908	369,513
2011-2012	475,192	-	(149)	44,120	21,413	189,124	307,630
2010-2011	228,974	-	(23)	38,575	14,898	109,186	134,709
2009-2010	128,163	-	(3)	17,182	6,703	39,503	95,366
2008-2009 & Prior	50,558	-	(17)	2,574	(4,040)	9,043	37,492
Total prior	1,592,808	-	(566)	136,361	66,100	714,764	944,710
Total Debt Service Fund	<u>\$ 1,592,808</u>	<u>\$ 25,128,043</u>	<u>\$ 637,426</u>	<u>\$ 148,761</u>	<u>\$ 24,913</u>	<u>\$ 24,532,073</u>	<u>\$ 1,576,265</u>
Total all funds	<u>\$ 4,741,344</u>	<u>\$ 76,488,065</u>	<u>\$ 1,940,342</u>	<u>\$ 449,783</u>	<u>\$ 71,685</u>	<u>\$ 74,627,039</u>	<u>\$ 4,733,713</u>

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

Cash Collections by County Treasurers Above	\$ 24,532,073
Other Taxes	<u>10,798</u>
Total Revenue	<u>\$ 24,542,871</u>



**PAULY, ROGERS AND CO., P.C.**  
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December 10, 2014

### **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, 2014, and have issued our report thereon dated December 10, 2014. 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 two instances where actual expenditures exceeded appropriations, as noted on page 28.
2. There were two resolutions amending the original budget in the Special Revenue Fund that increased overall appropriations. The District did not publish a public notice for these supplemental budgets however.

**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.



Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**



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

**GRANT COMPLIANCE REVIEW**

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2014**

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, Grants to Local Education Agencies	84.010	2013-2014	\$ 2,271,700 (1)
Special Education Cluster (IDEA)			
Special Education Grants to States	84.027	2013-2014	2,744,937
Special Education Preschool Grants	84.173	2013-2014	<u>1,529</u>
Total Special Education Cluster (IDEA)			<u>2,746,466 (1)</u>
Title III - English Language Acquisition State Grants	84.365	2013-2014	192,273
Title IIA - Improving Teacher Quality State Grants	84.367	2013-2014	358,458
Twenty-First Century Community Learning Centers	84.287	2013-2014	409,060 (1)
Special Education - State Personnel Development	84.323	2013-2014	1,553
ARRA - Early Childhood Matters	93.708	2013-2014	1,500
Child Care Discretionary Funding	93.575	2013-2014	67,379
Passed through Clackamas ESD			
Title IC - Migrant Education	84.xxx	2013-2014	3,898
Career and Technical Education -- Basic Grants to States	84.048	2013-2014	<u>83,366</u>
<b>TOTAL US DEPARTMENT OF EDUCATION</b>			<u><u>6,135,653</u></u>
<b>US DEPARTMENT OF AGRICULTURE</b>			
Passed through State Department of Education			
Child Nutrition Cluster			
USDA Commodities	10.555	2013-2014	288,602
School Breakfast Program	10.553	2013-2014	684,542
National School Lunch Program	10.555	2013-2014	2,413,561
Summer Food Service Program for Children	10.559	2013-2014	<u>41,659</u>
Total Child Nutrition Cluster			<u>3,428,364</u>
Child and Adult Care Food Program	10.558	2013-2014	54,131
Fresh Fruit and Vegetable Program	10.582	2013-2014	49,395
Passed through Clackamas County			
Schools and Roads - Grants to States	10.665	2013-2014	<u>85,457</u>
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>			<u>3,617,347</u>
<b>US DEPARTMENT OF LABOR</b>			
Workforce Investment Act Youth Activities	17.259	2013-2014	<u>55,736</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u><u>\$ 9,808,736</u></u>

(1) Major Programs



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December 10, 2014

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Clackamas School District No. 12 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 10, 2014.

**Internal Control over Financial Reporting**

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

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**



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December 10, 2014

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**

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

We have audited North Clackamas School District No. 12's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2014. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, North Clackamas School District No. 12 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

*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 black ink, appearing to read "Ken Allen".

Kenneth Allen, CPA  
Municipal Auditor  
**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, 2014**

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

**FINANCIAL STATEMENTS**

Type of Auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

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

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses  Yes  None reported

Type of auditors’ report issued on compliance for major programs: Unqualified

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

Identification of major programs

<u>CFDA Number(s):</u>	<u>Name of Federal Program:</u>
<u>84.027, 84.173</u>	<u>Special Education Cluster (IDEA)</u>
<u>84.010</u>	<u>Title I, Part A</u>
<u>84.287</u>	<u>Twenty-First Century Community Learning Centers</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  Yes  No

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

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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**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**

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

**FUTURE MATURITIES OF LONG TERM DEBT**  
**For the Year Ended June 30, 2014**

Key Bank No. 4		Key Bank No. 5		Key Bank No. 8		
Year	Principal	Interest	Principal	Interest	Principal	Interest
2014-2015	264,350	8,076	144,478	4,454	88,503	2,727
	<u>\$ 264,350</u>	<u>\$ 8,076</u>	<u>\$ 144,478</u>	<u>\$ 4,454</u>	<u>\$ 88,503</u>	<u>\$ 2,727</u>
Key Bank No. 9		Key Bank No. 10		Key Bank No. 11		
Year	Principal	Interest	Principal	Interest	Principal	Interest
2014-2015	266,497	27,598	416,668	70,792	353,084	104,699
2015-2016	278,435	15,660	434,480	52,980	341,015	86,277
2016-2017	143,860	3,187	453,053	34,407	359,609	67,684
2017-2018	-	-	472,420	15,040	379,216	48,077
2018-2023	-	-	-	-	607,944	32,998
	<u>\$ 688,792</u>	<u>\$ 46,445</u>	<u>\$ 1,776,621</u>	<u>\$ 173,219</u>	<u>\$ 2,040,868</u>	<u>\$ 339,735</u>
Key Bank No. 12		Key Bank No. 13		US Bank		
Year	Principal	Interest	Principal	Interest	Principal	Interest
2014-2015	130,555	31,143	154,794	33,208	100,813	92,818
2015-2016	134,209	27,489	158,485	29,517	104,700	88,931
2016-2017	137,966	23,732	162,263	25,739	2,249,180	42,961
2017-2018	141,827	19,871	166,132	21,870	-	-
2018-2023	608,140	38,652	797,987	48,022	-	-
	<u>\$ 1,152,697</u>	<u>\$ 140,887</u>	<u>\$ 1,439,661</u>	<u>\$ 158,356</u>	<u>\$ 2,454,693</u>	<u>\$ 224,710</u>
PERS Bond #1		PERS Bond #2		2004 Refunding Bonds		
Year	Principal	Interest	Principal	Interest	Principal	Interest
2014-2015	989,590	3,074,097	1,697,547	3,484,675	7,710,000	1,745,000
2015-2016	1,017,642	3,261,045	1,696,334	3,745,889	8,250,000	1,359,500
2016-2017	1,036,771	3,461,916	1,698,777	4,018,445	9,110,000	947,000
2017-2018	1,054,791	3,673,897	1,692,268	4,314,955	9,830,000	491,500
2018-2019	1,069,845	3,898,842	1,680,438	4,621,785	-	-
2019-2024	14,135,969	9,200,576	12,770,481	23,705,632	-	-
2024-2028	21,410,000	2,796,923	27,000,000	3,617,024	-	-
	<u>\$ 40,714,608</u>	<u>\$ 29,367,296</u>	<u>\$ 48,235,845</u>	<u>\$ 47,508,405</u>	<u>\$ 34,900,000</u>	<u>\$ 4,543,000</u>
2011 Refunding Bonds		2007 GO Bonds		Altamont Lid		
Year	Principal	Interest	Principal	Interest	Principal	Interest
2014-2015	-	143,614	5,770,000	10,963,013	15,488	7,122
2015-2016	-	143,614	6,935,000	10,674,512	15,488	5,883
2016-2017	-	143,614	8,040,000	10,327,763	15,488	4,644
2017-2018	-	143,614	-	9,925,763	15,488	3,405
2018-2019	-	143,614	-	-	-	-
2018-2023	3,490,000	287,228	-	-	-	-
2023-2028	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-
	<u>\$ 3,490,000</u>	<u>\$ 1,005,298</u>	<u>\$ 20,745,000</u>	<u>\$ 41,891,051</u>	<u>\$ 61,952</u>	<u>\$ 21,054</u>