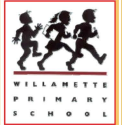




# West Linn~Wilsonville School District 3J Clackamas County, Oregon



## Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2014

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J

CLACKAMAS COUNTY, OREGON

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014

Prepared by  
Business Office:  
Doug Middlestetter, Business Manager

Jolene May, Senior Accountant

**West Linn-Wilsonville School District 3J**  
**Clackamas County, Oregon**

Administration Building  
22210 SW Stafford Rd  
Tualatin, Oregon 97062

Dr. William B. Rhoades  
Dr. Jane M. Stickney  
Dr. Kathy Ludwig  
Doug Middlestetter

Superintendent  
Deputy Superintendent  
Assistant Superintendent  
Business Manager

BOARD OF DIRECTORS AS OF JUNE 30, 2014

|                             | <u>Term Expires</u> |
|-----------------------------|---------------------|
| Keith Steele, Chair         | June 30, 2017       |
| Kristen Keswick, Vice-Chair | June 30, 2015       |
| Rob Fernandez               | June 30, 2017       |
| Betty Reynolds              | June 30, 2015       |
| Regan Molatore              | June 30, 2017       |

All board members receive mail at the address above.

Legal and Bond Counsel

Mersereau & Shannon  
1600 Benjamin Franklin Plaza  
One S.W. Columbia Street  
Portland, Oregon 97258

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

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**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**  
**CLACKAMAS COUNTY, OREGON**

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CLACKAMAS COUNTY, OREGON

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# Introductory Section





## **West Linn-Wilsonville School District 3Jt**

### **ADMINISTRATION BUILDING**

22210 SW Stafford Rd – Tualatin, Oregon 97062

503-673-7000 or Fax 503-673-7001

December 23, 2014

Citizens & Board of Directors  
West Linn-Wilsonville School District 3Jt  
22210 SW Stafford Rd  
Tualatin, OR 97062

In accordance with the provisions of Oregon Revised Statutes Sections 297.405 through 297.555, known as Municipal Audit Law, submitted herewith is the Comprehensive Annual Financial Report (CAFR) of West Linn-Wilsonville School District 3J, Clackamas and Washington counties, Oregon for the year ended June 30, 2014.

This report was prepared by the Business Office of West Linn-Wilsonville School District 3Jt. 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 the government's 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.

The District's financial statements have been audited by Pauly, Rogers and Co., P.C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the 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 financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall 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 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 financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal controls and



legal requirements involving the administration of federal awards. These reports are presented in the Single Audit Section of this report.

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

## **THE DISTRICT**

The District is a municipal corporation governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present financial information of the West Linn-Wilsonville School District No. 3Jt.

Under Oregon State law the District is responsible for educating the children of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for handicapped students, in accordance with State standards; and carrying out programs for transportation and feeding of pupils in accordance with District, State, and Federal requirements.

The District is located seven miles south of the City of Portland, Oregon. Within the District's 42 square miles are the cities of West Linn and Wilsonville, as well as several unincorporated towns and areas of Clackamas and Washington Counties. The District was originally formed in 1933 through the consolidation of three smaller districts.

The District and surrounding communities have experienced steady growth over the past three decades. The estimated population of the District has grown from 16,876 in 1980 to 47,476 in 2014. District student membership as of June 30, 2014 was 8,639, which compares to 3,277 in fiscal year 1980. The real market value of property located in the district has grown from just under \$285 million to "nearly 9.4" billion in the same period. However, recent economic declines have brought the values down to a low of less than 7.0 billion in 2013. Recovery and growth are bringing values back up, though, with total market valuation in 2014 once again rising above 7.0 billion.

The early economy of this area grew as a result of fertile agricultural and timberlands and its access to the Willamette and Columbia rivers. The area then began developing as a suburb of Portland, but over the past two decades has developed its own economic base which includes high technology firms and retail trade and distribution. Despite its rapid development, however, the County still contains prime agricultural land and a strong agricultural economy.

Interstate Highway 5, which runs through southwestern Clackamas County, has proven to be a major economic stimulus. The area between Wilsonville and Lake Oswego has seen greatly increased commercial and retail activity.

To the south, in the Wilsonville area, the close proximity of I-5 has encouraged warehousing and distribution activities, which require area for expansion and easy transportation connections. Retail stores have become more prominent in the area.

Easy access to the freeway system has also benefited those areas along Interstate Highway 205, which bisects the County and the District. This bypass link of I-5 runs between Wilsonville in the south and Clark County, Washington in the north. I-205 also connects Clackamas County to Portland International Airport. Most of the segments through Clackamas County were completed during the mid-1970s. At that time major retail and commercial developments occurred in the areas bordering the freeway. Significant smaller infill growth lends a positive impact as well.

## **ECONOMIC CONDITION**

In November, 1996, the voters of the State of Oregon voted by referendum a property tax limitation measure known as "Measure 47." This measure as amended by Measure 50 along with Measure 5, which was approved in November 1990, provides two property tax limitations in the Oregon Constitution. Measure 5 limits the property tax rate to \$5 per \$1,000 in real market value for schools; Measure 50 is a limitation that is based on the assessed value of each parcel of property. Measure 50 was initiated in 1997 by "cutting" the tax on each property to the lesser of the 1996 total property tax reduced by 10% or the 1995 total property tax for schools. Measure 50 also "caps" total operating taxes on each property to a 3% annual increase. Neither of these constitutional measures limits taxes for capital construction bonds.

Legislation passed, subsequent to Measure 50, allows school districts to refer to voters a "local option" tax. This tax can be levied for up to five years for operation purposes. The tax cannot collect more than the \$5.00 per thousand of real market value allowed under measure 5 from any property in the school district. On November 2, 2004 57% of district voters approved a Local Option Tax Levy at the same \$1.50 per thousand assessed value rate that passed May 16, 2000. This taxing authority ran through fiscal 2009-10. On November 4, 2008 voters authorized another five year local option taxing authority at \$1.50 per thousand assessed value that extends through the 2014-15 fiscal year. The average "Local Option" taxpayer burden during 2013-14 was \$.43 per thousand assessed value. Revenues from this tax fall when there is a decrease in real market value. However, with recent economic recoveries during 2013-14, Local Option Tax collections are no longer in decline, showing a small increase of \$7,094 from \$2,817,057 in 2012-13 to \$2,824,151 in 2013-14.

In response to the rate limitation of Measure 5, the state legislature employs a funding formula which equalizes the annual revenues to each school district in the State based on a per-pupil allocation. Excluding local option taxes, individual school districts are only indirectly dependent upon local property taxes for operating purposes.

Clackamas County unemployment rate is under the national average with the most recent rate of 6.5 percent published in November 2014.

Oregon's current personal income-tax-reliant revenue base continues to have the stability and adequacy shortcomings it has experienced in previous years. There is concern that the taxation base is not broad enough to raise the revenues needed for public education and other needed services the state must provide. However, as the local economy responds to recovery and growth, improvements are being seen.

## BUDGET PROCESS

The District's budget process starts with input and discussions between the school's principals and department heads and the business office. The Superintendent holds meetings with these leaders to keep them informed of how the State's funding is shaping up as the budget for the second year of the biennium comes together. The Budget Committee meets and weighs in on the proposals, also. Finally the budget is pulled together and sent to the Board for final approval and adoption.

## MAJOR PROGRAMS

The **mission** of the West Linn-Wilsonville School District is to constantly ask ourselves how we can build a learning community focused on improving the learning environment in ways that develop and nurture each student's potential for life-long intellectual and cultural growth and that readies them for college and career success. The district measures its success by the level of student achievement, participation in co-curricular activities, graduation rates, and post-secondary success.

In its quest for school improvement, the school district held two **Futures Conferences** in 1994. These events, preceded by a year of planning, were a part of our strategic planning to move West Linn-Wilsonville Schools into the 21<sup>st</sup> century. Participants sought common ground through dialogue and painted broad strokes of consensus about the goals and values they would ask the school district to live into in the future. One hundred fifty students, teachers, administrators, parents, and members from all sectors of the community spent two-and-a-half rigorous days at each conference. District goals are reviewed, revised as necessary, and adopted annually in response to changes in the community, in the economy, and in response to student needs.

The **vision that evolved** from these meetings is embedded in the question: *How do we create learning communities for the greatest thinkers and most thoughtful people...for the world?* The six vision themes that emerged presented the community and schools with an inviting picture of possibility and launched the district on a challenging and rewarding journey. These themes create a framework within which to work as the district responds to a changing economic and academic landscape. These vision themes of *Personal and Academic Excellence, Personalized Education, Circle of Support, Community Partnerships, Educating the Whole Child, and Integrating Technologies in Daily Learning* guide the work of school board members, teachers, site councils, administrators, children, school support staff and, to an increasing degree, community members in ways that are both global and specific.

High quality professional development and in-service trainings continue to be an emphasis in the district. We are committed to supporting staff in improving the skills and training necessary to deliver more effective services and powerful instruction to students and parents.

The general obligation bond passed by voters November 4, 2008 and sold in February 2009 is nearly complete with the recent opening of two new primary schools and with the completion of substantial upgrades in many of the schools in the district. A major emphasis went into expanding our libraries and our technology, realizing that these areas are key to preparing our students for a successful future.

The school board has continued to use the services of the long range planning committee which has been in existence since the early 1990's. Long range planning for facilities and associated financial capacity is captured in a long range plan that is updated on a continual basis. Predetermined trigger points are used to activate the plan to seek additional educational capacity.

With promising economic recovery taking place in Oregon, our district is benefiting from relative stability of state funding as compared to recent years. Elections held in November of 2014 found support from the community as evidenced by passing both the renewal of the local option tax levy for another five years, as well as approval for funding to build a new middle school, replace our oldest primary school, and make other safety and long-term maintenance improvements. "Sustainability" planning continues to be emphasized as a key to survival as we move into the future and have increased, yet limited state funding increases to help us out.

## **Awards**

The West Linn-Wilsonville School District takes pride in promoting excellence in every aspect of education. It continues to hold a position as being one of the best schools in the state for achieving a very high level of student achievement and learning. The District even achieved the highest graduation rate in the State for larger comparable districts.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Linn-Wilsonville School District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the 21st consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGMENTS**

We wish to express our appreciation to the staff of the Business Office and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We also wish to extend our appreciation to the members of the Board of Education, administrators, employees, and citizens of the district whose continued cooperation, support, and assistance have contributed greatly to the financial stability of the West Linn-Wilsonville School District.

Respectfully submitted,



William Rhoades, Superintendent



Doug Middlestetter, Business Manager





The Government Finance Officers Association  
of the United States and Canada

*presents this*

## AWARD OF FINANCIAL REPORTING ACHIEVEMENT

*to*

### Business Office

West Linn-Wilsonville School District No. 3JT, Oregon



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

*Jeffrey R. Emer*

Date July 24, 2014



Government Finance Officers Association

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

Presented to

**West Linn-Wilsonville  
School District No. 3JT  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



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

December 16, 2014

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
West Linn-Wilsonville School District 3J  
Clackamas County, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Linn-Wilsonville School District 3J, 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 as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 West Linn-Wilsonville School District 3J, as of June 30, 2014, and the respective changes in financial position and budgetary comparisons for the general fund and major special revenue fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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

### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents and the schedule of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 16, 2014 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 16, 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Matthew Graves, CPA  
PAULY, ROGERS AND CO., P.C.

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

As management of West Linn-Wilsonville School District 3J (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.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2014 by \$61,182,272.
- The District's governmental funds report combined ending fund balance of \$14,273,135.
- The District's net position increased by \$5,515,270.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. 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.

**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* presents information on all of the assets and liabilities of the District at year end. Net position is what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether 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 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.* Most of 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.

**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 West Linn-Wilsonville 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 two categories: governmental funds and fiduciary funds.

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

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

The District maintains 4 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Debt Service, and Capital Projects Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as Supplemental Information.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as the government-wide financial statements, only in more detail.

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its obligation to provide pension benefits to its employees

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

A comparative analysis discussing and analyzing significant differences is provided below.

As noted earlier, 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 \$61,182,272 at June 30, 2014.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 81.2 percent of total assets. The remaining assets consist mainly of investments and cash, grants, and property taxes receivable.

The District's largest liability is for the repayment of general obligation bonds. Current liabilities, representing about 5.7 percent of the District's total liabilities, consist almost entirely of payables on accounts, payroll withholdings, accrued interest payable and the current portion of long-term debt.

Net position of the District were comprised of the following:

|   | June 30, 2014         | June 30, 2013         | Change                |
|---|-----------------------|-----------------------|-----------------------|
| Current and Other Assets                        | \$ 50,202,173         | \$ 49,864,801         | \$ 337,372            |
| Capital Assets                                  | 216,565,751           | 217,942,689           | (1,376,938)           |
| Total Assets                                    | <u>\$ 266,767,924</u> | <u>\$ 267,807,490</u> | <u>\$ (1,039,566)</u> |
| Deferred Outflows Of Resources                  |                       |                       |                       |
| Loss on Bond Refunding Expense                  | 662,808               | -                     | 662,808               |
| Current Liabilities                             | \$ 11,676,943         | \$ 18,360,162         | \$ (6,683,219)        |
| Long-Term Liabilities                           | 194,571,517           | 193,780,326           | 791,191               |
| Total Liabilities                               | <u>206,248,460</u>    | <u>212,140,488</u>    | <u>(5,892,028)</u>    |
| Net Position:                                   |                       |                       |                       |
| Invested in Capital Assets, net of related debt | 58,703,511            | 60,080,449            | (1,376,938)           |
| Restricted                                      | 1,637,335             | 1,029,137             | 608,198               |
| Unrestricted                                    | 841,426               | (5,442,584)           | 6,284,010             |
| Total Net Position                              | <u>\$ 61,182,272</u>  | <u>\$ 55,667,002</u>  | <u>\$ 5,515,270</u>   |

the prior year to the current year is provided on the following page. During fiscal 2013-14, the District's net position increased by \$5,515,270. This year showed a sizeable increase in funding from State sources of over \$5.3 million, thanks to the State's improved economic conditions, favorable legislative prioritization, and increased student counts -which directly drive the funding formula. Additionally, receipts from local option taxes remained steady, while property tax receipts increased by over \$1.7 million. Expenses for the year increased in the area of instruction as the District placed as much of its resources as possible into its

classrooms. During the year, over \$12.5 million was used to pay bonded debt down. Also, over \$4.5 million in capital assets were added as a result of the District's bond program completing and placing more projects in service this year. However, the offset from current year depreciation on total assets was greater than that addition, so that total net position decreased by \$1.3 million.

The Changes in Net position for the District were as follows:

|  | June 30, 2014        | June 30, 2013        | Change              |
|--|----------------------|----------------------|---------------------|
| <b>REVENUES</b>                            |                      |                      |                     |
| Program Revenues                           |                      |                      |                     |
| Charges for Services                       | \$ 3,938,788         | \$ 3,883,200         | \$ 55,588           |
| Operating Grants and Contributions         | 4,026,129            | 3,749,996            | 276,133             |
| General Revenues                           |                      |                      |                     |
| Property Taxes                             | 45,580,819           | 43,877,179           | 1,703,640           |
| Local Option                               | 2,801,069            | 2,800,796            | 273                 |
| State School Fund - General Support        | 41,541,170           | 36,192,101           | 5,349,069           |
| Earnings on Investments                    | 194,772              | 162,710              | 32,062              |
| Other Federal, State and Local Sources     | 1,593,180            | 1,181,583            | 411,597             |
| Total Revenues                             | <u>99,675,927</u>    | <u>91,847,565</u>    | <u>7,828,362</u>    |
| <b>EXPENSES</b>                            |                      |                      |                     |
| Instruction                                | 52,933,695           | 49,517,820           | 3,415,875           |
| Support Services                           | 29,167,674           | 23,081,837           | 6,085,837           |
| Enterprise and Community Services          | 1,963,207            | 2,041,979            | (78,772)            |
| Interest on Long-Term Debt                 | <u>8,842,269</u>     | <u>10,665,010</u>    | <u>(1,822,741)</u>  |
| Total Expenses                             | <u>92,906,845</u>    | <u>85,306,646</u>    | <u>7,600,199</u>    |
| Change in Net Position                     | 6,769,082            | 6,540,919            | 228,163             |
| Beginning Net Position (Restated, Note 15) | 54,413,190           | 49,126,083           | 5,287,107           |
| Ending Net Position                        | <u>\$ 61,182,272</u> | <u>\$ 55,667,002</u> | <u>\$ 5,515,270</u> |

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 resource's 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 \$14,273,135, a decrease of \$2,263,617 when compared with the prior year. This decrease was primarily due to planned expenditures related to capital construction progress, where project expenditures are

recorded in the year they are expended, and the associated bond revenue was recorded in 2008-09, when the bonds were sold –creating a larger asset in that year.

*General Fund.* The General Fund is the chief operating fund of the District. As of June 30, 2014, unassigned fund balance was \$4,395,909 and the non-spendable balance was \$50,922 for a total ending fund balance of \$4,446,831. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents about 6.0 percent of total General Fund expenditures.

The fund balance increased by \$123,398 during the current fiscal year. This increase was attributable mostly to increased State funding and increased student count as stated above.

*Debt Service Fund.* As of June 30, 2014 the ending fund balance was \$1,201,295, an increase of \$501,577 when compared to the prior year. This increase is due to a slight adjustment of the tax collection rate and due to assessed valuations increasing at a slightly higher rate than anticipated.

*Capital Projects Fund.* The Capital Projects Fund has a total fund balance of \$8,154,014, which is designated for the remaining capital needs specified in the general obligation bond approved by voters on November 4, 2008, and will be spent out over the next few years. The two major projects from that bond consisted of a new primary school in both West Linn and Wilsonville. These two schools were opened in the fall of 2012.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2013-14 Budget anticipated some significant revenue increases from the previous year due to an improving economy and the subsequent higher projected State funding levels. Revenue increases from State funding of \$5.9 million were anticipated above the previous year's budget. However, actual receipts came in a full \$3.4 million above that projection for a total of \$40,379,431. Property tax receipts were budgeted to be up only \$410,832 in 2013-14, and came in very close to that estimate. The overall net projected ending fund balance increased by \$3,649,551 over what was budgeted for 2013-14.

On the expenditure side, wage increases were budgeted based on negotiated agreements following two years of frozen salaries. These costs, plus some staffing level additions amounted to approximately \$2.4 million in budget increases. Health insurance premiums and PERS cost budget increases that were expected to be an additional \$1 million in the 2013-14 year came in very close to budget. Facilities repairs, maintenance, and utilities costs increased by over \$3 million partly due to the addition of operations from the two recently added new schools: Trillium and Lowrie primary schools. These increases and other miscellaneous budgeted expenses increased operating cost estimates for the year by almost \$5.3 million over the previous year's budget. Although the budget anticipated the use of cash reserves to complete the year, increases in revenue mentioned above helped the District's inflows to exceed its expenditures by \$223,398.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2014, the District had invested \$216,565,751 in capital assets, net of depreciation.

Additional information on the District's capital assets can be found on page 28 in the notes to the financial statements.

**Long-term debt.** As of June 30, 2014, the District had total debt outstanding of \$186,589,645. Please refer to the notes to page 29 in the financial statements for more information.

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

The economic stability and growth that is starting to feel normal in Oregon and the Nation is reflected in the progress the District is making in achieving a much more predictable and stable funding environment. With the 2013-14 year being the second year in the State's biennial funding program, the revenues could be planned on in advance. Further evidence of the economic improvement is shown in the increase in the State's funding for education rising from \$2.8 billion in 2012-13 to \$3.2 billion in 2013-14. In addition to that, the District is seeing growth in new student attendance. This years' budget anticipated student growth of approximately fifty students. The District actually realized increases of over 200 students. Contributing to this growth is the District's commitment to investing its resources directly into the classroom by supporting a calendar without cuts in educational days, full-day kindergarten, emphasis on a rigorous program of staff training, and by promoting quality of educational excellence whenever and wherever possible.

The budget for the 2014-15 school year was not as difficult to put together as the 2013-14 year for two reasons: 1. It is the second year of the biennium, which means that the overall funding structure is already determined and set in motion; 2. Because the State was experiencing even steady economic growth, the Legislators were able to increase funding for education in an attempt to help restore some of the important educational elements that were decreased in earlier recent years. Consequently, this new budget allowed for stable funding and staffing that could help reduce class sizes. With increased funding now in place, the District is moving forward with renewed focus to further develop its educational excellence. This has allowed the District to avoid any program or day cuts and to continue wage increases that were frozen in the recent years. With a growing community, the added costs of opening the two recently added schools are now fully on line, and are no longer supported by bond project funding. In fact, because of this growth, the District is moving forward with positive intention, and has passed bonds in November of 2014 to make additional improvements for safety, do facilities upgrades and build a new middle school as well as replace Sunset Primary School, our oldest primary school.

## **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 District's Finance Officer at 22210 SW Stafford Road, Tualatin, Oregon 97062.



# Financial Section

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF NET POSITION  
JUNE 30, 2014

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|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS:</b>                         |                            |
| Cash and Investments                   | \$ 21,257,963              |
| Property Taxes Receivable              | 3,014,678                  |
| Other Receivables                      | 2,821,740                  |
| Supply Inventory                       | 34,955                     |
| Prepaid Expenses                       | 50,922                     |
| Prepaid Pension Asset                  | 22,642,346                 |
| Net Pension Asset                      | 379,569                    |
| Non-Depreciable Capital Assets         | 13,344,866                 |
| Capital Assets, Net of Depreciation    | 203,220,885                |
| <b>TOTAL ASSETS</b>                    | <b>266,767,924</b>         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                            |
| Loss on Bond Refunding Expense         | 662,808                    |
| <b>LIABILITIES:</b>                    |                            |
| Accounts Payable                       | 2,831,541                  |
| Accrued Salaries and Benefits          | 7,262,283                  |
| Due to Fiduciary Fund                  | 240                        |
| Retainage Payable                      | 13,982                     |
| Unearned Revenue                       | 5,496                      |
| Accrued Interest                       | 1,563,401                  |
| Long-Term Liabilities:                 |                            |
| Other Post-Employment Benefits         | 4,813,250                  |
| Portion Due or Payable Within One Year | 12,372,916                 |
| Portion Due or Payable After One Year  | 177,385,351                |
| <b>TOTAL LIABILITIES</b>               | <b>206,248,460</b>         |
| <b>NET POSITIONS:</b>                  |                            |
| Net Invested in Capital Assets         | 58,703,511                 |
| Restricted for:                        |                            |
| Grants and other purposes              | 436,040                    |
| Debt service                           | 1,201,295                  |
| Instruction                            |                            |
| Unrestricted                           | 841,426                    |
| <b>TOTAL NET POSITIONS</b>             | <b>\$ 61,182,272</b>       |

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014

| <u>Functions/Programs</u>                           | <u>Expenses</u>   | <u>Program Revenues</u>         |   | <u>Net (Expense)<br/>Revenue and<br/>Change<br/>in Net Position</u> |
|---|-------------------|---------------------------------|---|---|
|   |                   | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> |   |
| Governmental Activities:                            |                   |                                 |   |   |
| Instruction   | \$ 52,933,695     | \$ 3,256,931                    | \$ 2,154,594                                      | \$ (47,522,170)   |
| Support   | 29,167,674        | -                               | 1,007,810   | (28,159,864)  |
| Enterprise and Community Services                   | 1,963,207         | 681,857                         | 863,725   | (417,625)   |
| Interest on Long-Term Debt                          | 8,842,269         | -                               | -   | (8,842,269)   |
| <br>Total Governmental Activities                   | <br>\$ 92,906,845 | <br>\$ 3,938,788                | <br>\$ 4,026,129                                  | <br>(84,941,928)  |
| <br>  |                   |                                 |   |   |
| General revenues:                                   |                   |                                 |   |   |
| Property Tax Revenue                                |                   |                                 |   | 45,580,819  |
| Local Option Tax                                    |                   |                                 |   | 2,801,069   |
| Unrestricted State Revenue                          |                   |                                 |   | 41,541,170  |
| Unrestricted Intermediate Revenue                   |                   |                                 |   | 35,540  |
| Miscellaneous Revenue                               |                   |                                 |   | 1,619,530   |
| Gain (oss) on Sale of Asset                         |                   |                                 |   | (61,890)  |
| Earnings on Investments                             |                   |                                 |   | 194,772   |
| <br>Total general revenues                          |                   |                                 |   | <br>91,711,010  |
| <br><b>CHANGE IN NET POSITION</b>                   |                   |                                 |   | <br>6,769,082   |
| <br>Net Position - July 1, 2013 (Restated, Note 15) |                   |                                 |   | <br>54,413,190  |
| <br>Net Position - June 30, 2014                    |                   |                                 |   | <br>\$ 61,182,272   |

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

|  | General<br>Fund      | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Special<br>Revenue<br>Funds | Total                |
|--|----------------------|-------------------------|-----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>  |                      |                         |                             |                             |                      |
| Cash and Investments   | \$ 12,726,613        | \$ 483,293              | \$ 8,048,927                | \$ (870)                    | \$ 21,257,963        |
| Due From Other Funds   | 334,350              | 506,055                 | 57,612                      | -                           | 898,017              |
| Property Taxes Receivable  | 1,876,531            | 1,138,147               | -                           | -                           | 3,014,678            |
| Other Receivables  | 892,210              | 107,738                 | 466,353                     | 1,355,439                   | 2,821,740            |
| Supply Inventory   | -                    | -                       | -                           | 34,955                      | 34,955               |
| Prepaid Expenditures   | 50,922               | -                       | -                           | -                           | 50,922               |
| <b>TOTAL ASSETS</b>  | <u>\$ 15,880,626</u> | <u>\$ 2,235,233</u>     | <u>\$ 8,572,892</u>         | <u>\$ 1,389,524</u>         | <u>\$ 28,078,275</u> |
| <b>LIABILITIES</b>   |                      |                         |                             |                             |                      |
| Accounts Payable   | \$ 2,424,438         | \$ -                    | \$ 404,896                  | \$ 2,207                    | \$ 2,831,541         |
| Accrued Salaries and Benefits                                    | 7,249,714            | -                       | -                           | 12,569                      | 7,262,283            |
| Due To Other Funds   | -                    | -                       | -                           | 898,257                     | 898,257              |
| Retainage Payable  | -                    | -                       | 13,982                      | -                           | 13,982               |
| Unearned Revenue - Other   | -                    | -                       | -                           | 5,496                       | 5,496                |
| <b>TOTAL LIABILITIES</b>   | <u>9,674,152</u>     | <u>-</u>                | <u>418,878</u>              | <u>918,529</u>              | <u>11,011,559</u>    |
| <b>DEFERRED INFLOWS</b>  |                      |                         |                             |                             |                      |
| Unavailable Revenue - Property Taxes                             | <u>1,759,643</u>     | <u>1,033,938</u>        | <u>-</u>                    | <u>-</u>                    | <u>2,793,581</u>     |
| <b>FUND BALANCES</b>   |                      |                         |                             |                             |                      |
| Nonspendable   | 50,922               | -                       | -                           | 34,955                      | 85,877               |
| Restricted for:  |                      |                         |                             |                             |                      |
| Grants and other purposes  | -                    | -                       | -                           | 436,040                     | 436,040              |
| Debt service   | -                    | 1,201,295               | -                           | -                           | 1,201,295            |
| Future capital projects  | -                    | -                       | 8,154,014                   | -                           | 8,154,014            |
| Committed to future operations                                   | -                    | -                       | -                           | -                           | -                    |
| Unassigned   | 4,395,909            | -                       | -                           | -                           | 4,395,909            |
| <b>TOTAL FUND BALANCES</b>                                       | <u>4,446,831</u>     | <u>1,201,295</u>        | <u>8,154,014</u>            | <u>470,995</u>              | <u>14,273,135</u>    |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS AND FUND BALANCES</b> | <u>\$ 15,880,626</u> | <u>\$ 2,235,233</u>     | <u>\$ 8,572,892</u>         | <u>\$ 1,389,524</u>         | <u>\$ 28,078,275</u> |

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2014

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|                            |  |           |                   |
|----------------------------|--|-----------|-------------------|
| <b>TOTAL FUND BALANCES</b> |  | <b>\$</b> | <b>14,273,135</b> |
|----------------------------|--|-----------|-------------------|

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

|                          |    |                     |             |
|--------------------------|----|---------------------|-------------|
| Cost                     | \$ | 278,833,224         |             |
| Accumulated depreciation |    | <u>(62,267,473)</u> | 216,565,751 |

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

|  |  |  |           |
|--|--|--|-----------|
|  |  |  | 2,793,581 |
|--|--|--|-----------|

When a government refunded existing debt the difference between the reacquisition price and the carrying amount of the refunded debt results in a loss on refunding. The loss does not represent an asset as there is no resource the entity can use in the future. In addition, the loss does not represent a liability as there is no future obligation of resources. Because this loss is the result of a use of resources in the current period which benefits future periods through adjustments to interest rates or prepayment terms the loss should be classified as a deferred outflow of resources, rather than as a contra-liability as it has been shown.

|  |  |  |         |
|--|--|--|---------|
|  |  |  | 662,808 |
|--|--|--|---------|

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

|                                    |                    |  |               |
|------------------------------------|--------------------|--|---------------|
| Accrued Compensated Absences       | (199,430)          |  |               |
| Net Other Post Employment Benefits | (4,813,250)        |  |               |
| Bonds payable                      | (186,589,645)      |  |               |
| Premium on Bonds Payable           | (2,969,192)        |  |               |
| Accrued Interest Payable           | <u>(1,563,401)</u> |  | (196,134,918) |

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

|                       |            |  |                   |
|-----------------------|------------|--|-------------------|
| Prepaid Pension Asset | 22,642,346 |  |                   |
| Net Pension Asset     | 379,569    |  |                   |
| Bond Issue Costs      | <u>-</u>   |  | <u>23,021,915</u> |

|                           |  |           |                   |
|---------------------------|--|-----------|-------------------|
| <b>TOTAL NET POSITION</b> |  | <b>\$</b> | <b>61,182,272</b> |
|---------------------------|--|-----------|-------------------|

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See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

|  | General<br>Fund     | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Special<br>Revenue<br>Funds | Total                |
|--|---------------------|-------------------------|-----------------------------|-----------------------------|----------------------|
| <b>REVENUES:</b>   |                     |                         |                             |                             |                      |
| Local Sources  | \$ 32,965,340       | \$ 37,126,439           | \$ 1,580,599                | \$ 1,100,382                | \$ 72,772,760        |
| Intermediate Sources   | 366                 | -                       | -                           | 581,477                     | 581,843              |
| State Sources  | 41,469,120          | -                       | -                           | 72,050                      | 41,541,170           |
| Federal Sources  | -                   | -                       | -                           | 3,479,826                   | 3,479,826            |
| <b>TOTAL REVENUES</b>  | <b>74,434,826</b>   | <b>37,126,439</b>       | <b>1,580,599</b>            | <b>5,233,735</b>            | <b>118,375,599</b>   |
| <b>EXPENDITURES:</b>   |                     |                         |                             |                             |                      |
| Current:   |                     |                         |                             |                             |                      |
| Instruction  | 47,780,784          | -                       | -                           | 2,240,499                   | 50,021,283           |
| Support Services   | 26,430,644          | -                       | 122                         | 1,132,102                   | 27,562,868           |
| Enterprise and Community Services  | -                   | -                       | -                           | 1,855,191                   | 1,855,191            |
| Facilities Acquisition and Construction                                  | -                   | -                       | 1,531,125                   | -                           | 1,531,125            |
| Debt Service   | -                   | 36,624,862              | -                           | -                           | 36,624,862           |
| Capital Outlay   | -                   | -                       | 3,043,887                   | -                           | 3,043,887            |
| <b>TOTAL EXPENDITURES</b>  | <b>74,211,428</b>   | <b>36,624,862</b>       | <b>4,575,134</b>            | <b>5,227,792</b>            | <b>120,639,216</b>   |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b>             | <b>223,398</b>      | <b>501,577</b>          | <b>(2,994,535)</b>          | <b>5,943</b>                | <b>(2,263,617)</b>   |
| <b>OTHER FINANCING SOURCES, (USES):</b>                                  |                     |                         |                             |                             |                      |
| Transfers In   | -                   | -                       | -                           | 100,000                     | 100,000              |
| Transfers Out  | (100,000)           | -                       | -                           | -                           | (100,000)            |
| <b>TOTAL OTHER FINANCING SOURCES</b>                                     | <b>(100,000)</b>    | <b>-</b>                | <b>-</b>                    | <b>100,000</b>              | <b>-</b>             |
| <b>NET CHANGE IN FUND BALANCE</b>  | <b>123,398</b>      | <b>501,577</b>          | <b>(2,994,535)</b>          | <b>105,943</b>              | <b>(2,263,617)</b>   |
| <b>FUND BALANCE, July 1, 2013</b>  | <b>4,323,433</b>    | <b>699,718</b>          | <b>11,148,549</b>           | <b>365,330</b>              | <b>16,537,030</b>    |
| <b>Adjustment for Inventories reported<br/>under the purchase method</b> | <b>-</b>            | <b>-</b>                | <b>-</b>                    | <b>(278)</b>                | <b>(278)</b>         |
| <b>FUND BALANCE, June 30, 2014</b>                                       | <b>\$ 4,446,831</b> | <b>\$ 1,201,295</b>     | <b>\$ 8,154,014</b>         | <b>\$ 470,995</b>           | <b>\$ 14,273,135</b> |

See notes to basic financial statements.



WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014

|                            |                |
|----------------------------|----------------|
| NET CHANGE IN FUND BALANCE | \$ (2,263,617) |
|----------------------------|----------------|

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

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

|                                 |                    |             |
|---------------------------------|--------------------|-------------|
| Expenditures for capital assets | \$ 4,527,931       |             |
| Gain/Loss on sale of assets     | (61,890)           |             |
| Less current year depreciation  | <u>(5,842,979)</u> | (1,376,938) |

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

|                                    |                   |            |
|------------------------------------|-------------------|------------|
| Prepaid Pension asset amortization | (1,617,310)       |            |
| Net Pension asset                  | 140,544           |            |
| Bond premium amortization          | 218,643           |            |
| Bond Issuance Costs                | (157,192)         |            |
| Debt principal repaid              | <u>12,597,593</u> | 11,182,278 |

The statement of revenues, expenses and changes in fund balance contains an adjustment for inventory, which is allocated to the functions on the Statement of Activities.

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

-

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

(172,807)

Compensated absences and early retirement obligations are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences and early retirement obligations are recognized as an expenditure when earned.

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Compensated absences           | (14,107)         |                  |
| Other Post-Employment Benefits | <u>(585,727)</u> | <u>(599,834)</u> |

|                        |                     |
|------------------------|---------------------|
| CHANGE IN NET POSITION | <u>\$ 6,769,082</u> |
|------------------------|---------------------|

See notes to basic financial statements.

WEST LINN WILSONVILLE SCHOOL DISTRICT  
CLACKAMAS COUNTY OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2014

GENERAL FUND

|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET    | ACTUAL              | VARIANCE<br>POSITIVE<br>(NEGATIVE) |
|---|--------------------|--------------------|---------------------|------------------------------------|
| <b>REVENUES:</b>                                    |                    |                    |                     |                                    |
| Local Sources                                       | \$ 31,994,761      | \$ 31,994,761      | \$ 32,965,340       | \$ 970,579                         |
| Intermediate Sources                                | 27,220             | 27,220             | 366                 | (26,854)                           |
| State Sources                                       | 37,862,056         | 37,862,056         | 41,469,120          | 3,607,064                          |
| Federal Sources                                     | 40,780             | 40,780             | -                   | (40,780)                           |
| <b>Total Revenues</b>                               | <b>69,924,817</b>  | <b>69,924,817</b>  | <b>74,434,826</b>   | <b>4,510,009</b>                   |
| <b>EXPENDITURES:</b>                                |                    |                    |                     |                                    |
| Instruction   | 46,705,277         | 47,005,277 (1)     | 47,780,784          | (775,507)                          |
| Support Services                                    | 26,311,010         | 26,011,010 (1)     | 26,430,644          | (419,634)                          |
| Debt Service  | 100,000            | 100,000 (1)        | -                   | 100,000                            |
| Contingency   | 797,280            | 797,280 (1)        | -                   | 797,280                            |
| <b>Total Expenditures</b>                           | <b>73,913,567</b>  | <b>73,913,567</b>  | <b>74,211,428</b>   | <b>(297,861)</b>                   |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(3,988,750)</b> | <b>(3,988,750)</b> | <b>223,398</b>      | <b>4,212,148</b>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                    |                    |                     |                                    |
| Transfers Out                                       | -                  | - (1)              | (100,000)           | (100,000)                          |
| <b>Total Other Financing Sources (Uses)</b>         | <b>-</b>           | <b>-</b>           | <b>(100,000)</b>    | <b>(100,000)</b>                   |
| <b>Net Change in Fund Balance</b>                   | <b>(3,988,750)</b> | <b>(3,988,750)</b> | <b>123,398</b>      | <b>4,112,148</b>                   |
| <b>Beginning Fund Balance (Budgetary Basis)</b>     | <b>3,988,750</b>   | <b>3,988,750</b>   | <b>4,323,433</b>    | <b>334,683</b>                     |
| <b>Ending Fund Balance</b>                          | <b>\$ -</b>        | <b>\$ -</b>        | <b>\$ 4,446,831</b> | <b>\$ 4,446,831</b>                |

(1) Appropriation level

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2014

**SPECIAL REVENUE FUND**

|   | Budget (2)       |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------|---|
|   | Adopted          | Final            | Actual           |   |
| <b>REVENUES:</b>                                    |                  |                  |                  |   |
| Local Sources                                       | \$ 1,579,295     | \$ 1,579,295     | \$ 1,100,382     | \$ (478,913)  |
| Intermediate Sources                                | 566,300          | 566,300          | 581,477          | 15,177  |
| State Sources                                       | 14,255           | 14,255           | 72,050           | 57,795  |
| Federal Sources                                     | 3,359,181        | 3,359,181        | 3,479,826        | 120,645   |
| <b>Total Revenues</b>                               | <b>5,519,031</b> | <b>5,519,031</b> | <b>5,233,735</b> | <b>(285,296)</b>  |
| <b>EXPENDITURES:</b>                                |                  |                  |                  |   |
| Instruction   | 2,524,093        | 2,524,093        | (1) 2,240,499    | 283,594   |
| Support Services                                    | 913,250          | 913,250          | (1) 1,132,102    | (218,852)   |
| Enterprise and Community Services                   | 2,166,350        | 2,166,350        | (1) 1,855,191    | 311,159   |
| Debt Service  | 17,738           | 17,738           | (1) -            | 17,738  |
| <b>Total Expenditures</b>                           | <b>5,621,431</b> | <b>5,621,431</b> | <b>5,227,792</b> | <b>393,639</b>  |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(102,400)</b> | <b>(102,400)</b> | <b>5,943</b>     | <b>108,343</b>  |
| <b>OTHER FINANCING SOURCES:</b>                     |                  |                  |                  |   |
| Transfers In  | 100,000          | 100,000          | 100,000          | -   |
| <b>Total Other Financing Sources (Uses)</b>         | <b>100,000</b>   | <b>100,000</b>   | <b>100,000</b>   | <b>-</b>  |
| <b>Net Change in Fund Balance</b>                   | <b>(2,400)</b>   | <b>(2,400)</b>   | <b>105,943</b>   | <b>108,343</b>  |
| <b>Beginning Fund Balance</b>                       | <b>2,400</b>     | <b>2,400</b>     | <b>330,097</b>   | <b>327,697</b>  |
| <b>Ending Fund Balance</b>                          | <b>\$ -</b>      | <b>\$ -</b>      | <b>436,040</b>   | <b>\$ 436,040</b>                                       |

(1) Appropriation level

Reconciliation to GAAP Basis Ending Fund Balance

|                                |                   |
|--------------------------------|-------------------|
| Supply Inventory               | 34,955            |
| GAAP Basis Ending Fund Balance | <u>\$ 470,995</u> |

(1) Appropriation Level

(2) The District appropriates one special revenue fund. The combining schedules on pages 40-41 show the details of the special revenue subfunds.

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2014

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|                                    | PRIVATE PURPOSE TRUST<br>SCHOLARSHIP FUND | AGENCY FUNDS        |
|------------------------------------|---|---------------------|
| ASSETS:                            |   |                     |
| Cash and Investments               | \$ 240,357                                | \$ 1,029,715        |
| Due From Governmental Funds        | 240                                       | -                   |
| Total Assets                       | <u>\$ 240,597</u>                         | <u>\$ 1,029,715</u> |
| LIABILITIES AND NET POSITION:      |   |                     |
| Liabilities:                       |   |                     |
| Due to Student Organizations       | \$ -                                      | \$ 1,029,715        |
| Total Liabilities                  | <u>-</u>                                  | <u>1,029,715</u>    |
| Net Position:                      | <u>240,597</u>                            | <u>-</u>            |
| Total Liabilities and Net Position | <u>\$ 240,597</u>                         | <u>\$ 1,029,715</u> |

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014

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|                              | PRIVATE PURPOSE TRUST<br>SCHOLARSHIP FUND |
|------------------------------|---|
| ADDITIONS:                   |   |
| Gains/ Losses on Investments | \$ 1,295                                  |
| Total Additions              | 1,295                                     |
| REDUCTIONS:                  |   |
| Total Reductions             | -   |
| Change in Net Position       | 1,295                                     |
| Beginning Net Position       | 239,302                                   |
| Ending Net Position          | \$ 240,597                                |

See notes to basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

West Linn-Wilsonville School District No. 3J is a municipal corporation governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present West Linn-Wilsonville School District No. 3J (the primary government) and any component units. Component units, as established by the Government Accounting Standards Board (GASB) Statements 14, 39, and 61 are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. West Linn-Wilsonville School District No. 3J has no component units. The Three Rivers Charter School is the District's only charter school, however it does not qualify for reporting as a component unit. Detailed information about the Charter School's budgetary compliance and compliance with laws and regulations is contained in the Component Unit Financial Report of Three Rivers Charter School which is issued separately.

Basis of Presentation

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities, however interfund services provided and used are not eliminated in the process of consolidation. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

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

Net Position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

**Fund Financial Statements**

The fund financial statements provide information about the funds including those of a fiduciary nature. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

There are the following major governmental funds:

General Fund - This is the primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Fund – This fund accounts for revenues and expenditures designated for specific programs. The principal revenue sources are grants and contributions.

Debt Service Fund – This fund accounts for the payment of principal and interest on the General Obligation Bond and PERS Bond issues. The principal sources of revenue are property taxes and charges to other funds.

Capital Projects Fund - This fund accounts for activities related to the acquisition, construction, equipping and furnishing of facilities. Principal revenue sources are proceeds from the sale of bonds and interest earnings.

Additionally, the following other fund types are reported:

Fiduciary Funds

The Agency fund accounts for the transactions of the student body activity accounts. The private-purpose trust scholarship fund accounts for private contributions used for scholarships.

Measurement Focus and Basis of Accounting

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, certain programs are funded by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted Net Position available to finance the program. It is the policy to first apply cost-reimbursement grant resources to such programs and then general revenues.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Agency fund financial statements report only assets and liabilities and therefore, have no measurement focus. However the accrual basis of accounting is used to recognize receivables and payables.

Cash, Cash Equivalents and Investments

The cash and cash equivalents consist of cash on hand, demand deposits, saving deposits, money market deposits, investments in the State of Oregon Treasurer's Local Government Investment Pool (LGIP) and cash with county treasurers.

The investments consist of time certificates of deposit, banker's acceptances, commercial paper and U.S. Government Agency securities. Time certificates of deposits are stated at cost which approximates fair value. Investments, other than time certificates of deposit, that have a remaining maturity at the time of purchase of one year or less are state at amortized cost. All other investments are state at fair value, or estimated fair value. As of June 30, 2014 the fair position in the LGIP approximates the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements.

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

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. All accounts receivable are current and no allowance for uncollectible accounts is made as management believes them to be collectible.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes Receivable

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

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

Supply Inventories and Prepaid Items

Supply inventories are stated at cost using first-in, first-out (FIFO) method. Any donated inventories are stated at their estimated fair market value. The cost of inventory items are recognized as an expenditure when purchased (purchase method) for budgetary purposes. A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA. Commodities on hand at year end are recorded as deferred revenue. As a result, fund balance on the balance sheet has not been reserved for inventories of donated commodities. All other inventories in the governmental funds have been equally offset by an adjustment for inventory recorded under the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items both in the government-wide and fund financial statements.

Capital Assets

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

Substantially all of the employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenditures.

There is a deferred compensation plan available to 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.

Compensated Absences

It is the policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements. The entire amount of accrued compensated absences is considered current because all absences are usable within the current year, and it is not possible to determine accurately which amounts will be used within the year versus which amounts will be held over and used later.

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Use of Estimates

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

A budget is prepared and legally adopted for each governmental fund type and pension trust fund on the modified accrual basis of accounting. The agency fund is not required to be budgeted. The budgetary basis of accounting is substantially the same as accounting principles generally accepted in the United States of America basis, except capital outlay expenditures, including items below the capitalization level, are budgeted by major function in governmental fund types and inventories are budgeted as expenditures when purchased, property taxes not received within 60 days of year end are deferred, depreciation and amortization are not recorded in the funds, principal payments on debt and OPEB obligations are expended as they are paid rather than when they are incurred, and prepaid items are expended when paid rather than when used. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. 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 a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a 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) with Board approval. During the year, no appropriation transfers were made. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations, except for an overexpenditure in the General Fund Support Services expenditures of \$419,634, an overexpenditure in the General Fund Instruction expenditures of \$775,507, an overexpenditure in the Special Revenue Fund Support Services expenditures of \$218,852, and an overexpenditure in the Debt Service Fund debt service expense of \$14,058,162.

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 has one item that qualifies for reporting in this category. The loss on a refunding of a bond will be deferred.

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. The District has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### Fund Equity

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution. To modify or rescind a fund balance commitment, the governing body would approve a 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. The Board of Directors has granted the Superintendent and the Deputy Clerk/Business Manager the authority to classify portions of ending fund balances as assigned.
- 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.

There are no assigned fund balances as of June 30, 2014.

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.

**2. CASH AND INVESTMENTS****Deposits**

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements was \$1,871,430, of which \$596,389 was covered by federal depository insurance and the remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. State statutes govern the cash management policies, because there is not an official investment policy.

**Investments**

Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2014.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year, except one instance where the District exceeded the LGIP limitation. ORS 294.810 restricts the amount of surplus funds that may be placed in the LGIP.

Cash and Investments at June 30, 2014, (recorded at fair value) consisted of:

| Deposits With Financial Institutions: | 2014          | Reported in:            | 2014          |
|---------------------------------------|---------------|-------------------------|---------------|
| Demand Deposits:                      |               | Governmental Activities | \$ 21,257,963 |
| Checking                              | \$ 228,579    | Fiduciary Funds         | 1,270,073     |
| Cash with Fiscal Agents               | 6,820         |                         |               |
| Investments                           | 22,292,637    | Total                   | \$ 22,528,036 |
| Total                                 | \$ 22,528,036 |                         |               |

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

There were the following investments and maturities:

| Investment Type                   | Fair Value    | Investment Maturities (in months) |      |       |
|-----------------------------------|---------------|-----------------------------------|------|-------|
|                                   |               | Less than 3                       | 3-18 | 18-59 |
| State Treasurer's Investment Pool | \$ 22,292,637 | \$ 22,292,637                     | \$ - | \$ -  |
| Total                             | \$ 22,292,637 | \$ 22,292,637                     | \$ - | \$ -  |

**Interest Rate Risk**

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date greater than eighteen months.

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2014, all bank balances were deposited at an approved depository as identified by the treasury and therefore insured.

**Credit Risk - Investments**

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated. The US Government investments held by the District were invested in a cash account with Davidson Fixed Income Management and Citigroup Funding, Inc.

**Concentration of Credit Risk**

At June 30, 2014, 100% of total investments were in the State Treasurer's Investment Pool and 0% in Government Securities (Bonds). State statutes do not limit the percentage of investments in either of these instruments. 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. At June 30, 2014, there was compliance with all percentage restrictions.

**3. RECEIVABLES**

Receivables are comprised of the following as of June 30, 2014:

|                   |                     |
|-------------------|---------------------|
| Property taxes    | \$ 3,014,678        |
| Other receivables | <u>2,821,740</u>    |
| Total             | <u>\$ 5,836,418</u> |

# WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

### 4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

|   | Balance        |              | Reclassification | Balance        |
|---|----------------|--------------|------------------|----------------|
|   | July 1, 2013   | Additions    | Deletions        | June 30, 2014  |
| Governmental Activities:                    |                |              |                  |                |
| Capital Assets Not Being Depreciated:       |                |              |                  |                |
| Land  | \$ 8,371,880   | \$ -         | \$ -             | \$ 8,371,880   |
| Construction in Progress                    | 519,774        | 4,453,212    | 2,934,983        | 2,038,003      |
| Total Capital Assets Not Being Depreciated  | 8,891,654      | 4,453,212    | 2,934,983        | 10,409,883     |
| Capital Assets Being Depreciated:           |                |              |                  |                |
| Buildings and Improvements                  | 248,971,700    | 1,932,610    | 1                | 245,540,173    |
| Site Improvements                           | 11,503,231     | 1,027,333    | -                | 17,117,416     |
| Machinery and Equipment                     | 5,000,598      | 49,759       | 61,888           | 5,765,753      |
| Total Capital Assets Being Depreciated      | 265,475,529    | 3,009,702    | 61,889           | 268,423,342    |
| Accumulated Depreciation                    |                |              |                  |                |
| Buildings and Improvements                  | 51,025,320     | 5,216,851    | -                | 56,242,171     |
| Site Improvements                           | 2,615,181      | 264,844      | -                | 2,880,025      |
| Machinery and Equipment                     | 2,783,993      | 361,285      | -                | 3,145,278      |
| Total Accumulated Depreciation              | 56,424,494     | 5,842,980    | -                | 62,267,474     |
| Total Capital Assets Being Depreciated, Net | 209,051,035    | (2,833,278)  | 61,889           | 206,155,868    |
| Governmental Activities                     |                |              |                  |                |
| Capital Assets, Net                         | \$ 217,942,689 | \$ 1,619,934 | \$ 2,996,872     | \$ 216,565,751 |

Depreciation expense was charged to functions/programs as follows:

|   |              |
|---|--------------|
| Governmental Activities:                            |              |
| Instruction   | \$ 3,679,201 |
| Support Services                                    | 2,027,324    |
| Community Services                                  | 136,455      |
| Total Depreciation Expense- Governmental Activities | \$ 5,842,980 |



**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**5. LONG-TERM DEBT**

The following changes occurred in Long-Term debt during the fiscal year ending June 30, 2014:

| Issue Date                         | Interest Rates | Original Issue | Outstanding July 1, 2012 | Issued        | Matured And Redeemed | Outstanding June 30, 2013 | Due Within One Year |
|------------------------------------|----------------|----------------|--------------------------|---------------|----------------------|---------------------------|---------------------|
| May 2003                           | 2.0-4.78%      | \$ 74,997,238  | \$ 51,597,238            | \$ -          | 4,052,593            | \$ 47,544,645             | 3,982,904           |
| March 2004                         | 2.0-4.78%      | 42,180,000     | 40,505,000               | -             | 830,000              | 39,675,000                | 1,035,000           |
| November 2004                      | 2.0-4.78%      | 27,815,000     | 18,210,000               | -             | 18,210,000           | -                         | -                   |
| February 1, 2009                   | 2.25%          | 98,000,000     | 88,055,000               | -             | 3,460,000            | 84,595,000                | -                   |
| July 10, 2013                      | .394-1.449%    | 98,000,000     | -                        | 15,185,000    | 410,000              | 14,775,000                | 7,890,000           |
|                                    |                |                | 198,367,238              | 15,185,000    | 26,962,593           | 186,589,645               | 12,907,904          |
| Unamortized Premium/(Discount)     |                |                | 3,187,835                | -             | 218,643              | 2,969,192                 | -                   |
| Accrued Compensated Absences       |                |                | 185,323                  | 199,430       | 185,323              | 199,430                   | 199,430             |
| Net Other Post Employment Benefits |                |                | 4,227,523                | 585,727       | -                    | 4,813,250                 | -                   |
| Total Long-Term Debt               |                |                | \$ 205,967,919           | \$ 15,970,157 | \$ 27,366,559        | \$ 194,571,517            | \$ 13,107,334       |

**Bonds Payable**

Future maturities of bonds payable are as follows:

| Fiscal Year Ending June 30, 2015 | Principal      | Interest       |
|----------------------------------|----------------|----------------|
| 2015                             | 12,907,904     | 8,841,469      |
| 2016                             | 8,541,288      | 9,061,321      |
| 2017                             | 8,847,387      | 9,283,364      |
| 2018                             | 9,326,204      | 11,787,427     |
| 2019                             | 9,531,753      | 12,246,487     |
| 2019-2024                        | 46,005,109     | 50,945,785     |
| 2024-2029                        | 46,205,000     | 15,804,918     |
| 2029-2034                        | 45,225,000     | 7,112,586      |
| Total                            | \$ 186,589,645 | \$ 125,083,358 |

All long-term debt obligations are payable from the general and debt service funds.

**7. LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds are issued to provide funds for the acquisition and construction of school facilities. The original amount of general obligation bonds issued in current and prior years was \$305,432,238.

**Advance Refunding Bonds**

In July of 2002 general obligation refunding bonds were issued. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments on the 1992 bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the basic financial statements.

In November of 2004, general obligation refunding bonds were issued. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments on the 1997 bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the basic financial statements. The advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$1,509,930.

On June 30, 2014, \$21,985,000 of bonds outstanding are considered defeased.

**Pension Obligation Bonds**

On March 1, 2004, limited tax pension obligation bonds totaling \$42,180,000, were issued to finance the 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. The actual savings realized 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 future required contribution rate.

**8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Due to/from other funds at June 30, 2014 and transfers in and out for the year then ended are as follows:

|                       | Due From<br>Other Funds | Due to<br>Other Funds | Transfers In      | Transfers Out     |
|-----------------------|-------------------------|-----------------------|-------------------|-------------------|
| General Fund          | \$ 334,350              | \$ -                  | \$ -              | \$ 100,000        |
| Debt Service Fund     | 506,055                 | -                     | -                 | -                 |
| Capital Projects Fund | 57,612                  | -                     | -                 | -                 |
| Special Revenue Fund  | -                       | 898,257               | 100,000           | -                 |
| Scholarship Fund      | 240                     | -                     | -                 | -                 |
|                       | <u>\$ 898,257</u>       | <u>\$ 898,257</u>     | <u>\$ 100,000</u> | <u>\$ 100,000</u> |

Interfund balances represent amounts owed to or from the general fund for pooled cash and investments. The interfund transfers represent a subsidy from the Food Service to General fund for operations.

**9. RISK MANAGEMENT**

There is exposure to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. The amount of settlements did not exceed insurance coverage limits in any of the past three years.

**10. OTHER POST EMPLOYMENT BENEFITS****Early Retirement Stipends**

Plan Description - A single employer defined benefit supplemental early retirement program is maintained for qualifying employees. An early retirement stipend plan is provided for Teachers pursuant to a collective bargaining agreement. An early retirement stipend has also been established by administrative policy for Administrative, Confidential, and Supervisors employees (CSA Group). Qualifying teachers must have 15 years of full-time service with the District, eligible for PERS retirement (age 55 or 30 years of PERS service), and be hired before July 1, 2007. Eligible CSA employees must have 7 years of full-time service and be eligible for PERS retirement (age 55 or 30 years of PERS Service). No separate audited GAAP basis postemployment benefit plan report is available for the defined benefit plan. The optional early retirement program provides eligible employees with the following:

- For Teachers, \$500 per month for the earlier of 48 months, aged 62, or death.
- For CSA employees, \$500 per month for 48 months, or to the date of death, whichever occurs first.

There is no explicit assumption regarding the inflation rate, the plan has an investment return of 3% which is actually the discount rate since the plans are unfunded by GASB standards, and there are no projected salary increases or post-retirement benefit increases for the plan. This plan uses the level dollar amortization method.

Contributions and Funding Policy - The benefits from this program are fully paid and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. It has not been found necessary to establish a pension trust fund. Benefit payments are paid on a pay-as-you-go basis each year out of the General Fund. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan. The annual expenditures recognized on a budgetary basis were approximately \$423,000.

Annual Pension Cost and Net Pension Obligation - The annual pension cost and net pension obligation (NPO) to the Early Retirement Stipend for the current year were as follows:

|   | 2014         | 2013         | 2012         |
|---|--------------|--------------|--------------|
| Annual Required Contribution                  | \$ 376,233   | \$ 376,233   | \$ 356,219   |
| Interest on Net Pension Obligation            | (7,171)      | (5,984)      | (899)        |
| Adjustment to Annual Required Contribution    | 25,081       | 20,930       | 2,736        |
| Annual Pension Cost                           | 394,143      | 391,179      | 358,056      |
| Contributions Made/Expected                   | (534,687)    | (430,740)    | (527,548)    |
| Increase in Net Pension Obligation            | (140,544)    | (39,561)     | (169,492)    |
| NPO (Asset) at beginning of year              | (239,025)    | (199,464)    | (29,972)     |
| NPO (Asset) at end of year                    | \$ (379,569) | \$ (239,025) | \$ (199,464) |
| Percentage of Annual Pension Cost Contributed | 135.7%       | 110.1%       | 147.3%       |

#### 10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial methods and assumptions – The annual required contribution (ARC) for the current year was determined as part of the June 30, 2014 actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, investment rate of return of 3.5%, retiree trend rates which range from 50 to 64 as a percentage of otherwise eligible employees. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

For the initial valuation, the Projected Unit Credit Method was the valuation method used to determine the Actuarial Accrued Liability.

Under this method, the Plan's benefit obligations for participants for past service are computed on a present value basis using projected benefits (including future accruals). The accrued liability is equal to a pro-rata portion of the total present value of benefits based on the ratio of services as of the valuation date to the projected service at assumed retirement (or other decrement).

The excess of the Actuarial Accrued Liability over Plan Assets is the Unfunded Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability for the Stipend Plan is amortized over a closed 15 year period.

Funding Status and Funding Progress - As of June 30, 2013, the actuarial accrued liability for stipend benefits was \$2,695,306, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,695,306. The covered payroll is \$24,362,822. Using a 15-year closed amortization period, the Annual Required Contribution (ARC) for 2013 has been actuarially determined to be \$376,233 for contributions.

#### Post Employment Health Care Benefits

Plan Description - As a result of collective bargaining agreements and administrative policies, Teachers and CSA employees, are offered explicit post-employment medical benefits under a single-employer, defined benefit plan. Eligible teachers must have 15 years of full-time service, eligible for PERS retirement (age 55 or 30 years of PERS service), and be hired before July 1, 2007. Eligible CSA employees must have 7 years of full-time service and be eligible for PERS retirement (age 55 or 30 years of PERS Service). The optional post employment health care benefits provide eligible employees with the following:

- For Teachers, full family medical, dental, vision insurance benefits are provided (benefits pro-rated for employees working on a less than full-time equivalent basis). Benefits are payable to the earlier of age 62, or the retiree's date of death.
- For CSA employees, full family medical, dental, vision insurance benefits are provided (benefits pro-rated for employees working on less than a full-time equivalent basis). Benefits are payable until the retiree is medicare eligible or retiree's date of death. Administrative employees also receive life insurance coverage of \$200,000 until age 60 and coverage of \$50,000 until age 65.

**10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)****Post Employment Health Care Benefits (CONTINUED)**

Implicit medical benefits are offered to employee's enrolled in a 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. No implicit benefits will be provided if an employee terminates employment prior to eligibility, regardless of death, disability, or any other reason. Implicit medical benefits include:

- Health Insurance coverage for retirees 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 spouse ends the first day of the month that the spouse is eligible for Medicare.
- Unmarried children are covered until such time as they are no longer eligible.

The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the implicit employer contribution.

An irrevocable trust (or equivalent arrangement) has not been established to account for the plan.

There is no explicit assumption regarding the inflation rate, the plan has an investment return of 3% which is actually the discount rate since the plans are unfunded by GASB standards, there are no projected salary increases or post-retirement benefit increases, and the healthcare cost trend rate for 2013 is 5% for Kaiser medical and 10% for non-Kaiser medical. This plan uses the level dollar amortization method.

Funding Policy - The benefits from the explicit program are fully paid for full time employees. Contributions are required on a pro-rated basis for employees working on less than a full-time equivalent basis. There is no obligation to fund these benefits in advance. Implicit benefits are paid by the participants on a self pay basis.

Annual Pension Cost and Net OPEB Obligation - The 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 (Explicit Benefits)  | \$ 1,404,959 | \$ 1,404,959 | \$ 1,474,616 |
| Annual Required Contribution (Implicit Benefits)  | 793,737      | 793,737      | 1,022,070    |
| Interest on Net OPEB Obligation                   | 126,826      | 100,684      | 82,164       |
| Adjustment to Annual Required Contribution        | (209,403)    | (166,240)    | (135,662)    |
| Annual OPEB Cost                                  | 2,116,119    | 2,133,140    | 2,443,188    |
| Contributions Made / Expected (Explicit Benefits) | (1,046,443)  | (825,117)    | (1,302,295)  |
| Contributions Made / Expected (Implicit Benefits) | (483,949)    | (436,635)    | (523,570)    |
| Increase in Net Pension Obligation                | 585,727      | 871,388      | 617,323      |
| Net OPEB Obligation (Asset) at beginning of year  | 4,227,523    | 3,356,135    | 2,738,812    |
| Net OPEB Obligation (Asset) at end of year        | \$ 4,813,250 | \$ 4,227,523 | \$ 3,356,135 |
| Percentage of APC contributed                     | 72.32%       | 59.15%       | 74.73%       |

10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Post Employment Health Care Benefits (CONTINUED)

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the June 30, 2014 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) a rate of return on investment of present and future assets of 3.5% compounded annually; (b) 60% of future retirees are assumed to cover a spouse under the health plan, and 10% of future retirees will elect to cover a child or children; (c) Medical claims for future retirees are blended rates, which range from 15-20% for paid participants and range from 20-80% for self paid participants, while dental claims are expected to be 15% greater for all dental premiums for all participants; (d) Medical premiums are expected to increase annually between 5-10% over the next ten years, while dental premiums are expected to increase between 3-5% annually over the next ten years; (e) retirement rates range from 0-30% between the ages of 50 and 65.

Funding Status and Funding Progress – As of June 30, 2013, the time of the last actuarial report, the plan was 0% funded. The actuarial accrued liability for benefits was \$21,675,468, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,675,468. The covered payroll was \$39,107,456, and the unfunded actuarial accrued liability as a percentage of active covered payroll was not applicable. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The annual expenditures recognized on a budgetary basis were approximately \$1,196,000.

11. PENSION PLAN

Contributes are made to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

PERS is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700 or by calling 1-503-598-7377.

**11. PENSION PLAN (CONTINUED)**

Members of PERS are required to contribute 6% of their salary covered under the plan. The District is required by ORS 238.225 to contribute at an actuarially determined rate. The rate effective for the two year period beginning July 1, 2011 is 14.21% of salary covered under the plan for Tier 1 and Tier 2 employees and 12.21% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). On March 1, 2004 the District participated in the Oregon School Boards Association limited tax pension obligation bond issues to finance a portion of the estimated unfunded PERS actuarial liability (the "UAL"). \$42,180,000 was borrowed, reducing the rate paid to PERS to 2.78%, on Tier 1 and Tier 2 employees, effective March 1, 2004. Contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The contribution to the plan for the years ending June 30, 2014, 2013, and 2012 were \$7,667,387, \$6,710,879, and \$6,684,975, respectively, and were equal to the required contributions for each year. The employee's 6% required contribution is paid in accordance with bargaining agreements.

**12. FUND BALANCE CONSTRAINTS**

The specific purposes for each of the categories of fund balance as of June 30, 2014 are as follows:

| Fund Balances:             | General Fund        | Debt Service Fund   | Capital Projects Fund | Special Revenue Fund | Total                |
|----------------------------|---------------------|---------------------|-----------------------|----------------------|----------------------|
| <u>Nonspendable:</u>       |                     |                     |                       |                      |                      |
| Prepaid & Inventory        | \$ 50,922           | \$ -                | \$ -                  | \$ 34,955            | \$ 85,877            |
| <u>Restricted:</u>         |                     |                     |                       |                      |                      |
| Grants and other purposes  | -                   | -                   | -                     | 436,040              | 436,040              |
| Debt service               | -                   | 1,201,295           | -                     | -                    | 1,201,295            |
| Future capital projects    | -                   | -                   | 8,154,014             | -                    | 8,154,014            |
|                            | -                   | 1,201,295           | 8,154,014             | 436,040              | 9,791,349            |
| <u>Committed to:</u>       |                     |                     |                       |                      |                      |
| Future Operations          | -                   | -                   | -                     | -                    | -                    |
|                            | -                   | -                   | -                     | -                    | -                    |
| <u>Unassigned:</u>         | 4,395,909           | -                   | -                     | -                    | 4,395,909            |
| <b>Total Fund Balances</b> | <b>\$ 4,446,831</b> | <b>\$ 1,201,295</b> | <b>\$ 8,154,014</b>   | <b>\$ 470,995</b>    | <b>\$ 14,273,135</b> |

**13. COMMITMENTS AND CONTINGENCIES**

A substantial portion of operating funding is received 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 either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

There is participation in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2014 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts are expected by management to be immaterial.

As of June 30, 2014, approximately \$13,982 was held in retainage.

**14. 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.



WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

WEST LINN WILSONVILLE SCHOOL DISTRICT  
CLACKAMAS COUNTY OREGON

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
For the Year Ended June 30, 2014

EARLY RETIREMENT STIPENDS

SCHEDULE OF FUNDING PROGRESS

| Actuarial<br>Valuation<br>Date | (a)<br>Actuarial<br>Value of<br>Assets | (b)<br>Actuarial<br>Accrued<br>Liability (AAL) | (b)-(a)<br>AAL<br>(UAAL) | (a/b)<br>Funded<br>Ratio | (c)<br>Covered<br>Payroll | ((b-a)/c)<br>UAAL as a<br>Percentage<br>of Covered<br>Payroll |
|--------------------------------|--|--|--------------------------|--------------------------|---------------------------|---|
| 2010                           | \$ -                                   | \$ 2,036,188                                   | \$ 2,036,188             | - %                      | \$ N/A                    | N/A   |
| 2011                           | \$ -                                   | \$ 2,765,399                                   | \$ 2,765,399             | - %                      | \$ 23,599,226             | N/A   |
| 2012                           | \$ -                                   | \$ 2,765,399                                   | \$ 2,765,399             | - %                      | \$ 23,599,226             | N/A   |
| 2013                           | \$ -                                   | \$ 2,695,306                                   | \$ 2,695,306             | - %                      | \$ 24,362,822             | N/A   |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year<br>Ended<br>June 30, | Annual<br>Required<br>Contribution | Expected<br>Percentage<br>Contributed |
|---------------------------|------------------------------------|---------------------------------------|
| 2011                      | \$ 356,219                         | 93.4% %                               |
| 2012                      | \$ 356,219                         | 148.1% %                              |
| 2013                      | \$ 376,233                         | 114.5% %                              |
| 2014                      | \$ 376,233                         | 142.1% %                              |

OTHER POSTEMPLOYMENT HEALTH BENEFITS

SCHEDULE OF FUNDING PROGRESS

| Actuarial<br>Valuation<br>Date | (a)<br>Actuarial<br>Value of<br>Assets | (b)<br>Actuarial<br>Accrued<br>Liability (AAL) | (b)-(a)<br>AAL<br>(UAAL) | (a/b)<br>Funded<br>Ratio | (c)<br>Covered<br>Payroll | ((b-a)/c)<br>UAAL as a<br>Percentage<br>of Covered<br>Payroll |
|--------------------------------|--|--|--------------------------|--------------------------|---------------------------|---|
| 2010                           | \$ -                                   | \$ 18,613,012                                  | \$ 18,613,012            | - %                      | \$ N/A                    | N/A   |
| 2011                           | \$ -                                   | \$ 22,397,230                                  | \$ 22,397,230            | - %                      | \$ 38,582,102             | N/A   |
| 2012                           | \$ -                                   | \$ 22,397,230                                  | \$ 22,397,230            | - %                      | \$ 38,582,102             | N/A   |
| 2013                           | \$ -                                   | \$ 21,675,468                                  | \$ 21,675,468            | - %                      | \$ 39,107,456             | N/A   |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year<br>Ended<br>June 30, | Annual<br>OPEB<br>Costs | Percentage<br>Contributed |
|---------------------------|-------------------------|---------------------------|
| 2011                      | \$ 2,462,337            | 60.2 %                    |
| 2012                      | \$ 2,443,188            | 74.7 %                    |
| 2013                      | \$ 2,133,140            | 59.1 %                    |
| 2014                      | \$ 2,116,119            | 72.3 %                    |

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

SUPPLEMENTARY INFORMATION

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
ACTUAL AND BUDGET  
YEAR ENDED JUNE 30, 2014

DEBT SERVICE FUND

|                                   | Budget            |                   | Debt Service      | PERS Debt         |                     | Variance with                          |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--|
|                                   | Adopted           | Final             | Fund              | Service Fund      | Total               | Final Budget<br>Positive<br>(Negative) |
| <b>REVENUES:</b>                  |                   |                   |                   |                   |                     |  |
| Local Sources                     |                   |                   |                   |                   |                     |  |
| Property Taxes                    | \$ 18,813,650     | \$ 18,813,650     | \$ 33,812,017     | \$ -              | \$ 33,812,017       | \$ 14,998,367                          |
| Earnings on Investments           | 24,085            | 24,085            | 4                 | -                 | 4                   | (24,081)                               |
| Miscellaneous                     | -                 | -                 | 34,184            | -                 | 34,184              | 34,184                                 |
| Services Provided Other Funds     | 3,019,415         | 3,019,415         | -                 | 3,280,234         | 3,280,234           | 260,819                                |
| <b>Total Revenues</b>             | <b>21,857,150</b> | <b>21,857,150</b> | <b>33,846,205</b> | <b>3,280,234</b>  | <b>37,126,439</b>   | <b>15,269,289</b>                      |
| <b>EXPENDITURES:</b>              |                   |                   |                   |                   |                     |  |
| Debt service                      | 22,566,700        | 22,566,700 (1)    | 33,598,020        | 3,026,842         | 36,624,862          | (14,058,162)                           |
| <b>Total Expenditures</b>         | <b>22,566,700</b> | <b>22,566,700</b> | <b>33,598,020</b> | <b>3,026,842</b>  | <b>36,624,862</b>   | <b>(14,058,162)</b>                    |
| <b>Net Change in Fund Balance</b> | <b>(709,550)</b>  | <b>(709,550)</b>  | <b>248,185</b>    | <b>253,392</b>    | <b>501,577</b>      | <b>1,211,127</b>                       |
| <b>Beginning Fund Balance</b>     | <b>709,550</b>    | <b>709,550</b>    | <b>508,706</b>    | <b>191,012</b>    | <b>699,718</b>      | <b>(9,832)</b>                         |
| <b>Ending Fund Balance</b>        | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ 756,891</b> | <b>\$ 444,404</b> | <b>\$ 1,201,295</b> | <b>\$ 1,201,295</b>                    |

(1) Appropriation level

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2014

**CAPITAL PROJECTS FUND**

|   | Budget              |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
|   | Adopted             | Final               |                     |   |
| <b>REVENUES:</b>                                    |                     |                     |                     |   |
| Local Sources:                                      |                     |                     |                     |   |
| Construction Excise Tax                             | \$ -                | \$ -                | \$ 1,580,599        | \$ 1,580,599  |
| Earnings on Investments                             | 760,555             | 760,555             | -                   | (760,555)   |
| Intermediate Sources                                | -                   | -                   | -                   | -   |
| <b>Total Revenues</b>                               | <b>760,555</b>      | <b>760,555</b>      | <b>1,580,599</b>    | <b>820,044</b>  |
| <b>EXPENDITURES:</b>                                |                     |                     |                     |   |
| Support Services                                    | 25,000              | 25,000 (1)          | 122                 | 24,878  |
| Facilities Acquisition and Construction:            | 10,842,506          | 10,842,506 (1)      | 4,575,012           | 6,267,494   |
| <b>Total Expenditures</b>                           | <b>10,867,506</b>   | <b>10,867,506</b>   | <b>4,575,134</b>    | <b>6,292,372</b>  |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(10,106,951)</b> | <b>(10,106,951)</b> | <b>(2,994,535)</b>  | <b>7,112,416</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                     |                     |                     |   |
| Transfers In  | 575,000             | 575,000             | -                   | (575,000)   |
| <b>Total Other Financing Sources (Uses)</b>         | <b>575,000</b>      | <b>575,000</b>      | <b>-</b>            | <b>(575,000)</b>  |
| <b>Net Change in Fund Balance</b>                   | <b>(9,531,951)</b>  | <b>(9,531,951)</b>  | <b>(2,994,535)</b>  | <b>6,537,416</b>  |
| <b>Beginning Fund Balance</b>                       | <b>9,531,951</b>    | <b>9,531,951</b>    | <b>11,148,549</b>   | <b>1,616,598</b>  |
| <b>Ending Fund Balance</b>                          | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 8,154,014</b> | <b>\$ 8,154,014</b>                                     |

(1) Appropriation level

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2014

|   | Columbia<br>Regional<br>Autism Fund | ASPIRE<br>Fund  | SOAR<br>Fund     | Mentoring<br>Teacher<br>Grant Fund | School MAP<br>Donations<br>Fund | Mentor<br>In-House<br>Program Fund | Farm<br>Educator<br>Grant Fund | Medicaid<br>Administration<br>Fund | Title 1C<br>Summer<br>Fund |
|---|-------------------------------------|-----------------|------------------|------------------------------------|---------------------------------|------------------------------------|--------------------------------|------------------------------------|----------------------------|
| <b>ASSETS</b>   |                                     |                 |                  |                                    |                                 |                                    |                                |                                    |                            |
| Cash  | \$ -                                | \$ -            | \$ -             | \$ -                               | \$ -                            | \$ -                               | \$ -                           | \$ -                               | \$ -                       |
| Due from Other Funds  | -                                   | 1,382           | 14,008           | -                                  | 5,496                           | -                                  | -                              | 62,667                             | -                          |
| Supply Inventory  | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| Prepaid Expenditures  | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| Accounts Receivable   | 10,025                              | -               | -                | 2,010                              | -                               | -                                  | -                              | -                                  | 5,742                      |
| <b>TOTAL ASSETS</b>   | <u>\$ 10,025</u>                    | <u>\$ 1,382</u> | <u>\$ 14,008</u> | <u>\$ 2,010</u>                    | <u>\$ 5,496</u>                 | <u>\$ -</u>                        | <u>\$ -</u>                    | <u>\$ 62,667</u>                   | <u>\$ 5,742</u>            |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>                          |                                     |                 |                  |                                    |                                 |                                    |                                |                                    |                            |
| Liabilities:  |                                     |                 |                  |                                    |                                 |                                    |                                |                                    |                            |
| Unearned Revenue  | \$ -                                | \$ -            | \$ -             | \$ -                               | \$ 5,496                        | \$ -                               | \$ -                           | \$ -                               | \$ -                       |
| Accounts Payable  | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| Due to Other Funds  | 10,025                              | -               | -                | 2,010                              | -                               | -                                  | -                              | -                                  | 5,742                      |
| <b>TOTAL LIABILITIES</b>  | 10,025                              | -               | -                | 2,010                              | 5,496                           | -                                  | -                              | -                                  | 5,742                      |
| Fund Balances:  |                                     |                 |                  |                                    |                                 |                                    |                                |                                    |                            |
| Adjustments for Inventories reported<br>under the purchase method | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| Nonspendable  |                                     |                 |                  |                                    |                                 |                                    |                                |                                    |                            |
| Restricted  | -                                   | 1,382           | 14,008           | -                                  | -                               | -                                  | -                              | 62,667                             | -                          |
| Committed   | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| Unassigned  | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| <b>TOTAL LIABILITIES<br/>AND FUND<br/>BALANCES</b>                | <u>\$ 10,025</u>                    | <u>\$ 1,382</u> | <u>\$ 14,008</u> | <u>\$ 2,010</u>                    | <u>\$ 5,496</u>                 | <u>\$ -</u>                        | <u>\$ -</u>                    | <u>\$ 62,667</u>                   | <u>\$ 5,742</u>            |

| PPC Grant<br>Fund | C-Tec Youth<br>Services<br>Fund | Carl<br>Perkins<br>Fund | Title IA/D<br>Fund | Title I<br>Fund   | IDEA<br>Enhancement<br>Fund | IDEA<br>Fund | Kindergarten<br>Readiness<br>Assessment<br>ARRA Fund | Title IIA<br>Fund |
|-------------------|---------------------------------|-------------------------|--------------------|-------------------|-----------------------------|--------------|--|-------------------|
| \$ -              | \$ -                            | \$ -                    | \$ -               | \$ -              | \$ -                        | \$ -         | \$ -   | \$ -              |
| 285,704           | -                               | -                       | -                  | -                 | -                           | -            | -  | -                 |
| -                 | -                               | -                       | -                  | -                 | -                           | -            | -  | -                 |
| -                 | -                               | -                       | -                  | -                 | -                           | -            | -  | -                 |
| -                 | 12,333                          | 923                     | 35,232             | 264,942           | 520,541                     | -            | -  | 43,074            |
| <u>\$ 285,704</u> | <u>\$ 12,333</u>                | <u>\$ 923</u>           | <u>\$ 35,232</u>   | <u>\$ 264,942</u> | <u>\$ 520,541</u>           | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ 43,074</u>  |
|                   |                                 |                         |                    |                   |                             |              |  |                   |
| \$ -              | \$ -                            | \$ -                    | \$ -               | \$ -              | \$ -                        | \$ -         | \$ -   | \$ -              |
| -                 | 310                             | (3,326)                 | -                  | -                 | 7,636                       | -            | -  | -                 |
| -                 | 11,745                          | 4,249                   | 35,232             | 264,942           | 512,904                     | -            | -  | 43,074            |
| -                 | 12,055                          | 923                     | 35,232             | 264,942           | 520,540                     | -            | -  | 43,074            |
| -                 | -                               | -                       | -                  | -                 | -                           | -            | -  | -                 |
| 285,704           | -                               | -                       | -                  | -                 | 1                           | -            | -  | -                 |
| -                 | -                               | -                       | -                  | -                 | -                           | -            | -  | -                 |
| -                 | 278                             | -                       | -                  | -                 | -                           | -            | -  | -                 |
| <u>\$ 285,704</u> | <u>\$ 12,333</u>                | <u>\$ 923</u>           | <u>\$ 35,232</u>   | <u>\$ 264,942</u> | <u>\$ 520,541</u>           | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ 43,074</u>  |

| Youth<br>Transition<br>Program<br>Fund | Title III<br>Fund | Disabled<br>Child<br>Fund | Land<br>Proceeds<br>Fund | Food<br>Service<br>Fund | Community<br>Education<br>Fund | Total               |
|--|-------------------|---------------------------|--------------------------|-------------------------|--------------------------------|---------------------|
| \$ -                                   | \$ -              | \$ -                      | \$ (870)                 | \$ -                    | \$ -                           | \$ (870)            |
| -                                      | -                 | -                         | 13,075                   | -                       | 157,166                        | 539,498             |
| -                                      | -                 | -                         | -                        | -                       | -                              | -                   |
| -                                      | -                 | -                         | -                        | -                       | -                              | -                   |
| 43,094                                 | 11,280            | 355,355                   | -                        | 922                     | 49,966                         | 1,355,439           |
| <u>\$ 43,094</u>                       | <u>\$ 11,280</u>  | <u>\$ 355,355</u>         | <u>\$ 12,205</u>         | <u>\$ 922</u>           | <u>\$ 207,132</u>              | <u>\$ 1,894,067</u> |

|                  |                  |                   |                  |               |                   |                     |
|------------------|------------------|-------------------|------------------|---------------|-------------------|---------------------|
| \$ -             | \$ -             | \$ -              | \$ -             | \$ -          | \$ -              | \$ 5,496            |
| -                | -                | 3,512             | -                | 2,907         | 3,736             | 14,775              |
| 43,094           | 11,280           | 151,423           | -                | 342,035       | -                 | 1,437,755           |
| 43,094           | 11,280           | 154,935           | -                | 344,942       | 3,736             | 1,458,026           |
| -                | -                | -                 | -                | -             | -                 | -                   |
| -                | -                | 200,420           | 12,205           | (344,020)     | 203,396           | 435,763             |
| -                | -                | -                 | -                | -             | -                 | -                   |
| -                | -                | -                 | -                | -             | -                 | 278                 |
| <u>\$ 43,094</u> | <u>\$ 11,280</u> | <u>\$ 355,355</u> | <u>\$ 12,205</u> | <u>\$ 922</u> | <u>\$ 207,132</u> | <u>\$ 1,894,067</u> |

Reconciliation of Due to and Due From

|                          |                     |
|--------------------------|---------------------|
| Due From Other Funds     | \$ 539,498          |
| Due To Other Funds       | <u>(1,437,755)</u>  |
| Total Due To Other Funds | <u>\$ (898,257)</u> |



WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2014

|   | Columbia<br>Regional<br>Autism Fund | ASPIRE<br>Fund  | SOAR<br>Fund     | Mentoring<br>Teacher<br>Grant Fund | School MAP<br>Donations<br>Fund | Mentor<br>In-House<br>Program Fund | Farm<br>Educator<br>Grant Fund | Medicaid<br>Administration<br>Fund | Title 1C<br>Summer<br>Fund |
|---|-------------------------------------|-----------------|------------------|------------------------------------|---------------------------------|------------------------------------|--------------------------------|------------------------------------|----------------------------|
| <b>REVENUES:</b>  |                                     |                 |                  |                                    |                                 |                                    |                                |                                    |                            |
| Local Sources   | \$ -                                | \$ 1,382        | \$ 25,509        | \$ -                               | \$ -                            | \$ -                               | \$ 1,378                       | \$ -                               | \$ -                       |
| Intermediate Sources                                    | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| State Sources   | -                                   | -               | -                | -                                  | -                               | 72,050                             | -                              | -                                  | -                          |
| Federal Sources   | 75,900                              | -               | -                | 13,770                             | -                               | -                                  | -                              | 132,275                            | 5,742                      |
| <b>Total Revenues</b>                                   | <b>75,900</b>                       | <b>1,382</b>    | <b>25,509</b>    | <b>13,770</b>                      | <b>-</b>                        | <b>72,050</b>                      | <b>1,378</b>                   | <b>132,275</b>                     | <b>5,742</b>               |
| <b>EXPENDITURES:</b>                                    |                                     |                 |                  |                                    |                                 |                                    |                                |                                    |                            |
| Instruction   | 75,900                              | -               | 11,501           | -                                  | -                               | -                                  | 5,224                          | -                                  | 5,742                      |
| Support Services  | -                                   | -               | -                | 13,770                             | -                               | 72,050                             | -                              | 69,608                             | -                          |
| Enterprise and Community Services                       | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| Debt Service  | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| <b>Total Expenditures</b>                               | <b>75,900</b>                       | <b>-</b>        | <b>11,501</b>    | <b>13,770</b>                      | <b>-</b>                        | <b>72,050</b>                      | <b>5,224</b>                   | <b>69,608</b>                      | <b>5,742</b>               |
| <b>Excess of Revenues Over (Under)<br/>Expenditures</b> | <b>-</b>                            | <b>1,382</b>    | <b>14,008</b>    | <b>-</b>                           | <b>-</b>                        | <b>-</b>                           | <b>(3,846)</b>                 | <b>62,667</b>                      | <b>-</b>                   |
| <b>OTHER FINANCING SOURCES:</b>                         |                                     |                 |                  |                                    |                                 |                                    |                                |                                    |                            |
| Transfers In (Out)                                      | -                                   | -               | -                | -                                  | -                               | -                                  | -                              | -                                  | -                          |
| <b>Total Other Financing Sources (Uses)</b>             | <b>-</b>                            | <b>-</b>        | <b>-</b>         | <b>-</b>                           | <b>-</b>                        | <b>-</b>                           | <b>-</b>                       | <b>-</b>                           | <b>-</b>                   |
| <b>NET CHANGE IN FUND BALANCE</b>                       | <b>-</b>                            | <b>1,382</b>    | <b>14,008</b>    | <b>-</b>                           | <b>-</b>                        | <b>-</b>                           | <b>(3,846)</b>                 | <b>62,667</b>                      | <b>-</b>                   |
| <b>FUND BALANCE, July 1, 2013</b>                       | <b>-</b>                            | <b>-</b>        | <b>-</b>         | <b>-</b>                           | <b>-</b>                        | <b>-</b>                           | <b>3,846</b>                   | <b>-</b>                           | <b>-</b>                   |
| <b>FUND BALANCE, June 30, 2014</b>                      | <b>\$ -</b>                         | <b>\$ 1,382</b> | <b>\$ 14,008</b> | <b>\$ -</b>                        | <b>\$ -</b>                     | <b>\$ -</b>                        | <b>\$ -</b>                    | <b>\$ 62,667</b>                   | <b>\$ -</b>                |

(1) Appropriation level

| PPC Grant Fund | C-Tec Youth Services Fund | Carl Perkins Fund | Title I/A/D Fund | Title I Fund | IDEA Enhancement Fund | IDEA Fund | Kindergarten Readiness Assessment ARRA Fund | Title IIA Fund | Youth Transition Program Fund |
|----------------|---------------------------|-------------------|------------------|--------------|-----------------------|-----------|---|----------------|-------------------------------|
| \$ -           | \$ -                      | \$ -              | \$ -             | \$ -         | \$ -                  | \$ -      | \$ -  | \$ -           | \$ -                          |
| -              | 35,173                    | -                 | -                | -            | -                     | -         | -   | -              | -                             |
| -              | -                         | -                 | -                | -            | -                     | -         | -   | -              | -                             |
| -              | -                         | 23,595            | 35,232           | 627,598      | 1,417,165             | -         | 1,500                                       | 120,100        | 121,605                       |
| -              | 35,173                    | 23,595            | 35,232           | 627,598      | 1,417,165             | -         | 1,500                                       | 120,100        | 121,605                       |
| -              | 35,173                    | 23,595            | 35,232           | 627,598      | 679,666               | -         | -   | 120,100        | 121,605                       |
| -              | -                         | -                 | -                | -            | 737,498               | -         | 1,500                                       | -              | -                             |
| -              | -                         | -                 | -                | -            | -                     | -         | -   | -              | -                             |
| -              | -                         | -                 | -                | -            | -                     | -         | -   | -              | -                             |
| -              | 35,173                    | 23,595            | 35,232           | 627,598      | 1,417,164             | -         | 1,500                                       | 120,100        | 121,605                       |
| -              | -                         | -                 | -                | -            | 1                     | -         | -   | -              | -                             |
| -              | -                         | -                 | -                | -            | -                     | -         | -   | -              | -                             |
| -              | -                         | -                 | -                | -            | -                     | -         | -   | -              | -                             |
| -              | -                         | -                 | -                | -            | 1                     | -         | -   | -              | -                             |
| 285,704        | -                         | -                 | -                | -            | -                     | -         | -   | -              | -                             |
| \$ 285,704     | \$ -                      | \$ -              | \$ -             | \$ -         | \$ 1                  | \$ -      | \$ -  | \$ -           | \$ -                          |

| Title III<br>Fund | Disabled<br>Child<br>Fund | Land<br>Proceeds<br>Fund | Food<br>Service<br>Fund | Community<br>Education<br>Fund | Total        | Budget       |              |               |
|-------------------|---------------------------|--------------------------|-------------------------|--------------------------------|--------------|--------------|--------------|---------------|
|                   |                           |                          |                         |                                |              | Adopted      | Actual       |               |
| \$ -              | \$ -                      | \$ 3,363                 | \$ 706,079              | \$ 362,673                     | \$ 1,100,382 | \$ 1,579,295 | \$ 1,579,295 | \$ (478,913)  |
| -                 | 546,303                   | -                        | -                       | -                              | 581,477      | 566,300      | 566,300      | 15,177        |
| -                 | -                         | -                        | -                       | -                              | 72,050       | 14,255       | 14,255       | 57,795        |
| 41,619            | -                         | -                        | 863,725                 | -                              | 3,479,826    | 3,359,181    | 3,359,181    | 120,645       |
| 41,619            | 546,303                   | 3,363                    | 1,569,804               | 362,673                        | 5,233,735    | 5,519,031    | 5,519,031    | (285,296)     |
| -                 | 499,163                   | -                        | -                       | -                              | 2,240,499    | 2,524,093    | 2,524,093    | (1) 283,594   |
| 41,619            | 196,008                   | 49                       | -                       | -                              | 1,132,102    | 913,250      | 913,250      | (1) (218,852) |
| -                 | -                         | -                        | 1,634,567               | 220,624                        | 1,855,191    | 2,166,350    | 2,166,350    | (1) 311,159   |
| -                 | -                         | -                        | -                       | -                              | -            | 17,738       | 17,738       | (1) 17,738    |
| 41,619            | 695,171                   | 49                       | 1,634,567               | 220,624                        | 5,227,792    | 5,621,431    | 5,621,431    | (393,639)     |
| -                 | (148,868)                 | 3,314                    | (64,763)                | 142,049                        | 5,943        | (102,400)    | (102,400)    | 108,343       |
| -                 | -                         | -                        | 100,000                 | -                              | 100,000      | 100,000      | 100,000      | -             |
| -                 | -                         | -                        | 100,000                 | -                              | 100,000      | 100,000      | 100,000      | -             |
| -                 | (148,868)                 | 3,314                    | 35,237                  | 142,049                        | 105,943      | (2,400)      | (2,400)      | 108,343       |
| -                 | 349,288                   | 8,891                    | (379,257)               | 61,347                         | 329,819      | 2,400        | 2,400        | 327,419       |
| \$ -              | \$ 200,420                | \$ 12,205                | \$ (344,020)            | \$ 203,396                     | \$ 435,762   | \$ -         | \$ -         | \$ 435,762    |

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

FIDUCIARY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2014

|                              | BALANCE<br>AT 7/1/13 | ADDITIONS    | DEDUCTIONS   | BALANCE<br>AT 6/30/14 |
|------------------------------|----------------------|--------------|--------------|-----------------------|
| STUDENT ACTIVITY FUNDS:      |                      |              |              |                       |
| ASSETS:                      |                      |              |              |                       |
| Cash and Investments         | \$ 892,934           | \$ 2,594,085 | \$ 2,457,304 | \$ 1,029,715          |
| Total Assets                 | \$ 892,934           | \$ 2,594,085 | \$ 2,457,304 | \$ 1,029,715          |
| LIABILITIES:                 |                      |              |              |                       |
| Due to Student Organizations | \$ 892,934           | \$ 2,594,085 | \$ 2,457,304 | \$ 1,029,715          |
| Total Liabilities            | \$ 892,934           | \$ 2,594,085 | \$ 2,457,304 | \$ 1,029,715          |

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS  
YEAR ENDED JUNE 30, 2014

GENERAL FUND

| Tax Year           | Original Levy or Balance Uncollected 7/1/13 | Deduct Discounts    | Adjustments To Rolls | Add Interest    | Cash Collections By County Treasurer | Balance Uncollected Or Unsegregated 6/30/2014 |
|--------------------|---|---------------------|----------------------|-----------------|--------------------------------------|---|
| Current:           |   |                     |                      |                 |                                      |   |
| 2013-14            | \$ 30,478,593                               | \$ (774,199)        | \$ (50,363)          | \$ 100          | \$ 28,890,076                        | \$ 764,054                                    |
| Prior Years:       |   |                     |                      |                 |                                      |   |
| 2012-13            | 861,957                                     | 413                 | (23,552)             | 262             | 418,784                              | 420,294                                       |
| 2011-12            | 503,741                                     | 157                 | (7,708)              | 226             | 188,882                              | 307,533                                       |
| 2010-11            | 366,787                                     | 37                  | (2,380)              | 404             | 163,215                              | 201,633                                       |
| 2009-10            | 189,099                                     | 5                   | (3,638)              | 176             | 54,266                               | 131,376                                       |
| 2008-09 & Prior    | 73,574                                      | 24                  | (9,450)              | 68              | 12,575                               | 51,640  |
| Total Prior        | 1,995,157                                   | 635                 | (46,729)             | 1,136           | 837,723                              | 1,112,477                                     |
| Total General Fund | <u>\$ 32,473,750</u>                        | <u>\$ (773,564)</u> | <u>\$ (97,092)</u>   | <u>\$ 1,236</u> | <u>\$ 29,727,799</u>                 | <u>\$ 1,876,531</u>                           |

RECONCILIATION TO REVENUE:

|   |                      |
|---|----------------------|
| Cash Collections by County Treasurers Above               | \$ 29,727,799        |
| Accrual of Receivables:                                   |                      |
| June 30, 2013   | (156,070)            |
| June 30, 2014   | 177,988              |
| Total Revenue (including penalties and interest on taxes) | <u>\$ 29,749,717</u> |

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS  
YEAR ENDED JUNE 30, 2014

DEBT SERVICE FUND

| Tax<br>Year             | Original<br>Levy or<br>Balance<br>Uncollected<br>7/1/13 | Deduct<br>Discounts | Adjustments<br>To<br>Rolls | Add<br>Interest | Cash<br>Collections<br>By County<br>Treasurer | Balance<br>Uncollected<br>Or<br>Unsegregated<br>6/30/2014 |
|-------------------------|---|---------------------|----------------------------|-----------------|---|---|
| Current:                |   |                     |                            |                 |   |   |
| 2013-14                 | \$ 18,996,794   | \$ (482,526)        | \$ (31,369)                | \$ 57           | \$ 18,006,630                                 | \$ 476,326  |
| Prior Years:            |   |                     |                            |                 |   |   |
| 2012-13                 | 547,236   | 264                 | (14,955)                   | 154             | 265,862                                       | 266,837   |
| 2011-12                 | 303,277   | 94                  | (4,645)                    | 130             | 113,715                                       | 185,141   |
| 2010-11                 | 171,664   | 17                  | (1,100)                    | 224             | 76,401  | 94,404  |
| 2009-10                 | 119,211   | 3                   | (2,285)                    | 89              | 34,219  | 82,799  |
| 2008-09 & Prior         | 46,504  | 15                  | (5,973)                    | 43              | 7,948   | 32,640  |
| Total Prior             | 1,187,892   | 394                 | (28,958)                   | 639             | 498,145                                       | 661,821   |
| Total Debt Service Fund | \$ 20,184,687   | \$ (482,133)        | \$ (60,328)                | \$ 696          | \$ 18,504,775                                 | \$ 1,138,147  |

RECONCILIATION TO REVENUE:

|   |               |
|---|---------------|
| Cash Collections by County Treasurers Above               | \$ 18,504,775 |
| Accrual of Receivables:                                   |               |
| June 30, 2013   | (91,819)      |
| June 30, 2014   | 104,209       |
| Total Revenue (including penalties and interest on taxes) | \$ 18,517,165 |

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES  
For The Year Ended June 30, 2014

| DATE<br>OF<br>ISSUE | MATURED<br>BONDS &<br>COUPONS<br>OUTSTANDING<br>AT 7/1/13 | BONDS &<br>COUPONS<br>MATURING<br>DURING<br>THE YEAR | BONDS<br>REDEEMED AND<br>COUPONS PAID<br>DURING<br>THE YEAR | MATURED<br>BONDS &<br>COUPONS<br>OUTSTANDING<br>AT 6/30/14 |
|---------------------|---|--|---|--|
| 11/30/2004          | \$ -  | \$ 4,705,812   | \$ 4,705,812  | \$ -   |
| 3/1/2004            | -   | 3,026,842  | 3,026,842   | -  |
| 05/28/03            | -   | 6,190,000  | 6,190,000   | -  |
| 7/1/2013            | -   | 537,751  | 537,751   | -  |
| TOTALS:             | \$ -  | \$ 14,460,405  | \$ 14,460,405   | \$ -   |

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS

June 30, 2014

| FISCAL<br>YEAR | ISSUE OF 5/28/03     |                      | PENSION BOND ISSUE OF 3/1/04 |                      | SERIES 2004 REFUNDING |                     |
|----------------|----------------------|----------------------|------------------------------|----------------------|-----------------------|---------------------|
|                | PRINCIPAL            | INTEREST             | PRINCIPAL                    | INTEREST             | PRINCIPAL             | INTEREST            |
|                | Due 6/15             | Due 12/15<br>& 6/15  | Due 6/30                     | Due 12/30<br>& 6/30  | Due 6/30              | Due 12/30<br>& 6/30 |
| 2014-15        | 3,982,904            | 2,437,096            | 1,035,000                    | 2,157,060            | 7,890,000             | 135,669             |
| 2015-16        | 3,911,288            | 2,758,712            | 1,250,000                    | 2,106,107            | 3,380,000             | 84,858              |
| 2016-17        | 3,852,387            | 3,077,613            | 1,490,000                    | 2,043,320            | 3,505,000             | 50,787              |
| 2017-18        | 6,356,204            | 5,708,796            | 1,745,000                    | 1,966,987            | -                     | -                   |
| 2018-19        | 6,231,753            | 6,308,247            | 2,030,000                    | 1,875,846            | -                     | -                   |
| 2019-20        | 6,078,221            | 6,956,780            | 2,335,000                    | 1,767,789            | -                     | -                   |
| 2020-21        | 5,826,065            | 7,473,935            | 2,665,000                    | 1,642,329            | -                     | -                   |
| 2021-22        | 5,711,928            | 8,118,072            | 3,025,000                    | 1,497,806            | -                     | -                   |
| 2022-23        | 5,593,895            | 8,791,105            | 3,415,000                    | 1,332,248            | -                     | -                   |
| 2023-24        | -                    | -                    | 3,835,000                    | 1,143,467            | -                     | -                   |
| 2024-25        | -                    | -                    | 4,290,000                    | 931,468              | -                     | -                   |
| 2025-26        | -                    | -                    | 4,785,000                    | 694,317              | -                     | -                   |
| 2026-27        | -                    | -                    | 5,310,000                    | 429,802              | -                     | -                   |
| 2027-28        | -                    | -                    | 2,465,000                    | 136,265              | -                     | -                   |
| 2028-29        | -                    | -                    | -                            | -                    | -                     | -                   |
| 2029-30        | -                    | -                    | -                            | -                    | -                     | -                   |
| 2030-31        | -                    | -                    | -                            | -                    | -                     | -                   |
| 2031-32        | -                    | -                    | -                            | -                    | -                     | -                   |
| 2032-33        | -                    | -                    | -                            | -                    | -                     | -                   |
| 2033-34        | -                    | -                    | -                            | -                    | -                     | -                   |
| TOTALS         | <u>\$ 47,544,645</u> | <u>\$ 51,630,356</u> | <u>\$ 39,675,000</u>         | <u>\$ 19,724,811</u> | <u>\$ 14,775,000</u>  | <u>\$ 271,315</u>   |



| ISSUE OF 2/24/09     |                      | TOTAL REQUIREMENTS    |                       |
|----------------------|----------------------|-----------------------|-----------------------|
| PRINCIPAL            | INTEREST             | ALL ISSUES            |                       |
| Due 6/15             | Due 12/15<br>& 6/15  | PRINCIPAL             | INTEREST              |
| -                    | 4,111,644            | 12,907,904            | 8,841,469             |
| -                    | 4,111,644            | 8,541,288             | 9,061,321             |
| -                    | 4,111,644            | 8,847,387             | 9,283,364             |
| 1,225,000            | 4,111,644            | 9,326,204             | 11,787,427            |
| 1,270,000            | 4,062,394            | 9,531,753             | 12,246,487            |
| 1,405,000            | 4,019,018            | 9,818,221             | 12,743,587            |
| 1,735,000            | 3,948,768            | 10,226,065            | 13,065,032            |
| -                    | 3,879,369            | 8,736,928             | 13,495,247            |
| -                    | 3,879,369            | 9,008,895             | 14,002,722            |
| 4,380,000            | 3,879,369            | 8,215,000             | 5,022,836             |
| 4,845,000            | 3,660,368            | 9,135,000             | 4,591,836             |
| 5,300,000            | 3,460,512            | 10,085,000            | 4,154,829             |
| 5,830,000            | 3,195,512            | 11,140,000            | 3,625,314             |
| 6,390,000            | 2,904,012            | 8,855,000             | 3,040,277             |
| 6,990,000            | 2,584,514            | 6,990,000             | 2,584,514             |
| 7,610,000            | 2,249,112            | 7,610,000             | 2,249,112             |
| 8,260,000            | 1,868,612            | 8,260,000             | 1,868,612             |
| 9,005,000            | 1,455,612            | 9,005,000             | 1,455,612             |
| 9,780,000            | 1,014,125            | 9,780,000             | 1,014,125             |
| 10,570,000           | 525,125              | 10,570,000            | 525,125               |
| <u>\$ 84,595,000</u> | <u>\$ 63,032,367</u> | <u>\$ 186,589,645</u> | <u>\$ 134,658,849</u> |

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

OTHER INFORMATION –  
OREGON DEPARTMENT OF EDUCATION SCHEDULES

WEST LINN-WILSONVILLE SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY FUNCTION - ALL FUNDS

| Revenue from Local Sources                          |                      |                     |                      |                     |                     |
|---|----------------------|---------------------|----------------------|---------------------|---------------------|
|   | FUND 100             | FUND 200            | FUND 300             | FUND 400            | FUND 700            |
| 1110 Ad Valorem Taxes Levied by District            | \$ 27,127,380        |                     | \$ 18,626,246        |                     |                     |
| 1120 Local Option Ad Valorem Taxes Levied by        | 2,801,069            |                     |                      |                     |                     |
| 1130 Construction Excise Tax                        |                      |                     |                      | 900,335             |                     |
| 1190 Penalties and Interest on Taxes                | 1,150                |                     | 771                  |                     |                     |
| 1310 Regular Day School Tuition                     | 1,235,200            |                     |                      |                     |                     |
| 1320 Adult/Continuing Education Tuition             |                      |                     |                      |                     |                     |
| 1330 Summer School Tuition                          | 10,675               |                     |                      |                     |                     |
| 1500 Earnings on Investments                        | 143,315              | 3,363               | 4                    | 46,796              | 1,294               |
| 1600 Food Service                                   |                      | 796,709             |                      |                     |                     |
| 1700 Extracurricular Activities                     | 1,044,489            |                     |                      |                     | 2,594,085           |
| 1910 Rentals  | 108,611              | 272,044             |                      |                     |                     |
| 1920 Contributions and Donations From Private       | 160,002              | 25,509              |                      |                     |                     |
| 1960 Recovery of Prior Years' Expenditure           | 14,289               |                     |                      |                     |                     |
| 1970 Services Provided Other Funds                  |                      |                     | 3,280,235            |                     |                     |
| 1990 Miscellaneous                                  | 319,161              | 2,760               | 34,184               | 633,468             |                     |
| <b>Total Revenue from Local Sources</b>             | <b>\$ 32,965,340</b> | <b>\$ 1,100,384</b> | <b>\$ 21,941,440</b> | <b>\$ 1,580,599</b> | <b>\$ 2,595,379</b> |
| Revenue from Intermediate Sources                   |                      |                     |                      |                     |                     |
|   | FUND 100             | FUND 200            | FUND 300             | FUND 400            | FUND 700            |
| 2101 County School Funds                            | \$ 366               |                     |                      |                     |                     |
| 2199 Other Intermediate Sources                     |                      | 546,303             |                      |                     |                     |
| 2200 Restricted Revenue                             |                      | 35,173              |                      |                     |                     |
| <b>Total Revenue from Intermediate Sources</b>      | <b>\$ 366</b>        | <b>\$ 581,476</b>   | <b>\$ -</b>          | <b>\$ -</b>         | <b>\$ -</b>         |
| Revenue from State Sources                          |                      |                     |                      |                     |                     |
|   | FUND 100             | FUND 200            | FUND 300             | FUND 400            | FUND 700            |
| 3101 State School Fund - General Support            | \$ 40,379,431        |                     |                      |                     |                     |
| 3102 State School Fund - School Lunch Match         |                      | -                   |                      |                     |                     |
| 3103 Common School Fund                             | 797,295              |                     |                      |                     |                     |
| 3199 Other Unrestricted Grants-in-Aid               | 205,533              |                     |                      |                     |                     |
| 3299 Other Restricted Grants-in-Aid                 | 86,860               | 72,050              |                      |                     |                     |
| <b>Total Revenue from State Sources</b>             | <b>\$ 41,469,120</b> | <b>\$ 72,050</b>    | <b>\$ -</b>          | <b>\$ -</b>         | <b>\$ -</b>         |
| Revenue from Federal Sources                        |                      |                     |                      |                     |                     |
|   | FUND 100             | FUND 200            | FUND 300             | FUND 400            | FUND 700            |
| 4100 Unrestricted Rev. Dir. Federal Government      |                      |                     |                      |                     |                     |
| 4500 Restricted Rev. Federal Gov. Through State     |                      | 3,184,968           |                      |                     |                     |
| 4700 Grants-In-Aid Fed. Gov. Thru Interim. Agencies |                      | 127,348             |                      |                     |                     |
| 4801 Federal Forest Fees                            | -                    |                     |                      |                     |                     |
| 4900 Revenue for/on Behalf of the District          |                      | 167,511             |                      |                     |                     |
| <b>Total Revenue from Federal Sources</b>           | <b>\$ -</b>          | <b>\$ 3,479,826</b> | <b>\$ -</b>          | <b>\$ -</b>         | <b>\$ -</b>         |
| Revenue from Other Sources                          |                      |                     |                      |                     |                     |
|   | FUND 100             | FUND 200            | FUND 300             | FUND 400            | FUND 700            |
| 5100 Long Term Debt Financing Sources               |                      |                     | 15,185,000           |                     |                     |
| 5200 Interfund Transfers                            | -                    | 100,000             |                      |                     |                     |
| 5300 Sale (Loss) from Fixed Asset Disposal          |                      |                     |                      |                     |                     |
| 5400 Resources - Beginning Fund Balance             |                      |                     | -                    |                     | -                   |
| <b>Total Revenue from Other Sources</b>             | <b>-</b>             | <b>100,000</b>      | <b>15,185,000</b>    | <b>-</b>            | <b>-</b>            |
| <b>Grand Totals</b>                                 | <b>\$ 74,434,826</b> | <b>\$ 5,333,737</b> | <b>\$ 37,126,440</b> | <b>\$ 1,580,599</b> | <b>\$ 2,595,379</b> |

**WEST LINN-WILSONVILLE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES BY FUNCTION/OBJECT - GENERAL FUND**

**General Fund**

| Instruction Expenditures                                 | Totals        | Object 100    | Object 200   | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|--|---------------|---------------|--------------|------------|------------|------------|------------|------------|
| 1111 Primary, K-3  | \$ 18,301,941 | \$ 11,197,854 | \$ 6,673,740 | \$ 58,229  | \$ 372,119 |            |            |            |
| 1112 Intermediate Programs                               | -             |               |              |            |            |            |            |            |
| 1113 Elementary Extracurricular                          | 12,487        |               |              |            | 12,487     |            |            |            |
| 1121 Middle/Junior High Programs                         | 8,907,872     | 5,363,103     | 3,242,025    | 97,483     | 205,464    |            | (203)      |            |
| 1122 Middle/Junior High School Extracurricular           | 205,806       | 133,729       | 45,925       | 1,154      | 24,723     |            | 275        |            |
| 1131 High School Programs                                | 10,946,332    | 6,710,294     | 3,904,889    | 54,403     | 271,419    |            | 5,327      |            |
| 1132 High School Extracurricular                         | 1,623,349     | 1,009,940     | 317,625      | 148,911    | 112,131    |            | 34,742     |            |
| 1140 Pre-Kindergarten Programs                           | 399,182       | 267,021       | 126,239      | -          | 5,922      |            |            |            |
| 1210 Programs for the Talented and Gifted                | 509,642       | 325,403       | 147,010      | 10,885     | 26,343     |            |            |            |
| 1220 Restrictive Programs for Students with Disabilities | 1,809,147     | 968,684       | 583,477      | 229,743    | 27,243     |            |            |            |
| 1250 Less Restrictive Programs for                       | 2,731,064     | 1,720,743     | 962,766      | 40,858     | 6,697      |            |            |            |
| 1280 Alternative Education                               | 1,344,228     | 457,165       | 248,286      | 618,761    | 19,191     |            | 825        |            |
| 1291 English Second Language Programs                    | 509,741       | 312,470       | 196,334      |            | 937        |            |            |            |
| 1292 Teen Parent Program                                 | 25,758        | 9,560         | 3,464        | 12,735     |            |            |            |            |
| 1299 Other Programs                                      | 342,206       | 195,726       | 81,224       | 12,131     | 53,125     |            |            |            |
| 1400 Summer School Programs                              | 112,029       | 71,400        | 23,752       | 15,993     | 884        |            |            |            |

**Total Instruction Expenditures** \$ 47,780,784 \$ 28,743,093 \$ 16,556,757 \$ 1,301,284 \$ 1,138,685 \$ - \$ 40,966 \$ -

| Support Services Expenditures                    | Totals       | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|--|--------------|------------|------------|------------|------------|------------|------------|------------|
| 2120 Guidance Services                           | \$ 1,449,500 | \$ 892,106 | \$ 549,703 |            | \$ 4,691   |            | \$ 3,000   |            |
| 2130 Health Services                             | 271,405      | 152,310    | 104,481    | 7,500      | 7,113      |            |            |            |
| 2140 Psychological Services                      | 71,494       | 32,709     | 18,882     | 1,988      | 17,915     |            |            |            |
| 2150 Speech Pathology and Audiology Services     | 643,040      | 411,985    | 225,608    | 898        | 4,549      |            |            |            |
| 2160 Other Student Treatment Services            | 76,815       | 61,626     | 12,360     | 1,408      | 1,422      |            |            |            |
| 2190 Service Direction, Student Support Services | 454,053      | 201,337    | 116,847    | 77,348     | 57,554     |            | 967        |            |
| 2210 Improvement of Instruction Services         | 702,866      | 297,003    | 157,942    | 155,343    | 92,400     |            | 178        |            |
| 2220 Educational Media Services                  | 908,669      | 512,822    | 304,197    | 9,001      | 82,648     |            |            |            |
| 2230 Assessment & Testing                        | 94,900       |            |            |            | 94,900     |            |            |            |
| 2240 Instructional Staff Development             | 282,097      |            | 282,097    |            |            |            |            |            |
| 2310 Board of Education Services                 | 103,188      |            |            | 63,740     | 2,471      |            | 36,977     |            |
| 2320 Executive Administration Services           | 515,555      | 288,150    | 139,248    | 62,281     | 23,531     |            | 2,344      |            |
| 2410 Office of the Principal Services            | 5,258,695    | 3,021,913  | 1,938,639  | 216,723    | 78,932     |            | 2,486      |            |
| 2510 Direction of Business Support Services      | 588,965      | 97,808     | 56,061     | 20,300     | 2,094      |            | 412,703    |            |
| 2520 Fiscal Services                             | 508,405      | 256,246    | 186,245    | 60,129     | (4,049)    |            | 9,833      |            |
| 2540 Operation and Maintenance of Plant Services | 6,895,565    | 2,372,734  | 1,595,510  | 2,383,927  | 453,136    |            | 90,258     |            |
| 2550 Student Transportation Services             | 4,184,096    |            |            | 4,184,096  |            |            |            |            |
| 2570 Internal Services                           | 233,479      | 107,475    | 80,496     | 45,366     | 142        |            |            |            |
| 2640 Staff Services                              | 381,234      | 195,945    | 106,328    | 72,779     | 6,007      |            | 175        |            |
| 2660 Technology Services                         | 1,197,205    | 373,794    | 263,109    | 346,576    | 213,332    |            | 395        |            |
| 2700 Supplemental Retirement Program             | 1,609,420    | 480,741    | 1,128,680  |            |            |            |            |            |

**Total Support Services Expenditures** \$ 26,430,645 \$ 9,756,705 \$ 7,266,432 \$ 7,709,405 \$ 1,138,788 \$ - \$ 559,316 \$ -

| Other Uses Expenditures     | Totals  | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|-----------------------------|---------|------------|------------|------------|------------|------------|------------|------------|
| 5100 Debt Service           | \$ -    |            |            |            |            |            |            |            |
| 5200 Transfers of Funds     | 100,000 |            |            |            |            |            |            | 100,000    |
| 5400 PERS UAL Bond Lump Sum | -       |            |            |            |            |            |            |            |

**Total Other Uses Expenditures** \$ 100,000 \$ - \$ - \$ - \$ - \$ - \$ - \$ 100,000

**Grand Total** \$ 74,311,429 \$ 38,499,797 \$ 23,823,189 \$ 9,010,688 \$ 2,277,473 \$ - \$ 600,282 \$ 100,000

**WEST LINN-WILSONVILLE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES BY FUNCTION/OBJECT - SPECIAL REVENUE FUND**

**Special Revenue Fund**

| <b>Instruction Expenditures</b>                          | <b>Totals</b> | <b>Object 100</b> | <b>Object 200</b> | <b>Object 300</b> | <b>Object 400</b> | <b>Object 500</b> | <b>Object 600</b> | <b>Object 700</b> |
|--|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1111 Primary, K-3  | \$ 120,100    | \$ 76,441         | \$ 43,659         |                   |                   |                   |                   | \$ -              |
| 1112 Intermediate Programs                               | -             |                   |                   |                   |                   |                   |                   | -                 |
| 1131 High School Programs                                | 23,595        |                   |                   |                   | 23,595            |                   |                   | -                 |
| 1140 Pre-Kindergarten Programs                           | -             |                   |                   |                   |                   |                   |                   | -                 |
| 1220 Restrictive Programs for Students with Disabilities | 1,184,864     | 711,447           | 465,975           | 7,362             | 80                |                   |                   | -                 |
| 1250 Less Restrictive Programs for                       | 191,471       | 101,009           | 77,438            | 12,160            | 864               |                   |                   | -                 |
| 1272 Title I   | 662,830       | 427,235           | 212,832           |                   | 22,764            |                   |                   | -                 |
| 1280 Alternative Education                               | 31,219        | 21,119            | 7,640             | 372               | 2,087             |                   |                   |                   |
| 1291 English Second Language Programs                    | -             |                   |                   |                   |                   |                   |                   | -                 |
| 1293 Migrant Education                                   | 5,742         |                   |                   |                   | 5,742             |                   |                   | -                 |
| 1299 Other Programs                                      | 5,224         | 4,481             | 743               |                   |                   |                   |                   |                   |
| 1400 Summer School Programs                              | 15,456        | 10,488            | 3,438             | 260               | 1,270             |                   |                   | -                 |

**Total Instruction Expenditures** \$ 2,240,501 \$ 1,352,220 \$ 811,725 \$ 20,154 \$ 56,402 \$ - \$ - \$ -

| <b>Support Services Expenditures</b>             | <b>Totals</b> | <b>Object 100</b> | <b>Object 200</b> | <b>Object 300</b> | <b>Object 400</b> | <b>Object 500</b> | <b>Object 600</b> | <b>Object 700</b> |
|--|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2130 Health Services                             | \$ 69,608     | \$ 38,815         | \$ 30,793         |                   |                   |                   |                   |                   |
| 2140 Psychological Services                      | \$ 399,607    | \$ 251,307        | \$ 148,300        |                   |                   |                   |                   |                   |
| 2150 Speech Pathology and Audiology Services     | \$ -          |                   |                   |                   |                   |                   |                   |                   |
| 2160 Other Student Treatment Services            | \$ 204,115    | \$ 126,567        | \$ 76,409         | \$ 1,016          | \$ 122            |                   |                   | -                 |
| 2190 Service Direction, Student Support Services | 329,784       | 209,165           | 118,492           | 665               | 1,462             |                   |                   | -                 |
| 2210 Improvement of Instruction Services         | 128,939       | 67,070            | 14,741            | 45,219            | 1,910             |                   |                   | -                 |
| 2520 Fiscal Services                             | 49            |                   |                   | 49                |                   |                   |                   |                   |
| 2660 Technology Services                         | -             |                   |                   |                   |                   |                   |                   | -                 |

**Total Support Services Expenditures** \$ 1,132,102 \$ 692,925 \$ 388,735 \$ 46,949 \$ 3,494 \$ - \$ - \$ -

| <b>Enterprise and Community Services</b> | <b>Totals</b> | <b>Object 100</b> | <b>Object 200</b> | <b>Object 300</b> | <b>Object 400</b> | <b>Object 500</b> | <b>Object 600</b> | <b>Object 700</b> |
|--|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 3100 Food Services                       | \$ 1,634,567  | \$ 592,865        | \$ 415,893        | \$ 15,316         | \$ 608,787        |                   | \$ 1,705          | \$ -              |
| 3300 Community Services                  | \$ 220,624    | 120,922           | 76,800            | 14,885            | 8,017             |                   |                   | -                 |

**Total Enterprise and Community Services** \$ 1,855,192 \$ 713,788 \$ 492,693 \$ 30,201 \$ 616,804 \$ - \$ 1,705 \$ -

| <b>Other Uses Expenditures</b> | <b>Totals</b> | <b>Object 100</b> | <b>Object 200</b> | <b>Object 300</b> | <b>Object 400</b> | <b>Object 500</b> | <b>Object 600</b> | <b>Object 700</b> |
|--------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 5100 Debt Service              | \$ -          |                   |                   |                   |                   |                   |                   |                   |
| 5200 Transfers of Funds        | \$ -          |                   |                   |                   |                   |                   |                   |                   |
| 5400 PERS UAL Bond Lump Sum    | \$ -          |                   |                   |                   |                   |                   |                   | -                 |

**Total Other Uses Expenditures** \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -

**Grand Total** \$ 5,227,795 \$ 2,758,932 \$ 1,693,153 \$ 97,304 \$ 676,700 \$ - \$ 1,705 \$ -

WEST LINN-WILSONVILLE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES BY FUNCTION/OBJECT - DEBT SERVICE FUND

|                   |
|-------------------|
| Debt Service Fund |
|-------------------|

| Other Uses Expenditures            | Totals        | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600    | Object 700 |
|------------------------------------|---------------|------------|------------|------------|------------|------------|---------------|------------|
| 5100 Debt Service                  | \$ 36,624,862 |            |            |            |            |            | \$ 36,624,862 |            |
| 5200 Transfers of Funds            | -             |            |            |            |            |            |               |            |
| 5300 Apportionment of Funds by ESD | -             |            |            |            |            |            |               |            |
| 5400 PERS UAL Bond Lump Sum        | -             |            |            |            |            |            |               |            |
| <b>Total Other Uses</b>            |               |            |            |            |            |            |               |            |
| <b>Expenditures</b>                | \$ 36,624,862 | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ 36,624,862 | \$ -       |
| <b>Grand Total</b>                 | \$ 36,624,862 | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ 36,624,862 | \$ -       |

WEST LINN-WILSONVILLE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES BY FUNCTION/OBJECT - CAPITAL PROJECTS FUND

**Capital Projects Fund**

|  |  | Totals       | Object 100 | Object 200 | Object 300 | Object 400 | Object 500   | Object 600 | Object 700 |
|--|--|--------------|------------|------------|------------|------------|--------------|------------|------------|
| Facilities Acquisition and Construction                    |  |              |            |            |            |            |              |            |            |
| 4110   | Service Area Direction                                       | \$ 787,059   | \$ 476,994 | \$ 307,793 | \$ 2,272   |            |              |            |            |
| 4120   | Site Acquisition and Development Services                    | -            |            |            |            |            |              |            |            |
| 4150   | Building Acquisition, Construction, and Improvement Services | 3,711,646    | 7,781      | 5,064      | 320,988    | 333,926    | 3,043,887    |            |            |
| 4180   | Other Capital Items  | 76,430       |            |            |            | 76,430     |              |            |            |
| 4190   | Other Facilities Construction Services                       | -            |            |            |            |            |              |            |            |
| Total Facilities Acquisition and Construction Expenditures |  | \$ 4,575,134 | \$ 484,775 | \$ 312,858 | \$ 323,260 | \$ 410,355 | \$ 3,043,887 | \$ -       | \$ -       |
| Grand Total  |  | \$ 4,575,134 | \$ 484,775 | \$ 312,858 | \$ 323,260 | \$ 410,355 | \$ 3,043,887 | \$ -       | \$ -       |

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SUPPLEMENTAL INFORMATION

As Required by the Oregon Department of Education  
For The Year Ended June 30, 2014

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|   |                          |      |                      |                            |           |
|---|--------------------------|------|----------------------|----------------------------|-----------|
| <b>A.</b> Energy bills for heating - all funds:   |                          |      |                      | <u>Objects 325 and 326</u> |           |
|   |                          |      | Function 2540        | \$                         | 1,498,118 |
|   |                          |      | Function 2550        |                            | -         |
| <b>B.</b> Replacement of equipment - General Fund:  |                          |      |                      | <u>Amount</u>              |           |
| Include all General Fund expenditures in Object 542, except for the following exclusions: |                          |      |                      |                            |           |
| Exclude these functions:  |                          |      |                      |                            |           |
| 1113, 1122 & 1132   | Co-curricular activities | 4150 | Construction         | \$                         | 140       |
| 1140  | Pre-kindergarten         | 2550 | Pupil transportation |                            |           |
| 1300  | Continuing education     | 3100 | Food service         |                            |           |
| 1400  | Summer school            | 3300 | Community services   |                            |           |



# Statistical Section

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

STATISTICAL SECTION

## Statistical Section

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This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

| <b><u>Contents</u></b>   | <b><u>Page</u></b> |
|--|--------------------|
| <b><i>Financial Trends</i></b>   |                    |
| These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.  | 54                 |
| <b><i>Revenue Capacity</i></b>   |                    |
| These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.  | 58                 |
| <b><i>Debt Capacity</i></b>  |                    |
| These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.                    | 62                 |
| <b><i>Demographic and Economic Information</i></b>   |                    |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.   | 66                 |
| <b><i>Operating Information</i></b>  |                    |
| These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 68                 |

### Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2002-03; schedules presenting government-wide information include information beginning in that year.

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**Condensed Statement of Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

| <b>Governmental Activities</b>                        | Fiscal year          |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          |
| Assets  |                      |                      |                      |                      |                      |
| Current and other assets                              | \$ 37,865,300        | \$ 14,416,062        | \$ 20,057,195        | \$ 20,229,517        | \$ 117,898,306       |
| Prepaid PERS unfunded actuarial liability             | 37,198,140           | 35,580,830           | 33,963,519           | 32,346,209           | 30,728,898           |
| Net capital assets                                    | <u>147,835,489</u>   | <u>171,507,759</u>   | <u>167,796,816</u>   | <u>162,366,848</u>   | <u>162,711,325</u>   |
| Total assets  | <u>222,898,929</u>   | <u>221,504,651</u>   | <u>221,817,530</u>   | <u>214,942,574</u>   | <u>311,338,529</u>   |
| Deferred Outflows                                     |                      |                      |                      |                      |                      |
| Loss on Bond Refunding Expense                        | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| Liabilities   |                      |                      |                      |                      |                      |
| Long-term debt outstanding                            | 188,903,069          | 180,107,776          | 170,434,985          | 159,721,810          | 247,384,871          |
| Prepaid PERS unfunded actuarial liability outstanding | -                    | -                    | -                    | -                    | -                    |
| Other liabilities                                     | <u>9,740,146</u>     | <u>6,935,527</u>     | <u>12,122,461</u>    | <u>10,450,967</u>    | <u>15,812,732</u>    |
| Total liabilities                                     | <u>198,643,215</u>   | <u>187,043,303</u>   | <u>182,557,446</u>   | <u>170,172,777</u>   | <u>263,197,603</u>   |
| Net Assets  |                      |                      |                      |                      |                      |
| Invested in capital assets,<br>net of related debt    | 28,889,967           | 65,166,761           | 40,223,047           | 45,633,075           | 59,549,087           |
| Restricted for: Debt Service                          | 3,141,291            | 2,954,391            | 3,324,655            | 3,391,956            | 2,305,898            |
| Restricted for Grants and Other Purposes              |                      |                      |                      |                      |                      |
| Unrestricted  | <u>(7,775,544)</u>   | <u>(33,659,804)</u>  | <u>(3,974,199)</u>   | <u>(4,255,234)</u>   | <u>(13,714,059)</u>  |
| Total Net Assets                                      | <u>\$ 24,255,714</u> | <u>\$ 34,461,348</u> | <u>\$ 39,573,503</u> | <u>\$ 44,769,797</u> | <u>\$ 48,140,926</u> |

| Fiscal year          |                       |                       |                       |                       |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>2010</u>          | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           | <u>2014</u>           |
| \$ 96,810,573        | \$ 75,828,619         | \$ 44,826,159         | \$ 25,605,145         | \$ 27,559,827         |
| 29,111,587           | 27,494,277            | 25,876,966            | 24,259,656            | 22,642,346            |
| <u>177,196,765</u>   | <u>180,140,259</u>    | <u>209,736,544</u>    | <u>217,942,689</u>    | <u>216,565,751</u>    |
| <u>303,118,925</u>   | <u>\$ 283,463,155</u> | <u>\$ 280,439,669</u> | <u>\$ 267,807,490</u> | <u>\$ 266,767,924</u> |
| -                    | -                     | -                     | -                     | 662,808               |
| 239,269,721          | \$ 229,592,681        | \$ 218,326,577        | \$ 193,780,326        | \$ 194,571,517        |
| -                    | -                     | -                     | -                     | -                     |
| <u>12,342,167</u>    | <u>9,169,717</u>      | <u>12,987,009</u>     | <u>18,360,162</u>     | <u>11,676,943</u>     |
| <u>251,611,888</u>   | <u>238,762,398</u>    | <u>231,313,586</u>    | <u>212,140,488</u>    | <u>206,248,460</u>    |
| 62,777,910           | 59,613,789            | 68,047,630            | 60,080,449            | 58,703,511            |
| 82,853               | 493,745               | 652,473               | 699,718               | 1,201,295             |
| 72,007               | 133,307               | 1,592,292             | 329,419               | 436,040               |
| <u>(11,425,733)</u>  | <u>(15,540,084)</u>   | <u>(21,166,312)</u>   | <u>(5,442,584)</u>    | <u>841,426</u>        |
| <u>\$ 51,507,037</u> | <u>\$ 44,700,757</u>  | <u>\$ 49,126,083</u>  | <u>\$ 55,667,002</u>  | <u>\$ 61,182,272</u>  |

**Changes in Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Governmental Activities**

|  | Fiscal year         |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | <u>2005</u>         | <u>2006</u>         | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         |
| <b>Expenses</b>                                  |                     |                     |                     |                     |                     |
| Instruction                                      | \$ 38,656,948       | \$ 38,347,498       | \$ 44,209,456       | \$ 46,835,827       | \$ 47,661,417       |
| Support services                                 | 20,811,534          | 21,962,806          | 25,283,384          | 27,029,360          | 27,434,864          |
| Enterprise and Community Services                | 1,997,921           | 2,045,144           | 2,419,485           | 2,513,565           | 2,439,278           |
| Non-capital facilities maintenance & replacement | -                   | -                   | -                   | 590,175             | 389,427             |
| Interest and fees on long-term debt              | 6,262,943           | 8,315,888           | 8,259,152           | 8,165,996           | 9,625,281           |
| Total expenditures                               | <u>67,729,346</u>   | <u>70,671,336</u>   | <u>80,171,477</u>   | <u>85,134,923</u>   | <u>87,550,267</u>   |
| <b>Program Revenues</b>                          |                     |                     |                     |                     |                     |
| Charges for services                             | 2,509,632           | 2,795,934           | 2,942,968           | 3,580,538           | 3,814,949           |
| Instruction                                      | -                   | -                   | -                   | -                   | -                   |
| Support services                                 | -                   | -                   | -                   | -                   | -                   |
| Enterprise and Community Services                | -                   | -                   | -                   | -                   | -                   |
| Operating grants and contributions               | 2,878,652           | 3,069,900           | 3,314,862           | 3,222,087           | 4,939,831           |
| Instruction                                      | -                   | -                   | -                   | -                   | -                   |
| Support services                                 | -                   | -                   | -                   | -                   | -                   |
| Enterprise and Community Services                | -                   | -                   | -                   | -                   | -                   |
| Total program revenues                           | <u>5,388,284</u>    | <u>5,865,834</u>    | <u>6,257,830</u>    | <u>6,802,625</u>    | <u>8,754,780</u>    |
| <b>Net (Expenses)</b>                            | (62,341,062)        | (64,805,502)        | (73,913,647)        | (78,332,298)        | (78,795,487)        |
| <b>General Revenues</b>                          |                     |                     |                     |                     |                     |
| Property taxes                                   | 31,423,695          | 33,426,649          | 35,671,159          | 37,157,757          | 38,002,939          |
| Local Option Tax                                 | 3,965,513           | 5,196,068           | 6,311,507           | 7,022,392           | 7,420,022           |
| State School Fund                                | 24,556,149          | 28,111,908          | 31,341,677          | 36,829,154          | 34,928,350          |
| Investment earnings                              | 971,582             | 924,818             | 1,171,599           | 988,810             | 557,637             |
| Other  | 4,918,708           | 4,813,585           | 4,529,860           | 2,846,406           | 449,631             |
| Gain on disposal of capital assets               | -                   | -                   | -                   | (1,315,927)         | -                   |
| Total general revenues                           | <u>65,835,647</u>   | <u>72,473,028</u>   | <u>79,025,802</u>   | <u>83,528,592</u>   | <u>81,358,579</u>   |
| <b>Change in Net Assets</b>                      | <u>\$ 3,494,585</u> | <u>\$ 7,667,526</u> | <u>\$ 5,112,155</u> | <u>\$ 5,196,294</u> | <u>\$ 2,563,092</u> |

| Fiscal year  |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|
| <u>2010</u>  | <u>2011</u>  | <u>2012</u>  | <u>2013</u>  | <u>2014</u>  |
| 46,110,257   | 52,769,920   | 46,530,573   | 49,486,455   | 52,933,695   |
| 25,388,997   | 29,987,705   | 25,248,894   | 23,051,308   | 29,167,674   |
| 2,451,763    | 2,625,723    | 2,137,665    | 1,895,933    | 1,963,207    |
| -            | -            | -            | -            | -            |
| 12,522,456   | 11,394,527   | 11,082,263   | 10,681,883   | 8,842,269    |
| 86,473,473   | 96,777,875   | 84,999,395   | 85,115,579   | 92,906,845   |
| 3,554,281    | 3,364,167    | 3,918,688    | 3,883,200    | 3,938,788    |
| -            | -            | -            | -            | -            |
| -            | -            | -            | -            | -            |
| -            | -            | -            | -            | -            |
| 6,358,624    | 6,371,222    | 3,721,870    | 3,515,930    | 4,026,129    |
| -            | -            | -            | -            | -            |
| -            | -            | -            | -            | -            |
| -            | -            | -            | -            | -            |
| 9,912,905    | 9,735,389    | 7,640,558    | 7,399,130    | 7,964,917    |
| (76,560,568) | (87,042,486) | (77,358,837) | (77,716,449) | (84,941,928) |
| 40,965,816   | 42,840,890   | 43,922,204   | 43,877,179   | 45,580,819   |
| 6,736,010    | 4,861,280    | 3,164,769    | 2,800,796    | 2,801,069    |
| 30,936,476   | 29,912,976   | 33,928,944   | 36,192,101   | 41,541,170   |
| 871,427      | 659,793      | 299,687      | 162,710      | 194,772      |
| 416,950      | 383,063      | 407,133      | 1,223,627    | 1,655,070    |
| -            | 1,578,204    | 61,426       | 954          | (61,890)     |
| 79,926,679   | 80,236,206   | 81,784,163   | 84,257,367   | 91,711,010   |
| 3,366,111    | (6,806,280)  | 4,425,326    | 6,540,918    | 6,769,082    |



**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

|                                | Fiscal years 2005-2009 |                     |                     |                     |                       |
|--------------------------------|------------------------|---------------------|---------------------|---------------------|-----------------------|
|                                | <u>2005</u>            | <u>2006</u>         | <u>2007</u>         | <u>2008</u>         | <u>2009</u>           |
| <b>Fund Balances (Deficit)</b> |                        |                     |                     |                     |                       |
| Nonspendable                   | \$ -                   | -                   | \$ -                | \$ -                | \$ -                  |
| Restricted for:                |                        |                     |                     |                     |                       |
| General Fund                   | \$ -                   | \$ -                | -                   | -                   | -                     |
| Debt service funds             | 3,141,291              | 2,954,391           | -                   | -                   | -                     |
| Future Capital Projects        |                        |                     |                     |                     |                       |
| Committed                      |                        |                     |                     |                     |                       |
| Unassigned                     |                        |                     |                     |                     |                       |
| Reserved, reported in          |                        |                     |                     |                     |                       |
| General Fund                   |                        |                     | 66,402              | 119,842             | 89,073                |
| Debt service funds             |                        |                     | 3,324,655           | 3,391,956           | 2,305,898             |
| Unreserved, reported in        |                        |                     |                     |                     |                       |
| General Fund                   | 1,020,304              | 790,382             | 1,743,775           | 2,509,842           | 1,562,018             |
| Special revenue funds          | 65,772                 | 196,097             | (79,268)            | 262,444             | 120,015               |
| Capital projects funds         | 21,402,101             | 1,155,172           | 679,273             | 580,102             | 96,932,803            |
| Total fund balances            | <u>\$ 25,629,468</u>   | <u>\$ 5,096,042</u> | <u>\$ 5,734,837</u> | <u>\$ 6,864,186</u> | <u>\$ 101,009,807</u> |

|                                | Fiscal years 2010-2014 |                      |                      |                      |                      |
|--------------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | <u>2010</u>            | <u>2011</u>          | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          |
| <b>Fund Balances (Deficit)</b> |                        |                      |                      |                      |                      |
| Nonspendable                   | \$ -                   | \$ 178,973           | \$ 155,927           | \$ 80,103            | \$ 85,877            |
| Restricted for:                |                        |                      |                      |                      |                      |
| Grants and Other               | -                      | 133,307              | 1,592,292            | 329,419              | 436,040              |
| Debt Service                   | -                      | 493,745              | 652,473              | 699,718              | 1,201,295            |
| Future Capital Projects        |                        | 57,548,496           | 23,223,469           | 11,148,549           | 8,154,014            |
| Committed                      |                        | 1,224,746            | -                    | -                    | -                    |
| Unassigned                     |                        | 4,659,738            | 3,255,981            | 4,278,963            | 4,395,909            |
| Reserved, reported in          |                        |                      |                      |                      |                      |
| General Fund                   | 72,007                 | -                    | -                    | -                    | -                    |
| Debt service funds             | 82,853                 | -                    | -                    | -                    | -                    |
| Unreserved, reported in        |                        |                      |                      |                      |                      |
| General Fund                   | 2,439,735              | -                    | -                    | -                    | -                    |
| Special revenue funds          | 300,976                | -                    | -                    | -                    | -                    |
| Capital projects funds         | 78,851,796             | -                    | -                    | -                    | -                    |
| Total fund balances            | <u>\$ 81,747,367</u>   | <u>\$ 64,239,005</u> | <u>\$ 28,880,142</u> | <u>\$ 16,536,752</u> | <u>\$ 14,273,135</u> |

(1) GASB 54 implemented - requiring new fund balance categories. Over time all fund balances will be reported under new GASB 54 fund balance categories

**Changes in Fund Balance of All Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

|  | Fiscal year          |                     |                     |                     |                       |
|--|----------------------|---------------------|---------------------|---------------------|-----------------------|
|  | 2005                 | 2006                | 2007                | 2008                | 2009                  |
| <b>REVENUES:</b>   |                      |                     |                     |                     |                       |
| Local Sources:   | \$ 42,926,775        | \$ 45,685,506       | \$ 48,639,999       | \$ 51,051,894       | \$ 51,803,870         |
| Intermediate Sources:  | 614,729              | 599,640             | 633,717             | 613,328             | 692,997               |
| State Sources:   | 25,512,843           | 29,481,446          | 32,272,703          | 36,845,078          | 34,950,009            |
| Federal Sources  | 2,260,619            | 2,610,189           | 2,715,361           | 2,673,125           | 4,285,121             |
| <b>TOTAL REVENUES</b>  | <b>71,314,966</b>    | <b>78,376,781</b>   | <b>84,261,780</b>   | <b>91,183,425</b>   | <b>91,731,997</b>     |
| <b>EXPENDITURES:</b>   |                      |                     |                     |                     |                       |
| Current:   |                      |                     |                     |                     |                       |
| Instruction  | 35,693,149           | 37,068,616          | 39,352,423          | 42,975,316          | 45,023,547            |
| Support Services   | 19,762,592           | 22,077,238          | 23,613,514          | 25,687,742          | 26,791,199            |
| Enterprise and Community Services  | 1,818,188            | 1,941,015           | 2,110,337           | 2,269,268           | 2,260,424             |
| Facilities Acquisition and Construction                                  | 4,561,140            | 2,493,913           | 1,299,427           | 688,116             | 4,452,264             |
| Debt Service   |                      |                     |                     |                     |                       |
| Principal  | 7,430,000            | 8,500,000           | 9,560,000           | 10,560,000          | 11,770,000            |
| Interest   | 6,929,419            | 8,501,485           | 8,450,644           | 8,220,147           | 7,609,060             |
| Capital Outlay   | 32,016,594           | 18,328,091          | 22,921              | 28,222              | 41,470                |
| <b>TOTAL EXPENDITURES</b>  | <b>108,211,082</b>   | <b>98,910,358</b>   | <b>84,409,266</b>   | <b>90,428,811</b>   | <b>97,947,964</b>     |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b>             | <b>(36,896,116)</b>  | <b>(20,533,577)</b> | <b>(147,486)</b>    | <b>754,614</b>      | <b>(6,215,967)</b>    |
| <b>OTHER FINANCING SOURCES, (USES):</b>                                  |                      |                     |                     |                     |                       |
| Sale of Fixed Assets   |                      |                     | 750,000             | 350,000             | -                     |
| Bond Sale Proceeds   |                      |                     |                     |                     | 100,355,737           |
| Bond Issuance  | 27,815,000           |                     |                     |                     |                       |
| Premium on Bond Refunding  | 2,185,976            |                     |                     |                     |                       |
| Payment to Refunding Escrow Agent  | (29,929,876)         |                     |                     |                     |                       |
| Transfers In   | 75,000               | 35,000              | 71,225              | 630,000             | 175,000               |
| Transfers Out  | (75,000)             | (35,000)            | (71,225)            | (630,000)           | (175,000)             |
| <b>TOTAL OTHER FINANCING SOURCES</b>                                     | <b>71,100</b>        | <b>-</b>            | <b>750,000</b>      | <b>350,000</b>      | <b>100,355,737</b>    |
| <b>NET CHANGE IN FUND BALANCE</b>  | <b>(36,825,016)</b>  | <b>(20,533,577)</b> | <b>602,514</b>      | <b>1,104,614</b>    | <b>94,139,770</b>     |
| <b>BEGINNING FUND BALANCE</b>  | <b>62,677,348</b>    | <b>25,629,468</b>   | <b>5,118,032</b>    | <b>5,651,129</b>    | <b>6,864,186</b>      |
| <b>Adjustment for Inventories reported<br/>under the purchase method</b> | <b>40,617</b>        | <b>151</b>          | <b>14,291</b>       | <b>108,443</b>      | <b>5,851</b>          |
| Prior Period Adjustment  | (263,481)            |                     |                     |                     |                       |
| <b>ENDING FUND BALANCE</b>   | <b>\$ 25,629,468</b> | <b>\$ 5,096,042</b> | <b>\$ 5,734,837</b> | <b>\$ 6,864,186</b> | <b>\$ 101,009,807</b> |
| Ratio of total debt service to total non-capital expenditures            | 0.200                | 0.218               | 0.217               | 0.209               | 0.207                 |

|    | 2010         | 2011          | 2012          | 2013          | 2014          |
|----|--------------|---------------|---------------|---------------|---------------|
| \$ | 54,812,001   | \$ 54,921,063 | \$ 53,933,679 | \$ 54,771,375 | \$ 72,772,760 |
|    | 643,999      | 556,127       | 685,451       | 597,987       | 581,843       |
|    | 30,958,143   | 29,932,984    | 33,944,494    | 36,206,101    | 41,541,170    |
|    | 5,728,494    | 5,806,422     | 3,130,511     | 2,970,799     | 3,479,826     |
|    | 92,142,637   | 91,216,596    | 91,694,135    | 94,546,262    | 118,375,599   |
|    | 42,784,272   | 40,239,385    | 42,867,738    | 43,533,497    | 50,021,283    |
|    | 24,463,911   | 23,689,350    | 24,247,333    | 20,278,358    | 27,562,868    |
|    | 2,232,378    | 1,956,123     | 1,895,339     | 1,667,862     | 1,855,191     |
|    | 9,823,777    | 22,538,547    | 35,220,168    | 13,153,990    | 1,531,125     |
|    | 9,885,000    | 10,785,000    | 10,305,375    | 13,710,000    | 27,231,781    |
|    | 12,856,209   | 11,074,527    | 12,476,888    | 10,031,883    | 9,393,081     |
|    | 9,357,019    | -             | -             | 4,500,000     | 3,043,887     |
|    | 111,402,566  | 110,282,932   | 127,012,841   | 106,875,590   | 120,639,216   |
|    | (19,259,929) | (19,066,336)  | 35,318,706    | (12,329,328)  | (2,263,617)   |
|    | -            | 1,529,687     | -             | -             | -             |
|    | -            | -             | -             | -             | -             |
|    | 210,000      | 270,000       | 70,000        | 1,230,255     | 100,000       |
|    | (210,000)    | (270,000)     | (70,000)      | (1,230,255)   | (100,000)     |
|    | -            | 1,529,687     | -             | -             | -             |
|    | (19,259,929) | (17,536,649)  | (35,318,706)  | (12,329,328)  | (2,263,617)   |
|    | 101,009,807  | 81,747,367    | 64,239,005    | 28,830,847    | 16,537,030    |
|    | (2,511)      | 28,287        | (40,157)      | 35,233        | (278)         |
| \$ | 81,747,367   | \$ 64,239,005 | \$ 28,880,142 | \$ 16,536,752 | \$ 14,273,135 |
|    | 0.246        | 0.249         | 0.246         | 0.209         | 0.343         |

**Assessed Values of Taxable Property within School District No. 3JT Boundaries  
Last Ten Fiscal Years**

| Fiscal Year<br>Ending<br>June 30 | Assessed Value |                   |                      | Total Direct<br>Tax Rate * | Real Market Value |                   | Total Real Market<br>Value | AV as a % of<br>RMV |
|----------------------------------|----------------|-------------------|----------------------|----------------------------|-------------------|-------------------|----------------------------|---------------------|
|                                  | Real Property  | Personal Property | Total Assessed Value |                            | Real Property     | Personal Property |                            |                     |
| 2005                             | 3,995,380,006  | 112,018,400       | 4,200,996,289        | 8.62                       | 5,655,571,079     | 154,935,546       | 5,810,506,625              | 72.3                |
| 2006                             | 4,487,616,707  | 106,868,396       | 4,690,368,420        | 8.91                       | 6,315,491,873     | 146,999,169       | 6,462,491,042              | 72.6                |
| 2007                             | 4,760,908,645  | 148,994,974       | 4,909,903,619        | 9.11                       | 7,397,850,604     | 148,994,974       | 7,546,845,578              | 65.1                |
| 2008                             | 5,094,620,465  | 155,796,810       | 5,250,417,275        | 9.05                       | 8,837,919,704     | 155,796,810       | 8,993,716,514              | 58.4                |
| 2009                             | 5,403,740,204  | 160,117,445       | 5,563,857,649        | 8.85                       | 9,179,539,626     | 160,117,445       | 9,339,657,071              | 59.6                |
| 2010                             | 5,690,536,150  | 148,349,758       | 5,838,885,908        | 8.83                       | 8,340,052,650     | 148,349,758       | 8,488,402,408              | 68.8                |
| 2011                             | 5,855,503,933  | 144,297,381       | 5,999,801,314        | 8.63                       | 7,450,639,449     | 144,297,381       | 7,594,936,830              | 79.0                |
| 2012                             | 6,013,239,941  | 130,267,169       | 6,143,507,110        | 8.38                       | 6,978,592,430     | 130,267,169       | 7,108,859,599              | 86.4                |
| 2013                             | 6,149,698,840  | 139,170,115       | 6,288,868,955        | 8.34                       | 6,788,248,438     | 139,170,115       | 6,927,418,553              | 90.8                |
| 2014                             | 6,233,375,454  | 145,725,863       | 6,561,007,302        | 8.25                       | 6,899,647,051     | 145,725,863       | 7,243,162,431              | 90.6                |

Source:

Assessors office of both Clackamas and Washington Counties.

\* Per \$1,000 of Assessed Value

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

| District Direct Rates |                                    |                |                    |   |                          |
|-----------------------|------------------------------------|----------------|--------------------|---|--------------------------|
| Fiscal Year           | General Tax<br>Permanent Rate<br>1 | Local Option 2 | GAP Bond<br>(PERS) | General<br>Obligation Debt<br>Service Bonds | Total<br>Direct Tax Rate |
| 2005                  | 4.84                               | 0.97           | -                  | 2.81  | 8.62                     |
| 2006                  | 4.84                               | 1.21           | -                  | 2.86  | 8.91                     |
| 2007                  | 4.84                               | 1.28           | -                  | 2.94  | 9.11                     |
| 2008                  | 4.84                               | 1.34           | -                  | 2.87  | 9.05                     |
| 2009                  | 4.84                               | 1.33           | -                  | 2.68  | 8.85                     |
| 2010                  | 4.84                               | 1.18           | -                  | 2.81  | 8.83                     |
| 2011                  | 4.84                               | 0.82           | -                  | 2.97  | 8.63                     |
| 2012                  | 4.87                               | 0.52           | -                  | 2.99  | 8.38                     |
| 2013                  | 4.87                               | 0.45           | -                  | 3.02  | 8.34                     |
| 2014                  | 4.87                               | 0.43           | -                  | 2.95  | 8.85                     |

| Overlapping Total Property Tax Rates |                      |                        |                                   |                     |  |                                  |                                  |
|--------------------------------------|----------------------|------------------------|-----------------------------------|---------------------|--|----------------------------------|----------------------------------|
| Fiscal Year                          | City of West<br>Linn | City of<br>Wilsonville | Clackamas<br>Community<br>College | Clackamas<br>County | Clackamas<br>County<br>Education<br>Service Dist | Tualatin Valley<br>Fire & Rescue | Metropolitan<br>Service District |
| 2005                                 | 3.01                 | 2.42                   | 0.78                              | 2.40                | 0.36   | 1.59                             | 0.25                             |
| 2006                                 | 3.02                 | 2.37                   | 0.76                              | 2.40                | 0.36   | 1.77                             | 0.27                             |
| 2007                                 | 3.26                 | 2.32                   | 0.73                              | 2.40                | 0.36   | 1.82                             | 0.27                             |
| 2008                                 | 2.43                 | 2.25                   | 0.71                              | 2.23                | 0.36   | 1.87                             | 0.33                             |
| 2009                                 | 2.50                 | 2.20                   | 0.74                              | 2.81                | 0.36   | 1.84                             | 0.39                             |
| 2010                                 | 2.45                 | 2.17                   | 0.72                              | 3.59                | 0.36   | 1.77                             | 0.43                             |
| 2011                                 | 2.45                 | 2.20                   | 0.70                              | 3.13                | 0.36   | 1.88                             | 0.40                             |
| 2012                                 | 2.42                 | 2.20                   | 0.68                              | 3.31                | 0.36   | 1.93                             | 0.31                             |
| 2013                                 | 2.56                 | 2.21                   | 0.70                              | 3.32                | 0.36   | 1.91                             | 0.40                             |
| 2014                                 | 2.56                 | 2.14                   | 0.71                              | 3.18                | 0.37   | 1.91                             | 0.47                             |

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

2. Local Option taxes are assessed at \$1.50 per thousand AV. The district-wide average rate for 2013-14 is \$.43. Local option taxes are assessed on a property by property basis. Not all properties pay at the highest \$1.50 rate.

Source: Clackamas County Assessors Office

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| Port of Portland | Tri-Met | City of Tualatin | Washington<br>County | City of Lake<br>Oswego |
|------------------|---------|------------------|----------------------|------------------------|
| 0.06             | 0.11    | 2.75             | 2.87                 | 5.68                   |
| 0.07             | 0.11    | 2.81             | 2.84                 | 5.62                   |
| 0.07             | 0.10    | 2.13             | 2.87                 | 5.32                   |
| 0.07             | 0.08    | 2.26             | 3.03                 | 5.28                   |
| 0.07             | 0.08    | 2.72             | 2.98                 | 5.28                   |
| 0.07             | 0.08    | 2.18             | 2.98                 | 5.21                   |
| 0.07             | 0.09    | 2.53             | 2.98                 | 5.18                   |
| 0.07             | 0.06    | 2.56             | 2.97                 | 5.18                   |
| 0.07             | -       | 2.56             | 2.97                 | 5.17                   |
| 0.07             | -       | 2.55             | 2.97                 | 5.14                   |

**Principal Property Tax Payers for the West Linn-Wilsonville School District**  
**Current Year and Ten Years Ago**  
*Taxing District - School District*

|                               |                         | <b>2013-14</b>                |   |
|-------------------------------|-------------------------|-------------------------------|---|
| <b>Employer</b>               | <b>Type of Business</b> | <b>Taxable Assessed Value</b> | <b>Percentage of Total Taxable Assessed Value</b> |
| PORTLAND GEN ELEC CO          | Utilities               | 574,394,726                   | 8.75%   |
| GENERAL GROWTH PROPERTIES INC | Real Estate             | 411,763,915                   | 6.28%   |
| FRED MEYER STORES INC         | Retail                  | 280,241,542                   | 4.27%   |
| SHORENSTEIN PROPERTIES LLC    | Real Estate             | 254,867,466                   | 3.88%   |
| NORTHWEST NATURAL GAS CO      | Utilities               | 174,232,000                   | 2.66%   |
| COMCAST CORPORATION           | Television and Internet | 172,033,400                   | 2.62%   |
| KAISER FOUNDATION HOSP        | Medical                 | 104,224,270                   | 1.59%   |
| PCC STRUCTURALS INC           | Manufacturing           | 102,095,512                   | 1.56%   |
| XEROX CORPORATION             | Document Imaging        | 87,672,754                    | 1.34%   |
| BLOUNT INC                    | Manufacturing           | 75,919,228                    | 1.16%   |
| ALL OTHER TAXPAYERS           |                         | 4,323,562,489                 | 65.90%  |
| TOTAL                         |                         | 6,561,007,302                 | 100.00%   |

|                                |                             | <b>2003-04</b>   |                      |
|--------------------------------|-----------------------------|------------------|----------------------|
| <b>Employer</b>                | <b>Type of Business</b>     | <b>Value</b>     | <b>Total Taxable</b> |
| XEROX CORPORATION              | Document Imaging            | 68,553,268       | 1.73%                |
| MENTOR GRAPHICS CORPORATION    | Document Imaging            | 55,743,939       | 1.40%                |
| PORTLAND GEN ELEC CO           | Utilities                   | 48,138,000       | 1.21%                |
| VILLAGE AT MAIN STREET LLC     | Real Estate                 | 26,696,799       | 0.67%                |
| GOODMAN FINANCIAL SERVICES INC | Financial/Consulting        | 27,783,828       | 0.70%                |
| RFD PUBLICATIONS               | Publishing                  | 23,665,198       | 0.60%                |
| EPROPERTYTAX                   | Software Development        | 23,679,444       | 0.60%                |
| NIKE USA INC                   | Apparel Distribution Center | 23,194,914       | 0.58%                |
| SIMPSON REALTY GROUP           | Real Estate Development     | 19,727,336       | 0.50%                |
| NORTHWEST NATURAL GAS CO       | Utilities                   | 19,651,600       | 0.49%                |
| ALL OTHER TAXPAYERS            |                             | 3,637,085,647    | 91.52%               |
| TOTAL                          |                             | \$ 3,973,919,973 | 100.00%              |

Source:  
Clackamas County, Division of Assessment and Taxation

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

| Fiscal Year Ending June 30 | Net Taxes Levied<br>for the Fiscal<br>Year | Collected within the Fiscal Year<br>of the Levy |                       | Collections for<br>Prior Years | Total Collections to Date |                       |
|----------------------------|--|---|-----------------------|--------------------------------|---------------------------|-----------------------|
|                            |  | Amount  | Percentage of<br>Levy |                                | Amount                    | Percentage of<br>Levy |
| 2005                       | 36,627,991                                 | 34,625,338                                      | 94.53                 | 910,015                        | 35,535,353                | 97.02                 |
| 2006                       | 39,681,166                                 | 37,809,744                                      | 95.28                 | 875,157                        | 38,684,901                | 97.49                 |
| 2007                       | 42,965,992                                 | 40,712,129                                      | 94.75                 | 1,005,602                      | 41,717,731                | 97.09                 |
| 2008                       | 45,222,362                                 | 42,540,415                                      | 94.07                 | 1,148,280                      | 43,688,695                | 96.61                 |
| 2009                       | 46,519,129                                 | 43,344,411                                      | 93.20                 | 1,362,944                      | 44,707,355                | 96.10                 |
| 2010                       | 48,871,072                                 | 45,805,570                                      | 93.73                 | 1,784,543                      | 47,590,113                | 97.38                 |
| 2011                       | 49,197,378                                 | 46,235,456                                      | 93.98                 | 1,695,545                      | 47,931,001                | 97.43                 |
| 2012                       | 48,139,714                                 | 45,362,760                                      | 94.23                 | 1,324,095                      | 46,686,855                | 96.98                 |
| 2013                       | 48,123,591                                 | 45,345,170                                      | 94.23                 | 1,368,641                      | 46,713,810                | 97.07                 |
| 2014                       | 49,475,387                                 | 47,191,004                                      | 95.38                 | 1,363,510                      | 48,554,513                | 98.14                 |

**Note:**

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



**Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

| Fiscal<br>Year | Governmental Activities     |                                |                             | Outstanding Debt<br>Per Capita | Outstanding Debt as<br>a Percentage of<br>Personal Income (1) |
|----------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|---|
|                | General<br>Obligation Bonds | Pension<br>Obligation<br>Bonds | Total Primary<br>Government |                                |   |
| 2005           | 143,472                     | 42,180                         | 185,652                     | 4,603                          | 1.37  |
| 2006           | 134,972                     | 42,180                         | 177,152                     | 4,367                          | 1.24  |
| 2007           | 125,412                     | 42,180                         | 167,592                     | 4,081                          | 1.08  |
| 2008           | 114,852                     | 42,180                         | 157,032                     | 3,795                          | 0.95  |
| 2009           | 201,162                     | 42,135                         | 243,297                     | 5,738                          | 1.77  |
| 2010           | 191,637                     | 41,955                         | 233,592                     | 5,398                          | 1.68  |
| 2011           | 181,492                     | 41,635                         | 223,127                     | 5,107                          | 1.50  |
| 2012           | 170,272                     | 41,155                         | 211,427                     | 4,687                          | 1.17  |
| 2013           | 157,862                     | 40,505                         | 198,367                     | 4,307                          | 1.15  |
| 2014           | 146,914                     | 39,675                         | 186,589                     | 3,930                          | 1.01  |

**Note:** See Demographic and Economic Statistics for personal income and population data.  
These ratios are calculated using personal income and population for the prior calendar year.

(1) Personal Income data is for all of Clackamas County.

**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**

| Overlapping Issuer                           | Net Property-tax<br>Backed Debt <sup>1</sup> | Percent<br>Overlapping | Net Overlapping<br>Debt |
|--|--|------------------------|-------------------------|
| Clackamas Community College                  | 24,370,000                                   | 20.34%                 | 4,956,858               |
| City of West Linn                            | 18,045,000                                   | 99.09%                 | 17,880,791              |
| METRO  | 222,955,000                                  | 3.51%                  | 7,825,721               |
| Clackamas County                             | 103,805,000                                  | 14.87%                 | 15,435,804              |
| Washington County                            | 20,235,000                                   | 0.17%                  | 34,400                  |
| Portland Community College                   | 167,875,000                                  | 0.07%                  | 117,513                 |
| Tri-Met                                      | -  | 0.00%                  | -                       |
| City of Tualatin                             | 8,455,000                                    | 1.76%                  | 148,808                 |
| Tualatin Valley Fire & Rescue Dist.          | 42,600,000                                   | 12.64%                 | 5,384,640               |
| City of Lake Oswego                          | 28,741,913                                   | 0.00%                  | -                       |
| Subtotal, overlapping debt                   | \$ 637,081,913                               |                        | 51,784,535              |
| Direct District net property-tax backed debt | \$ 186,589,645                               | 100%                   | 186,589,645             |
| Total direct and overlapping debt            | \$ 823,671,558                               |                        | \$ 238,374,180          |

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

**Source:**

Overlapping Debt compiled from records published by the Oregon State Treasury, Debt Management Division using NET overlapping property tax debt as a percentage of NET property tax debt.

**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

| Fiscal<br>Year | General Bonded Debt                 |   |  | Percentage of<br>Actual Taxable<br>Value of Property<br>(1) | Net G.O. Debt per<br>Student Average Daily<br>Membership (2) |                    |                           |
|----------------|-------------------------------------|---|--|---|--|--------------------|---------------------------|
|                | General Obligation<br>Bonds         | Less Amount<br>Available for<br>Repayment | Net General<br>Obligation Bonds<br>Outstanding |   |  |                    |                           |
| 2005           | 143,472,238                         |   | 143,472,238                                    | 4.08%   | 18,698   |                    |                           |
| 2006           | 134,972,238                         | -   | 134,972,238                                    | 3.60%   | 17,278   |                    |                           |
| 2007           | 125,412,238                         | -   | 125,412,238                                    | 3.16%   | 15,696   |                    |                           |
| 2008           | 114,852,238                         |   | 114,852,238                                    | 2.73%   | 14,251   |                    |                           |
| 2009           | 201,162,238                         |   | 201,162,238                                    | 4.29%   | 24,998   |                    |                           |
| 2010           | 191,637,238                         |   | 191,637,238                                    | 3.90%   | 23,762   |                    |                           |
| 2011           | 181,492,238                         |   | 181,492,238                                    | 3.02%   | 22,357   |                    |                           |
| 2012           | 170,272,238                         |   | 170,272,238                                    | 2.77%   | 20,828   |                    |                           |
| 2013           | 157,862,238                         |   | 157,862,238                                    | 2.50%   | 18,849   |                    |                           |
| 2014           | 146,914,645                         |   | 146,914,645                                    | 2.24%   | 17,006   |                    |                           |
| Fiscal<br>Year | Other Governmental Activities Debt  |   |  |   | Total District <sup>(3)</sup>                                | Per Student        |                           |
|                | Limited Tax G.O.<br>Refunding Bonds | Certificates of<br>Participation          | Refunding Special<br>Obligations               | Small Scale<br>Energy Loan<br>Programs                      |  | ADM <sup>(2)</sup> | Per Capita <sup>(4)</sup> |
| 2005           |                                     |   | 42,180,000                                     |   | 185,652,238  | 24,196             | 4,603                     |
| 2006           |                                     |   | 42,180,000                                     |   | 177,152,238  | 22,677             | 4,367                     |
| 2007           |                                     |   | 42,180,000                                     |   | 167,592,238  | 20,975             | 4,081                     |
| 2008           |                                     |   | 42,180,000                                     |   | 157,032,238  | 19,485             | 3,796                     |
| 2009           |                                     |   | 42,135,000                                     |   | 243,297,238  | 30,235             | 5,738                     |
| 2010           |                                     |   | 41,955,000                                     |   | 233,592,238  | 28,964             | 5,398                     |
| 2011           |                                     |   | 41,635,000                                     |   | 223,127,238  | 27,485             | 5,107                     |
| 2012           |                                     |   | 41,135,000                                     |   | 211,428,238  | 25,863             | 4,687                     |
| 2013           |                                     |   | 40,505,000                                     |   | 198,367,238  | 23,686             | 4,304                     |
| 2014           |                                     |   | 39,675,000                                     |   | 186,589,645  | 21,599             | 3,930                     |

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

<sup>1</sup> See schedule titled "Assessed Values of Taxable Property ..."

<sup>2</sup> Student enrollment data can be found on the sheet titled "Operating Statistics"

<sup>3</sup> Includes net general bonded debt and other governmental activities debt.

<sup>4</sup> Per capita is calculated using the estimated District population of 47,476 for 2013-14

| Fiscal<br>Year | ADM   | Population |
|----------------|-------|------------|
| 2005           | 7,673 | 40,329     |
| 2006           | 7,812 | 40,566     |
| 2007           | 7,990 | 41,065     |
| 2008           | 8,059 | 41,373     |
| 2009           | 8,047 | 42,400     |
| 2010           | 8,065 | 43,276     |
| 2011           | 8,118 | 43,687     |
| 2012           | 8,175 | 45,107     |
| 2013           | 8,375 | 46,089     |
| 2014           | 8,639 | 47,476     |

**Legal Debt Margin Information  
Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2014**

|  |                       |
|--|-----------------------|
| Real Market Value                            | \$ 7,243,162,431      |
| Debt Limit (7.95%) <sup>1</sup>              | 575,831,413           |
| Amount of Debt Applicable to Debt Limit:     |                       |
| General Obligation Bonded Debt               | 146,914,645           |
| Less: Amount Available in Debt Service Funds | -                     |
| Amount of Debt Applicable to Debt Limit      | <u>146,914,645</u>    |
| Legal Debt margin                            | <u>\$ 428,916,768</u> |

|  | <u>2005</u>           | <u>2006</u>           | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           | <u>2014</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit   | \$ 461,935,276        | \$ 513,768,038        | \$ 599,974,223        | \$ 715,000,463        | 742,502,737           | 674,827,991           | 603,797,478           | 565,154,338           | 550,729,775           | 575,831,413           |
| Total net debt applicable to limit                                   | <u>143,472,238</u>    | <u>137,926,629</u>    | <u>125,412,238</u>    | <u>114,852,238</u>    | <u>201,162,238</u>    | <u>191,637,238</u>    | <u>181,492,238</u>    | <u>170,272,238</u>    | <u>157,862,238</u>    | <u>146,914,645</u>    |
| Legal debt margin  | <u>\$ 318,463,038</u> | <u>\$ 375,841,409</u> | <u>\$ 474,561,985</u> | <u>\$ 600,148,225</u> | <u>\$ 541,340,499</u> | <u>\$ 483,190,753</u> | <u>\$ 422,305,240</u> | <u>\$ 394,882,100</u> | <u>\$ 392,867,537</u> | <u>\$ 428,916,768</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 31.06%                | 26.85%                | 20.90%                | 16.06%                | 27.09%                | 28.40%                | 30.06%                | 30.13%                | 28.66%                | 25.51%                |

<sup>1</sup> ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values of all taxable properties within the District based on the following:

<sup>A</sup> For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value.

<sup>B</sup> For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value.

Allowable Percentage of Real Market Value:

<sup>A</sup> Kindergarten through eighth grade, 9 x .0055 4.95%

<sup>B</sup> Ninth through twelfth, 4 x .0075 3.00%

Allowable Percentage 7.95%

Source

Market value per Clackamas and Washington County Assessors Offices.

**Demographic and Economic Statistics**  
**Last Ten Calendar Years**  
*Clackamas County*

| <b>Year</b> | <b>District Population</b><br><i>(Estimated)</i> | <b>County Personal</b><br><b>Income (1)</b><br><i>(thousands of dollars)</i> | <b>County Per</b><br><b>Capita Personal</b><br><b>Income (3)</b> | <b>Clackamas</b><br><b>County</b><br><b>Unemployment</b><br><b>Rate (2)</b> |
|-------------|--|--|--|---|
| 2005        | 40,329   | 13,599,941   | 37,631   | 6.1%  |
| 2006        | 40,570   | 14,327,255   | 39,116   | 5.4%  |
| 2007        | 41,065   | 15,555,000   | 41,974   | 4.4%  |
| 2008        | 41,373   | 16,492,000   | 43,965   | 6.7%  |
| 2009        | 42,400   | 16,853,655   | 43,646   | 10.4%   |
| 2010        | 43,276   | 16,945,867   | 44,954   | 10.1%   |
| 2011        | 43,687   | 17,457,115   | 45,915   | 8.9%  |
| 2012        | 45,107   | 18,535,004   | 48,286   | 8.0%  |
| 2013        | 46,089   | N/A  | N/A  | 6.8%  |
| 2014        | 47,476   | N/A  | N/A  | 6.5%  |

Sources:

<sup>1</sup> Bureau of Economic Analysis for Clackamas County. District-level data unavailable

<sup>2</sup> State of Oregon Unemployment Rate for Clackamas County

<sup>3</sup> For constituents residing in Clackamas County

**Full-time Equivalent District Employees by Type  
Last Nine Fiscal Years**

Full-time Equivalent Employees as of June 30 (1)

|                                      | <u>2014</u>   | <u>2013</u>   | <u>2012</u>   | <u>2011</u>   | <u>2010</u>   | <u>2009</u>   | <u>2008</u>   | <u>2007</u>   | <u>2006</u>   |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b><u>Instructional Staff</u></b>    |               |               |               |               |               |               |               |               |               |
| Primary, K-5 Instruction             | 202.00        | 199.42        | 193.11        | 137.00        | 129.16        | 140.32        | 140.72        | 133.47        | 127.24        |
| Intermediate, 4-5 Instruction (2)    | 0.00          | 0.00          | 0.00          | 70.23         | 68.30         | 71.02         | 70.32         | 67.98         | 64.86         |
| Middle School Instruction            | 92.52         | 86.16         | 85.19         | 101.46        | 99.51         | 107.42        | 106.92        | 98.42         | 97.81         |
| High School Instruction              | 104.10        | 102.02        | 100.53        | 110.60        | 108.56        | 117.82        | 116.12        | 109.24        | 105.81        |
| High School Activities               | 2.00          | 2.20          | 2.60          | 2.20          | 2.20          | 2.20          | 2.20          | 1.88          | 0.00          |
| Pre-Kindergarten Instruction         | 4.41          | 5.88          | 5.52          | 7.28          | 6.48          | 5.59          | 5.59          | 4.94          | 4.75          |
| Talented & Gifted                    | 2.81          | 1.76          | 1.76          | 2.61          | 2.61          | 2.51          | 2.51          | 2.45          | 2.00          |
| High Needs Students                  | 22.25         | 31.54         | 30.89         | 39.53         | 37.90         | 47.75         | 47.05         | 38.69         | 38.50         |
| Resource Rooms                       | 34.58         | 30.00         | 28.82         | 36.73         | 41.53         | 45.69         | 45.49         | 46.13         | 44.43         |
| Alternative Education                | 5.45          | 6.18          | 6.19          | 4.90          | 5.90          | 1.15          | 1.15          | 0.67          | 2.11          |
| Charter Schools                      | 0.00          | 0.00          | 0.00          | 0.00          | 1.25          | 0.00          | 0.00          | 1.63          | 1.63          |
| English - Second Language            | 5.00          | 4.38          | 3.70          | 7.31          | 6.50          | 11.01         | 11.01         | 10.91         | 13.80         |
| CREST                                | 2.00          | 3.00          | 3.00          | 2.75          | 2.75          | 2.50          | 2.50          | 2.50          | 0.00          |
| Subtotal Instructional Staff         | 477.12        | 472.54        | 461.31        | 522.60        | 512.65        | 554.98        | 551.58        | 518.91        | 502.94        |
| <b><u>Support Services Staff</u></b> |               |               |               |               |               |               |               |               |               |
| Counseling                           | 15.00         | 18.50         | 18.50         | 18.25         | 17.50         | 19.70         | 19.30         | 19.30         | 19.30         |
| District Nurse                       | 3.00          | 3.00          | 3.00          | 3.15          | 3.37          | 3.12          | 3.12          | 3.00          | 2.50          |
| Psychological Services               | 0.50          | 0.00          | 0.00          | 0.60          | 0.00          | 3.50          | 3.50          | 5.40          | 5.40          |
| Speech                               | 5.80          | 5.00          | 5.00          | 2.55          | 3.05          | 9.85          | 9.55          | 9.85          | 9.05          |
| Special Services-Direction           | 3.00          | 3.00          | 2.00          | 3.21          | 3.00          | 4.00          | 4.00          | 4.00          | 4.00          |
| Curriculum Development               | 2.00          | 2.00          | 2.00          | 2.00          | 2.50          | 2.31          | 2.31          | 1.50          | 2.39          |
| Curriculum - Direction               | 1.00          | 1.00          | 1.00          | 1.50          | 1.50          | 0.50          | 0.50          | 0.54          | 0.54          |
| Libraries-Media                      | 10.22         | 14.96         | 14.84         | 19.70         | 18.40         | 20.60         | 21.40         | 20.40         | 21.31         |
| Executive Administration             | 2.50          | 2.50          | 1.50          | 2.00          | 2.00          | 3.00          | 3.00          | 3.00          | 3.00          |
| Office of the Principal              | 42.50         | 43.10         | 36.50         | 45.10         | 43.60         | 45.60         | 45.60         | 42.60         | 41.10         |
| Business - Direction                 | 0.89          | 0.89          | 0.89          | 1.88          | 0.83          | 1.00          | 1.00          | 1.00          | 0.00          |
| Fiscal Office                        | 4.72          | 4.61          | 4.61          | 5.63          | 5.41          | 6.00          | 6.00          | 6.00          | 6.00          |
| Operations Direction                 | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 2.00          | 2.00          |
| Maintenance - Direction              | 1.88          | 2.88          | 2.88          | 2.69          | 2.53          | 4.00          | 4.00          | 2.00          | 0.00          |
| Care & Upkeep of Buildings           | 40.00         | 41.50         | 39.50         | 39.50         | 39.50         | 36.90         | 39.00         | 39.00         | 39.00         |
| Care & Upkeep of Grounds             | 0.00          | 0.00          | 0.00          | 14.96         | 0.00          | 5.00          | 5.00          | 5.00          | 0.00          |
| Maintenance                          | 15.00         | 15.15         | 15.10         | 0.00          | 8.00          | 9.50          | 9.50          | 10.50         | 10.50         |
| Warehouse & Distribution             | 2.00          | 1.95          | 0.99          | 2.91          | 3.00          | 3.00          | 3.00          | 3.00          | 2.45          |
| Staff Services - Personnel           | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.50          | 3.50          | 3.50          | 0.00          |
| Technology Services                  | 7.73          | 8.23          | 8.48          | 9.98          | 7.03          | 8.00          | 8.00          | 8.00          | 8.00          |
| Subtotal Support Services S          | 160.74        | 171.27        | 159.79        | 178.61        | 164.22        | 189.08        | 191.28        | 189.59        | 176.54        |
| <b>Total</b>                         | <b>637.86</b> | <b>643.81</b> | <b>621.10</b> | <b>701.21</b> | <b>676.87</b> | <b>744.06</b> | <b>742.86</b> | <b>708.50</b> | <b>679.48</b> |

**Source:**

District Budget Office

**Notes:**

- (1) General Fund Employees Only. Over time, ten fiscal years will be presented.  
(2) State no longer recognizes "Intermdieiate, 4-5 Instruction." It is now included as part of "Primary K-5 Instruction."

## Operating Statistics Last Ten Fiscal Years

|             |                 |                  |                    |              |           |                  |                 |             |             | Percentage  |
|-------------|-----------------|------------------|--------------------|--------------|-----------|------------------|-----------------|-------------|-------------|-------------|
| Fiscal Year | Student Average | Charter Schools  |                    |              | Certified |                  |                 | Free &      |             |             |
| Ending      | Daily           | Student Average  | Operating Expenses | Cost Per ADM | Staff FTE | ADM to Certified |                 | Tchr Salary | Tchr Salary | Reduced per |
| June 30     | Membership (1)  | Daily Membership | (2)                | (1)          | (3)       | Ratio (3)        | Ave Tchr Salary | Range-Low   | Range-High  | ADM         |
| 2004-05     | 7,673           | 100              | 57,273,929         | 7,464        | 431       | 17.6             |                 |             |             |             |
| 2005-06     | 7,812           | 160              | 63,042,721         | 8,070        | 445       | 17.2             |                 |             |             |             |
| 2006-07     | 7,990           | 180              | 67,349,626         | 8,429        | 454       | 17.2             | \$ 49,969       | \$ 31,368   | \$ 62,355   | 14.7        |
| 2007-08     | 8,059           | 180              | 70,932,326         | 8,801        | 475       | 16.6             | 51,919          | 32,529      | 64,662      | 16.2        |
| 2008-09     | 8,047           | 100              | 74,075,170         | 9,205        | 481       | 16.7             | 53,932          | 33,830      | 67,248      | 16.9        |
| 2009-10     | 8,065           | 100              | 69,480,561         | 8,615        | 445       | 18.1             | 54,902          | 33,830      | 67,248      | 19.6        |
| 2010-11     | 8,118           | 100              | 66,319,321         | 8,169        | 451       | 18.0             | 50,561          | 35,183      | 69,938      | 21.3        |
| 2011-12     | 8,175           | 100              | 69,081,540         | 8,450        | 430       | 19.0             | 53,119          | 35,183      | 69,938      | 23.3        |
| 2012-13     | 8,375           | 100              | 72,466,034         | 8,653        | 444       | 18.9             | 57,121          | 35,887      | 71,336      | 21.8        |
| 2013-14     | 8,639           | 105              | 79,439,342         | 9,195        | 447       | 19.3             | 57,121          | 35,877      | 71,336      | 23.6        |

(1) Includes charter school students

(2) Operating expenditures are all governmental fund expenditures less debt service and capital outlays.

(3) Excludes charter school staff/teachers

Source:

District Records



**Principal Employers for the West Linn-Wilsonville School District Area (1)**  
**Current Year and Nine Years Ago**

|   |                             | <b>2013-14</b>             |   |
|---|-----------------------------|----------------------------|---|
| <b>Employer</b>                           | <b>Type of Business</b>     | <b>Number of Employees</b> | <b>Percentage of Total City Employment*</b> |
| Stream International Inc                  | Facilities Support Services | 1,153                      | 7.1%  |
| Mentor Graphics Corporation               | CAD Software Systems        | 964                        | 5.9%  |
| Xerox Corporation                         | Copiers and Printers        | 706                        | 4.3%  |
| Rockwell Collins Head-Up Guidance Systems | Aviation Guidance Systems   | 584                        | 3.6%  |
| Sysco Portland Inc                        | Warehouse & Distribution    | 476                        | 2.9%  |
| Precision Interconnect                    | Manufacturing               | 355                        | 2.2%  |
| Flir Systems Inc                          | Manufacturing               | 331                        | 2.0%  |
| BCI Coca Cola Bottling Co of Los Angeles  | Warehouse & Distribution    | 285                        | 1.7%  |
| Fred Meyer #516                           | Retail                      | 275                        | 1.7%  |
| Costco Wholesale #766                     | Warehouse                   | 240                        | 1.5%  |
|   |                             | <b>5,369</b>               | <b>32.9%</b>                                |

|                                     |                                 | <b>2005-06</b>             |  |
|-------------------------------------|---------------------------------|----------------------------|--|
| <b>Employer</b>                     | <b>Type of Business</b>         | <b>Number of Employees</b> | <b>Percentage of Total City Employment**</b> |
| Xerox Corporation                   | Copiers and Printers            | 1,594                      | 10.5%  |
| Mentor Graphics Corporation         | CAD Software Systems            | 1,100                      | 7.2%   |
| Hollywood Entertainment Corporation | Headquarters, warehouse, retail | 811                        | 5.3%   |
| Precision Interconnect              | Electronic Machinery            | 653                        | 4.3%   |
| Sysco/Continental Food Service      | Warehouse & Distribution Center | 439                        | 2.9%   |
| Infocus Corporation                 | Projectors & Display Systems    | 375                        | 2.5%   |
| Fry's Electronics                   | Retail                          | 316                        | 2.1%   |
| Adecco North America                | Employment Services             | 305                        | 2.0%   |
| Rite Aid Distribution Center        | Warehouse & Distribution Center | 264                        | 1.7%   |
| Oregon Glass Company                | Glass Products manufacture      | 235                        | 1.5%   |
|                                     |                                 | <b>6,092</b>               | <b>40.0%</b>                                 |

\*Total city employment for 2013-14 16,300

\*\*Total city employment for 2005-06 15,176

(1) City of Wilsonville only, City of West Linn not available  
Number of employees is listed as FTE (full-time equivalent)

Source:  
City of Wilsonville Business License Database

**Capital Asset Information  
Last Ten Fiscal Years**

| Fiscal Year           |         |         |         |         |         |         |         |         |         |         | Average<br>Age of<br>Buildings |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------------|
|                       |         |         |         |         |         |         |         |         |         |         |                                |
| 2005                  |         |         |         |         |         |         |         |         |         |         |                                |
| 2006                  |         |         |         |         |         |         |         |         |         |         |                                |
| 2007                  |         |         |         |         |         |         |         |         |         |         |                                |
| 2008                  |         |         |         |         |         |         |         |         |         |         |                                |
| 2009                  |         |         |         |         |         |         |         |         |         |         |                                |
| 2010                  |         |         |         |         |         |         |         |         |         |         |                                |
| 2011                  |         |         |         |         |         |         |         |         |         |         |                                |
| 2012                  |         |         |         |         |         |         |         |         |         |         |                                |
| 2013                  |         |         |         |         |         |         |         |         |         |         |                                |
| 2014                  |         |         |         |         |         |         |         |         |         |         |                                |
| (in years)            |         |         |         |         |         |         |         |         |         |         |                                |
| <b>Schools</b>        |         |         |         |         |         |         |         |         |         |         |                                |
| <b>Primary</b>        |         |         |         |         |         |         |         |         |         |         |                                |
| Buildings             | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 9       | 9       | 52                             |
| Square Feet           | 446,982 | 446,982 | 446,982 | 446,982 | 446,982 | 446,982 | 446,982 | 446,982 | 581,626 | 581,626 |                                |
| Capacity              | 3,719   | 3,382   | 3,382   | 3,382   | 3,382   | 3,382   | 3,382   | 3,382   | 4,401   | 4,401   |                                |
| Membership (ADM)      | 3,560   | 3,482   | 3,375   | 3,375   | 3,375   | 3,375   | 3,375   | 3,516   | 3,716   | 3,716   |                                |
| Percent Used          | 96%     | 103%    | 100%    | 100%    | 100%    | 100%    | 100%    | 104%    | 84%     | 84%     |                                |
| <b>Middle</b>         |         |         |         |         |         |         |         |         |         |         |                                |
| Buildings             | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 23                             |
| Square Feet           | 282,519 | 282,519 | 282,519 | 282,519 | 282,519 | 282,519 | 282,519 | 284,519 | 284,519 | 284,519 |                                |
| Capacity              | 2,241   | 2,082   | 2,082   | 2,082   | 2,082   | 2,082   | 2,082   | 1,932   | 1,932   | 1,932   |                                |
| Membership (ADM)      | 1,940   | 1,909   | 1,899   | 1,899   | 1,899   | 1,899   | 1,899   | 1,985   | 1,985   | 1,985   |                                |
| Percent Used          | 87%     | 92%     | 91%     | 91%     | 91%     | 91%     | 91%     | 103%    | 103%    | 103%    |                                |
| <b>High</b>           |         |         |         |         |         |         |         |         |         |         |                                |
| Buildings             | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 42                             |
| Square Feet           | 400,206 | 500,631 | 500,631 | 500,631 | 500,631 | 500,631 | 500,631 | 499,943 | 499,943 | 499,943 |                                |
| Capacity              | 2,717   | 3,291   | 3,291   | 3,291   | 3,291   | 3,291   | 3,291   | 3,220   | 3,220   | 3,220   |                                |
| Membership (ADM)      | 2,446   | 2,638   | 2,508   | 2,508   | 2,508   | 2,508   | 2,508   | 2,674   | 2,674   | 2,674   |                                |
| Percent Used          | 90%     | 80%     | 76%     | 76%     | 76%     | 76%     | 76%     | 83%     | 83%     | 83%     |                                |
| <b>Other</b>          |         |         |         |         |         |         |         |         |         |         |                                |
| Buildings             | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 11                             |
| Square Feet           | 7,442   | 7,442   | 7,442   | 7,442   | 7,442   | 7,442   | 7,442   | 46,266  | 46,266  | 46,266  |                                |
| <b>Administration</b> |         |         |         |         |         |         |         |         |         |         |                                |
| Buildings             | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 81                             |
| Square Feet           | 21,000  | 21,000  | 21,000  | 21,000  | 21,000  | 21,000  | 21,000  | 17,439  | 17,439  | 17,439  |                                |
| <b>Maintenance</b>    |         |         |         |         |         |         |         |         |         |         |                                |
| Buildings             | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 18                             |
| Square Feet           | 40,020  | 40,020  | 40,020  | 40,020  | 40,020  | 40,020  | 40,020  | 54,900  | 54,900  | 54,900  |                                |

Source: West Linn-Wilsonville School District Department of Operations Statistics

**Full-time Equivalent District Employees by Assignment/Function  
Last Nine Fiscal Years**

| Assignment/Function                        | 2014   | 2013   | 2012   | 2011   | 2010   | 2009   | 2008   | 2007   | 2006   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Instructional Staff</b>                 |        |        |        |        |        |        |        |        |        |
| Prekindergarten teachers                   | 3.50   | 3.30   | 3.30   | 4.81   | 4.50   | 3.00   | 3.00   | 3.00   | 3.00   |
| Elementary teachers K-5                    | 163.95 | 159.00 | 156.25 | 166.70 | 162.90 | 165.60 | 164.50 | 159.70 | 158.35 |
| Secondary teachers                         | 188.76 | 179.53 | 177.73 | 200.20 | 198.46 | 212.97 | 210.17 | 196.66 | 193.27 |
| Teachers of ungraded classes               | 42.95  | 40.15  | 39.65  | 49.50  | 52.50  | 57.90  | 57.00  | 53.08  | 50.32  |
| Educational assistants                     | 77.96  | 90.56  | 84.38  | 101.39 | 94.29  | 115.51 | 116.91 | 105.47 | 100.38 |
| Instructional coordinators and supervisors | -      | -      | -      | -      | -      | -      | -      | 1.00   | 1.50   |
| Subtotal Instructional Staff               | 477.12 | 472.54 | 461.31 | 522.60 | 512.65 | 554.98 | 551.58 | 518.91 | 506.82 |
| <b>Support Services Staff</b>              |        |        |        |        |        |        |        |        |        |
| Guidance K-12                              | 15.00  | 18.50  | 18.50  | 18.25  | 17.50  | 19.70  | 19.30  | 19.30  | 19.30  |
| Librarians/media specialists               | 5.15   | 6.66   | 6.46   | 11.40  | 10.40  | 10.40  | 10.40  | 9.40   | 9.50   |
| Library and media support staff            | 5.07   | 8.30   | 8.38   | 8.30   | 8.00   | 10.20  | 11.00  | 11.00  | 11.81  |
| District administrators                    | 3.50   | 3.50   | 3.50   | 3.50   | 4.00   | 4.00   | 4.00   | 3.54   | 3.54   |
| District support staff                     | 78.22  | 79.18  | 77.45  | 83.55  | 72.30  | 79.71  | 81.81  | 82.50  | 82.84  |
| School administrators                      | 20.50  | 22.00  | 17.00  | 23.00  | 22.00  | 22.00  | 22.00  | 21.00  | 21.60  |
| School administrative support staff        | 22.00  | 21.10  | 19.50  | 22.10  | 21.60  | 23.60  | 23.60  | 21.60  | 19.50  |
| Student services support staff             | 11.30  | 12.00  | 9.00   | 8.51   | 8.42   | 19.47  | 19.17  | 21.25  | 19.95  |
| Subtotal Support Services Staff            | 160.74 | 171.24 | 159.79 | 178.61 | 164.22 | 189.08 | 191.28 | 189.59 | 188.04 |
| <b>Total FTE</b>                           | 637.86 | 643.78 | 621.10 | 701.21 | 676.87 | 744.06 | 742.86 | 708.50 | 694.86 |

**Note:**

Data is for General Fund only. Data for fiscal years prior to 2005-06 not readily available.  
Over time, ten fiscal years of data will be presented.

**Source:**

District Budget Office

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



**PAULY, ROGERS, AND CO., P.C.**  
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December 16, 2014

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

We have audited the basic financial statements of West Linn-Wilsonville School District 3J as of and for the year ended June 30, 2014, and have issued our report thereon dated December 16, 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 the West Linn-Wilsonville School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the West Linn-Wilsonville School District 3J was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as noted on page 24 of this report.

#### OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink, appearing to read "Matthew Graves". The signature is fluid and cursive, with the first name "Matthew" being more prominent than the last name "Graves".

Matthew Graves, CPA  
PAULY, ROGERS AND CO., P.C.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

GRANT COMPLIANCE REVIEW

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION  
YEAR ENDED JUNE 30, 2014

| Federal Grantor/Pass Through Grantor/<br>Program Title | Grant<br>Fund | Federal<br>CFDA<br>Number | Grant Period    | Expenditures        |
|--|---------------|---------------------------|-----------------|---------------------|
| <b>US. DEPARTMENT OF EDUCATION</b>                     |               |                           |                 |                     |
| <i>Passed through Oregon Department of Education:</i>  |               |                           |                 |                     |
| Title I Grants to Local Educational Agencies           | 252, 253      | 84.010                    | 2012-13/2013-14 | 662,830             |
| Title III- Enhancing Education                         | 267           | 84.365                    | 2013-14         | 41,619              |
| Title IIA- Improving Teacher Quality State Grants      | 263           | 84.367                    | 2013-14         | 120,100             |
| IDEA - Special Education Grants to States              | 254           | 84.027                    | 2012-13/2013-14 | 1,409,113 *         |
| IDEA -PreSchool  | 254           | 84.173                    | 2013-14         | 8,052               |
| <i>Passed through Clackamas County ESD:</i>            |               |                           |                 |                     |
| Vocational Education - Career and Technical Education  | 251           | 84.048                    | 2013-14         | 23,595              |
| Youth Transition Program - Rehabilitation Services     | 266           | 84.126A                   | 2013-14/2014-15 | 121,605             |
| Improving Teacher Quality                              | 220           | 84.367                    | 2013-14         | 13,770              |
| Total U.S. Department of Education                     |               |                           |                 | 2,400,684           |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                  |               |                           |                 |                     |
| Federal Forest Fees                                    | 100           | 10.665                    | 2013-14         | -                   |
| <i>Passed Through Oregon Department of Education:</i>  |               |                           |                 |                     |
| Food Donation  | 297           | 10.555                    | 2013-14         | 167,511             |
| National School Lunch Program Breakfast                | 297           | 10.553                    | 2013-14         | 48,045              |
| National School Lunch Program                          | 297           | 10.555                    | 2013-14         | 648,169             |
| Summer Food  | 297           | 10.559                    | 2013-14         | -                   |
| Total U.S. Department of Agriculture                   |               |                           |                 | 863,725             |
| *major program   |               |                           |                 |                     |
| <b>TOTALS</b>  |               |                           |                 | <b>\$ 3,264,409</b> |





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December 16, 2014

To the Board of Directors  
West Linn-Wilsonville School District 3J  
22210 SW Stafford Road  
Tualatin, Oregon 97062

**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, each major fund, and the aggregate remaining fund information of West Linn-Wilsonville School District 3J 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 16, 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*.

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.

A handwritten signature in black ink, appearing to read "Matthew Graves".

Matthew Graves, CPA  
PAULY, ROGERS AND CO., P.C.



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December 16, 2014

To the Board of Directors  
West Linn-Wilsonville School District 3J  
22210 SW Stafford Road  
Tualatin, Oregon 97062

**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 West Linn-Wilsonville School District 3J'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 auditor's 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, West Linn-Wilsonville School District 3J, 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.

**Report on Internal Control Over Compliance**

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

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

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

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

A handwritten signature in black ink, appearing to read "Matthew Graves".

Matthew Graves, CPA  
PAULY, ROGERS AND CO., P.C.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3  
 CLACKAMAS COUNTY, OREGON  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2014

---

**Section I – Summary of Auditors’ Results**

***Financial Statements***

|   |            |                            |
|---|------------|----------------------------|
| Type of Auditors’ report issued:  | Unmodified |                            |
| Internal control over financial reporting:  |            |                            |
| • Material weakness(es) identified?   | _____ Yes  | <u>  X  </u> No            |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses                                      | _____ Yes  | <u>  X  </u> None reported |
| Noncompliance material to financial statements noted?   | _____ Yes  | <u>  X  </u> 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  | <u>  X  </u> No            |

***Federal Awards***

|  |            |                            |
|--|------------|----------------------------|
| Internal control over major programs:  |            |                            |
| • Material weakness(es) identified?  | _____ Yes  | <u>  X  </u> No            |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses                             | _____ Yes  | <u>  X  </u> None reported |
| Type of auditors’ report issued on compliance for major programs:  | Unmodified |                            |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | _____ Yes  | <u>  X  </u> No            |

Identification of major programs

|                 |   |
|-----------------|---|
| CFDA Number(s): | Name of Federal Program:                            |
| 10.555          | National School Lunch Program                       |
| <u>84.010</u>   | <u>Title I Grants to Local Educational Agencies</u> |

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

Auditee qualified as low-risk auditee?   X   Yes        No

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

The accompanying schedule of expenditures of federal awards includes the federal grant activity of West Linn-Wilsonville School District 3 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.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3  
CLACKAMAS COUNTY, OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

---

**Section II – Current Year Financial Statement Findings**

None Reported.

**Section III – Prior Year Financial Statement Findings**

**2013-FS-001**

**CONDITION:** It was noted that the Business Office staff all have full access to changes employee information and pay.

**CRITERIA:** Proper restrictions should be in place within the accounting software so that employees do not have the ability to make changes to financial information without another person reviewing these changes.

**EFFECT:** Without restrictions in place to limit employees' access to functions in the accounting software, there exists the possibility that erroneous or fraudulent actions could be committed, causing the financial statements to be misstated.

**CAUSE:** The District has not restricted access to certain accounting functions which compromise segregation of duties.

**RECOMMENDATION:** To better segregate duties, we recommend that restrictions be put in place in the accounting software so that no one employee has access to both physical assets and the related accounting records or to all phases of the transaction.

**CURRENT STATUS:** The District implemented mitigating controls in the current year that were tested and the matters are no longer reported as deficiencies.

**2013-FS-002**

**CONDITION:** Adequate controls were not in place to ensure that bank reconciliations were completed and reviewed.

**CRITERIA:** Bank reconciliations should be completed and reviewed in a timely manner in order to ensure the safeguard of assets.

**EFFECT:** Without controls or procedures in place to monitor the bank accounts and reconciliations, the likelihood of an intentional error or irregularity existing and not being detected could result in a material misstatement of the financial statements.

**CAUSE:** Insufficient resources appeared to be allocated to the monitoring of the bank reconciliation process.

**RECOMMENDATION:** We recommend that all bank reconciliations be completed and reviewed within 30 days of receipt of the bank statement.

**CURRENT STATUS:** The District implemented mitigating controls in the current year that were tested and the matters are no longer reported as deficiencies.

**Section IV – Federal Award Findings and Question Costs**

None Reported.