

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

Comprehensive Annual Financial Report



For the Year ended June 30, 2013

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J

CLACKAMAS COUNTY, OREGON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended June 30, 2013

Prepared by
Business Office:
Doug Middlestetter, Business Manager

Jolene May, Senior Accountant

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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, 2013

	<u>Term Expires</u>
Keith Steele, Chair	June 30, 2013
Dale Hoogestraat, Vice-Chair	June 30, 2013
Kristen Keswick	June 30, 2015
Betty Reynolds	June 30, 2015
Cheri Zimmerman	June 30, 2013

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

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CLACKAMAS COUNTY, OREGON

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CLACKAMAS COUNTY, OREGON

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CLACKAMAS COUNTY, OREGON

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Introductory Section

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West Linn-Wilsonville School District 3Jt

ADMINISTRATION BUILDING

22210 SW Stafford Rd – Tualatin, Oregon 97062
503-673-7000 or Fax 503-673-7001

December 27, 2013

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, 2013.

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, 2013, 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, 2013, 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 West Linn-Wilsonville School District No. 3Jt (the primary government) and any component units. Component units, as established by GASB statement 14, 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. Three Rivers Charter School has been included in the past as a component unit of the District. However, based on pronouncements covered by GASB statement 39, Three Rivers Charter School is no longer considered a component unit of the West Linn-Wilsonville School District. You will no longer see information presented in these reports relating to the Three Rivers Charter School.

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 45,107 in 2013. District student membership as of June 30, 2013 was 8,375, 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 back down to less than 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 to 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.

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 2012-13 was \$.45 per thousand assessed value. Revenues from this tax, falls when there is a decrease in real market value. During 2012-13 Local Option tax collections decreased \$362,990 from \$3,163,769 in 2011-12 to \$2,800,779.

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 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 6.9 percent published November 2013.

Oregon's current personal income-tax-reliant revenue base continues to have the stability and adequacy shortcomings it has experienced in recent 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 first 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 constantly to improve the learning environment in order to develop and nurture each student's potential for life-long intellectual and cultural growth. The district measures its success almost exclusively by the level of student learning and achievement.

In response to local, state and national mandates for school improvement, including the Oregon Educational Act for the 21st Century, the school district held two Futures Conferences in the spring of 1994. These major events, preceded by a year of planning, were a part of our strategic planning to move West Linn-Wilsonville Schools into the 21st century. The Futures Conferences sought common ground through dialogue using the Marvin Weisborg conference model. Participants painted broad strokes of consensus about the qualities this community would like its school district to exemplify 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.

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 from these Futures Conferences presented the community and schools with an inviting picture of possibility and launched the district on a challenging and rewarding journey. These themes arch over and create lines through every dimension of the work of this school district. These vision themes 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.

The work of this school district is to enliven and make real these vision themes:
Personal and Academic Excellence, Personalized Education, Circle of Support, Community Partnerships, Educating the Whole Child, Integrating Technologies in Daily Learning.

Staff development and in-service training continue to be a major focus and emphasis in the district. We are committed to the strategy of improving the skills and training of our staff in order to deliver more effective services to students and parents. The district continues to provide staff training and development.

The general obligation bond passed by voters November 4, 2008 and sold in February 2009 is currently nearing successful completion 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 has gone 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. "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.

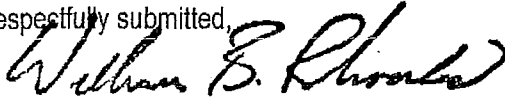
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Linn-Wilsonville School District for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the 19th 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.

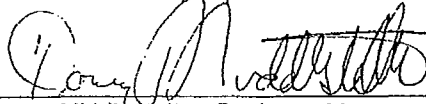
ACKNOWLEDGMENTS

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,

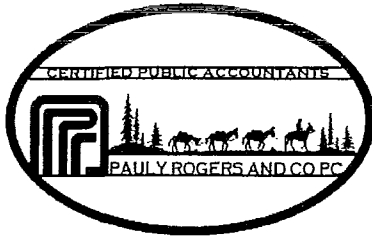


William Rhoades, Superintendent



Doug Middlestetter, Business Manager

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December 27, 2013

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, 2013, 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, 2013, 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.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 61, *Financial Reporting Entity* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the 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 27, 2013 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 27, 2013, 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, 2013**

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, 2013.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2013 by \$55,667,002.
- The District's governmental funds report combined ending fund balance of \$16,536,752.
- The District's net assets increased by \$6,540,918.

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 Assets. The *statement of net assets* presents information on all of the assets and liabilities of the District at year end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets 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 assets of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

- *Governmental activities.* 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 Assets 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$55,667,002 at June 30, 2013.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 81.4 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 8.7 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 Assets of the District were comprised of the following:

	June 30, 2013	June 30, 2012	Change
Current and Other Assets	\$ 49,864,801	\$ 70,703,125	\$ (20,838,324)
Capital Assets	217,942,689	209,736,544	8,206,145
Total Assets	<u>\$ 267,807,490</u>	<u>\$ 280,439,669</u>	<u>\$ (12,632,179)</u>
Current Liabilities	\$ 18,360,162	\$ 26,183,735	\$ (7,823,573)
Long-Term Liabilities	193,780,326	205,129,851	(11,349,525)
Total Liabilities	<u>212,140,488</u>	<u>231,313,586</u>	<u>(19,173,098)</u>
Net Assets:			
Invested in Capital Assets, net of related debt	60,080,449	68,047,630	(7,967,181)
Restricted	1,029,137	2,244,765	(1,215,628)
Unrestricted	<u>(5,442,584)</u>	<u>(21,166,312)</u>	<u>15,723,728</u>
Total Net Assets	<u>\$ 55,667,002</u>	<u>\$ 49,126,083</u>	<u>\$ 6,540,919</u>

Governmental activities. A comparative analysis discussing and analyzing significant differences from the prior year to the current year is provided on the following page. During fiscal 2012-13, the District's net assets increased by \$6,540,918. As compared to the previous year, this year showed a sizeable increase in funding from State sources of over \$2.2 million, thanks to the State's Facility Grant program for district's building new schools. Meanwhile, receipts from local option taxes diminished by \$363,973. Expenses for the year increased in the area of instruction as the District placed as much of its resources as possible into its classrooms. The addition of approximately twelve new teachers in the General Fund helped to forward

the goal of keeping class sizes as small as possible. During the year, over \$12 million worth of assets were used along with increased revenues to pay liabilities down by over \$19 million. Also, the addition of over \$8 million in capital assets were added as a result of the District's bond program completing and placing more buildings in service this year.

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

	June 30, 2013	June 30, 2012	Change
REVENUES			
Program Revenues			
Charges for Services	\$ 3,883,200	\$ 3,918,688	\$ (35,488)
Operating Grants and Contributions	3,749,996	3,721,870	28,126
General Revenues			
Property Taxes	43,877,179	43,922,204	(45,025)
Local Option	2,800,796	3,164,769	(363,973)
State School Fund - General Support	36,192,101	33,928,944	2,263,157
Earnings on Investments	162,710	299,687	(136,977)
Other Federal, State and Local Sources	1,181,583	468,559	713,024
Total Revenues	<u>91,847,565</u>	<u>89,424,721</u>	<u>2,422,844</u>
EXPENSES			
Instruction	49,517,820	46,530,573	2,987,247
Support Services	23,081,837	25,248,894	(2,167,057)
Enterprise and Community Services	2,041,979	2,137,665	(95,686)
Interest on Long-Term Debt	<u>10,665,010</u>	<u>11,082,263</u>	<u>(417,253)</u>
Total Expenses	<u>85,306,646</u>	<u>84,999,395</u>	<u>307,251</u>
Change in Net Assets	6,540,919	4,425,326	2,115,593
Beginning Net Assets	49,126,083	44,700,757	4,425,326
Ending Net Assets	<u>\$ 55,667,002</u>	<u>\$ 49,126,083</u>	<u>\$ 6,540,919</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds. The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unreserved 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, 2013 the District's governmental funds reported combined ending fund balances of \$16,536,752, a decrease of \$12,343,390 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.

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2013, unreserved fund balance was \$4,278,963 and the non-spendable balance was \$44,470 for a total ending fund balance of \$4,323,433. 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 6.4 percent of total General Fund expenditures.

The fund balance increased by \$974,938 during the current fiscal year. This increase was attributable mostly to careful spending and increased State funding from the State Facilities Grant as stated above.

Debt Service Fund. As of June 30, 2013 the ending fund balance was \$699,718, an increase of \$47,245 when compared to the prior year. This increase is due to a slight adjustment of the tax collection rate raising the ending fund balance. Also, assessed valuations increased at a slightly higher rate than anticipated.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$11,148,549, which is designated for the remaining capital needs specified in the general obligation bond approved by voters on November 4, 2008. 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 2012-13 Budget total was only slightly different from the previous year. The District was impacted by budgeted decreases of \$185,936 in Federal revenue from anticipation of the Federal Forest Fees program expiring. As it turned out, the program was extended after the budget process was completed. Increases in budgeted State resources anticipated an additional \$1,900,535 partially reflecting the estimate of what the Facilities Grant might yield. Offsetting that, property tax receipts and other local revenue amounts were budgeted to be down by \$1,701,763. The overall net projected revenue shortfall increased by \$338,060. On the expenditure side, wages remained frozen, but health insurance premiums and PERS costs saw increases that were expected to cost over \$1.2 million in the 2012-13 year. These increases and other miscellaneous budgeted expenses increased operating cost estimates for the year by \$347,605 over the previous year. Additional cash reserves were used to balance the budget again this year.

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, 2013, the District had invested \$217,942,689 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, 2013, the District had total debt outstanding of \$205,967,919. Please refer to the notes to page 29 in the financial statements for more information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Oregon and the Nation continue to make progress towards re-establishing a stable economic environment. With the 2012-13 year being the second year in the State's budgeting cycle, funding for the year was much more predictable. The State continues to show slow, but steady economic growth. In addition to that, the District is seeing growth in new student attendance that resembles the growth rates experienced by the District in pre-recession years. While the budget anticipated "flat" growth (no increase) 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 2013-14 school year was difficult to put together because of the delays of the State's Legislators as they worked hard to prioritize and form a viable budget for the next two years. With that now in place, the District is moving forward with renewed focus to further develop its educational excellence. Revenue is up considerably for this new biennium, which has allowed the District to avoid any program or day cuts and to negotiate wage increases that were frozen in the two previous years. Of course, this will entail added costs, such as PERS and health insurance increases –although the PERS increases have been partially offset by statutory maneuvers. Additionally, added costs are scheduled to hit operations as the two recently added schools are now fully on line, and are no longer supported by bond project funding. But, regardless of these added costs, the District is moving forward with positive intention, and continuing to grow as the 2013-14 year begins.

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

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

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

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
ASSETS:	
Cash and Investments	\$ 17,880,135
Property Taxes Receivable	3,214,277
Other Receivables	2,937,793
Supply Inventory	35,233
Prepaid Expenses	44,870
Prepaid Pension Asset	24,259,656
Net Pension Asset	239,025
Bond Issue Costs	1,253,812
Non-Depreciable Capital Assets	54,241,962
Capital Assets, Net of Depreciation	163,700,727
TOTAL ASSETS	267,807,490
LIABILITIES:	
Accounts Payable	1,428,746
Accrued Salaries and Benefits	2,930,911
Due to Fiduciary Fund	120
Retainage Payable	38,718
Unearned Revenue	210,673
Accrued Interest	1,563,401
Long-Term Liabilities:	
Other Post-Employment Benefits	4,227,523
Portion Due or Payable Within One Year	12,372,916
Portion Due or Payable After One Year	189,367,480
TOTAL LIABILITIES	212,140,488
NET POSITIONS:	
Net Invested in Capital Assets	60,080,449
Restricted for:	
Grants and other purposes	329,419
Debt service	699,718
Instruction	
Unrestricted	(5,442,584)
TOTAL NET POSITIONS	\$ 55,667,002

See notes to basic financial statements.

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

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 49,517,820	\$ 3,088,414	\$ 2,259,827	\$ (44,169,579)
Support	23,081,837	-	885,505	(22,196,332)
Enterprise and Community Services	2,041,979	794,786	604,664	(642,529)
Interest on Long-Term Debt	10,665,010	-	-	(10,665,010)
Total Governmental Activities	<u>\$ 85,306,646</u>	<u>\$ 3,883,200</u>	<u>\$ 3,749,996</u>	<u>(77,673,450)</u>
General revenues:				
Property Tax Revenue				43,877,179
Local Option Tax				2,800,796
Unrestricted State Revenue				36,192,101
Unrestricted Intermediate Revenue				66,855
Miscellaneous Revenue				1,114,728
Earnings on Investments				<u>162,710</u>
Total general revenues				<u>84,214,369</u>
CHANGE IN NET POSITION				6,540,919
Net Position - July 1, 2012				<u>49,126,083</u>
Net Position - June 30, 2013				<u>\$ 55,667,002</u>

See notes to basic financial statements.

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
ASSETS					
Cash and Investments	\$ 4,395,488	\$ 305,955	\$ 11,939,546	\$ 1,239,146	\$ 17,880,135
Due From Other Funds	1,991,189	217,406	-	-	2,208,595
Property Taxes Receivable	1,969,450	1,244,827	-	-	3,214,277
Other Receivables	1,649,381	84,538	117,223	1,086,651	2,937,793
Supply Inventory	-	-	-	35,233	35,233
Prepaid Expenditures	44,470	-	-	400	44,870
TOTAL ASSETS	<u>\$ 10,049,978</u>	<u>\$ 1,852,726</u>	<u>\$ 12,056,769</u>	<u>\$ 2,361,430</u>	<u>\$ 26,320,903</u>
LIABILITIES					
Accounts Payable	\$ 788,646	\$ -	\$ 547,150	\$ 92,950	\$ 1,428,746
Accrued Salaries and Benefits	2,930,911	-	-	-	2,930,911
Due To Other Funds	-	-	322,352	1,886,363	2,208,715
Retainage Payable	-	-	38,718	-	38,718
Unearned Revenue - Other	193,608	-	-	17,065	210,673
TOTAL LIABILITIES	<u>3,913,165</u>	<u>-</u>	<u>908,220</u>	<u>1,996,378</u>	<u>6,817,763</u>
DEFERRED INFLOWS					
Unavailable Revenue - Property Taxes	1,813,380	1,153,008	-	-	2,966,388
FUND BALANCES					
Nonspendable	44,470	-	-	35,633	80,103
Restricted for:					
Grants and other purposes	-	-	-	329,419	329,419
Debt service	-	699,718	-	-	699,718
Future capital projects	-	-	11,148,549	-	11,148,549
Committed to future operations	-	-	-	-	-
Unassigned	4,278,963	-	-	-	4,278,963
TOTAL FUND BALANCES	<u>4,323,433</u>	<u>699,718</u>	<u>11,148,549</u>	<u>365,052</u>	<u>16,536,752</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 10,049,978</u>	<u>\$ 1,852,726</u>	<u>\$ 12,056,769</u>	<u>\$ 2,361,430</u>	<u>\$ 26,320,903</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, 2013

TOTAL FUND BALANCES \$ 16,536,752

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

Cost	\$ 274,367,183	
Accumulated depreciation	<u>(56,424,494)</u>	217,942,689

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. 2,966,388

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	(185,323)	
Net Other Post Employment Benefits	(4,227,523)	
Bonds payable	(198,367,238)	
Premium on Bonds Payable	(3,187,835)	
Accrued Interest Payable	<u>(1,563,401)</u>	(207,531,320)

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	24,259,656	
Net Pension Asset	239,025	
Bond Issue Costs	<u>1,253,812</u>	<u>25,752,493</u>

TOTAL NET POSITION \$ 55,667,002

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, 2013

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
REVENUES:					
Local Sources	\$ 31,588,685	\$ 20,947,584	\$ 1,079,090	\$ 1,099,911	\$ 54,715,270
Intermediate Sources	44,526	-	-	553,461	597,987
State Sources	36,192,101	-	-	14,000	36,206,101
Federal Sources	44,682	-	-	3,160,183	3,204,865
TOTAL REVENUES	67,869,994	20,947,584	1,079,090	4,827,555	94,724,223
EXPENDITURES:					
Current:					
Instruction	41,452,013	-	-	2,081,484	43,533,497
Support Services	19,432,625	-	21	845,712	20,278,358
Enterprise and Community Services	-	-	-	1,795,202	1,795,202
Facilities Acquisition and Construction	-	-	13,153,990	-	13,153,990
Debt Service	2,704,169	20,900,339	-	137,375	23,741,883
Capital Outlay	4,500,000	-	-	-	4,500,000
TOTAL EXPENDITURES	68,088,807	20,900,339	13,154,011	4,859,773	107,002,930
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(218,813)	47,245	(12,074,921)	(32,218)	(12,278,707)
OTHER FINANCING SOURCES, (USES):					
Transfers In	1,230,255	-	-	-	1,230,255
Transfers Out	-	-	-	(1,230,255)	(1,230,255)
TOTAL OTHER FINANCING SOURCES	1,230,255	-	-	(1,230,255)	-
NET CHANGE IN FUND BALANCE	1,011,442	47,245	(12,074,921)	(1,262,473)	(12,278,707)
FUND BALANCE, July 1, 2012	3,348,495	652,473	23,223,470	1,655,704	28,880,142
Adjustment for Inventories reported under the purchase method	(36,504)	-	-	(28,179)	(64,683)
FUND BALANCE, June 30, 2013	\$ 4,323,433	\$ 699,718	\$ 11,148,549	\$ 365,052	\$ 16,536,752

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, 2013

NET CHANGE IN FUND BALANCE		\$ (12,278,707)
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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	\$ 13,274,561	
Gain/Loss on sale of assets	(15,919)	
Less current year depreciation	<u>(5,052,497)</u>	8,206,145

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	39,561	
Bond premium amortization	218,643	
Bond issue cost amortization	(120,828)	
Debt principal repaid	<u>13,060,000</u>	11,580,066

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.	(64,683)
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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.	16,873
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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.	1,210
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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	(48,597)	
Other Post-Employment Benefits	<u>(871,388)</u>	<u>(919,985)</u>

CHANGE IN NET POSITION	\$ <u>6,540,919</u>
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See notes to basic financial statements.

WEST LINN WILSONVILLE SCHOOL DISTRICT
CLACKAMAS COUNTY OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET
For the Year Ended June 30, 2013

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 30,978,194	\$ 30,978,194	\$ 31,588,685	\$ 610,491
Intermediate Sources	11,255	11,255	44,526	33,271
State Sources	34,295,612	34,295,612	36,192,101	1,896,489
Federal Sources	-	-	44,682	44,682
Total Revenues	65,285,061	65,285,061	67,869,994	2,584,933
EXPENDITURES:				
Instruction	41,685,016	41,385,016 (1)	41,452,013	(66,997)
Support Services	23,323,093	23,573,093 (1)	23,932,625	(359,532)
Debt Service	2,898,001	2,948,001 (1)	2,704,169	243,832
Contingency	730,872	730,872 (1)	-	730,872
Total Expenditures	68,636,982	68,636,982	68,088,807	548,175
Excess of Revenues Over (Under) Expenditures	(3,351,921)	(3,351,921)	(218,813)	3,133,108
OTHER FINANCING SOURCES (USES)				
Transfers In	1,230,255	1,230,255 (1)	1,230,255	-
Total Other Financing Sources (Uses)	1,230,255	1,230,255	1,230,255	-
Net Change in Fund Balance	(2,121,666)	(2,121,666)	1,011,442	3,133,108
Beginning Fund Balance (Budgetary Basis)	2,121,666	2,121,666	3,311,991	1,190,325
Ending Fund Balance	\$ -	\$ -	\$ 4,323,433	\$ 4,323,433

(1) Appropriation level

See notes to basic financial statements.

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, 2013

SPECIAL REVENUE FUND

	Budget (2)			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Local Sources	\$ 2,133,216	\$ 2,133,216	\$ 1,099,911	\$ (1,033,305)
Intermediate Sources	576,680	576,680	553,461	(23,219)
State Sources	18,925	18,925	14,000	(4,925)
Federal Sources	3,257,415	3,257,415	3,160,183	(97,232)
Total Revenues	5,986,236	5,986,236	4,827,555	(1,158,681)
EXPENDITURES:				
Instruction	2,367,143	2,367,143 (1)	2,081,484	285,659
Support Services	662,128	962,128 (1)	845,712	116,416
Enterprise and Community Services	2,581,989	2,281,989 (1)	1,795,202	486,787
Debt Service	1,729,340	1,729,340 (1)	137,375	1,591,965
Total Expenditures	7,340,600	7,340,600	4,859,773	2,480,827
Excess of Revenues Over (Under) Expenditures	(1,354,364)	(1,354,364)	(32,218)	1,322,146
OTHER FINANCING SOURCES:				
Transfers Out	1	1	(1,230,255)	(1,230,256)
Total Other Financing Sources (Uses)	1	1	(1,230,255)	(1,230,256)
Net Change in Fund Balance	(1,354,363)	(1,354,363)	(1,262,473)	91,890
Beginning Fund Balance	1,354,363	1,354,363	1,592,292	237,929
Ending Fund Balance	\$ -	\$ -	329,819	\$ 329,819

(1) Appropriation level

Reconciliation to GAAP Basis Ending Fund Balance

Supply Inventory	35,233
GAAP Basis Ending Fund Balance	<u>\$ 365,052</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, 2013

	PRIVATE PURPOSE TRUST SCHOLARSHIP FUND	AGENCY FUNDS
ASSETS:		
Cash and Investments	\$ 239,182	\$ 892,934
Due From Governmental Funds	120	-
Total Assets	<u>\$ 239,302</u>	<u>\$ 892,934</u>
LIABILITIES AND NET POSITION:		
Liabilities:		
Due to Student Organizations	\$ -	\$ 892,934
Total Liabilities	<u>-</u>	<u>892,934</u>
Net Position:	<u>239,302</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 239,302</u>	<u>\$ 892,934</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, 2013

	PRIVATE PURPOSE TRUST SCHOLARSHIP FUND
ADDITIONS:	
Gains/ Losses on Investments	\$ 1,371
Total Additions	1,371
REDUCTIONS:	
Total Reductions	120
Change in Net Position	1,251
Beginning Net Position	238,051
Ending Net Position	\$ 239,302

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, 2013 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 \$359,532, an overexpenditure in the General Fund Instruction expenditures of \$66,997, and an overexpenditure in the Capital Projects Fund Support Services expenditures of \$21.

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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, 2013.

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 \$4,546,460, of which \$810,850 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, 2013.

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, 2013, (recorded at fair value) consisted of:

Deposits With Financial Institutions:	2013	Reported in:	2013
Demand Deposits:		Governmental Activities	\$ 17,880,135
Checking	\$ 505,253	Fiduciary Funds	1,132,116
Cash with Fiscal Agents	6,734		
Investments	18,500,264	Total	\$ 19,012,251
Total	\$ 19,012,251		

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**NOTES TO BASIC FINANCIAL STATEMENTS***JUNE 30, 2013***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	\$ 18,500,264	\$ 18,500,264	\$ -	\$ -
Total	\$ 18,500,264	\$ 18,500,264	\$ -	\$ -

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, 2013, 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, 2013, 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, 2013, there was compliance with all percentage restrictions.

3. RECEIVABLES

Receivables are comprised of the following as of June 30, 2013:

Property taxes	\$ 3,214,277
Other receivables	<u>2,937,793</u>
Total	<u>\$ 6,152,070</u>

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 8,371,880	\$ -	\$ -	\$ 8,371,880
Construction in Progress	32,716,116	13,153,966	45,350,308	519,774
Total Capital Assets Not Being Depreciated	41,087,996	13,153,966	45,350,308	8,891,654
Capital Assets Being Depreciated:				
Buildings and Improvements	208,985,528	45,350,308	-	248,971,700
Site Improvements	6,916,379	-	-	11,503,231
Machinery and Equipment	4,102,719	120,595	-	5,000,598
Total Capital Assets Being Depreciated	220,004,626	45,470,903	-	265,475,529
Accumulated Depreciation				
Buildings and Improvements	46,806,747	4,202,654	(15,919)	51,025,320
Site Improvements	2,225,005	390,176	-	2,615,181
Machinery and Equipment	2,324,326	459,667	-	2,783,993
Total Accumulated Depreciation	51,356,078	5,052,497	-	56,424,494
Total Capital Assets Being Depreciated, Net	168,648,548	40,418,406	-	209,051,035
Governmental Activities				
Capital Assets, Net	\$ 209,736,544	\$ 53,572,372	\$ 45,350,308	\$ 217,942,689

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 3,359,099
Support Services	1,564,704
Community Services	128,694
Total Depreciation Expense- Governmental Activities	\$ 5,052,497

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

5. LONG-TERM DEBT

The following changes occurred in Long-Term debt during the fiscal year ending June 30, 2013:

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	\$ 57,272,238	\$ -	5,675,000	\$ 51,597,238	4,052,593
March 2004	2.0-4.78%	42,180,000	41,155,000	-	650,000	40,505,000	830,000
November 2004	2.0-4.78%	27,815,000	21,645,000	-	3,435,000	18,210,000	3,845,000
February 1, 2009	2.25%	98,000,000	91,355,000	-	3,300,000	88,055,000	3,460,000
			211,427,238	-	13,060,000	198,367,238	12,187,593
Unamortized Premium/(Discount)			3,406,478	-	218,643	3,187,835	-
Accrued Compensated Absences			136,726	185,323	136,726	185,323	185,323
Net Other Post Employment Benefits			3,356,135	871,388	-	4,227,523	-
Total Long-Term Debt			\$ 218,326,577	\$ 1,056,711	\$ 13,415,369	\$ 205,967,919	\$ 12,372,916

Bonds Payable

Future maturities of bonds payable are as follows:

Fiscal Year Ending June 30, 2013	Principal	Interest
2014	12,187,593	9,393,081
2015	9,302,904	9,384,363
2016	9,946,288	9,430,063
2017	10,637,387	9,470,852
2018	9,326,204	11,787,427
2018-2023	47,321,862	57,437,057
2023-2028	47,430,000	17,099,773
2028-2033	41,645,000	9,171,975
2033-2034	10,570,000	525,125
Total	\$ 198,367,238	\$ 133,699,716

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 \$290,247,238.

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, 2013, \$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, 2013 and transfers in and out for the year then ended are as follows:

	Due From Other Funds	Due to Other Funds	Transfers In	Transfers Out
General Fund	\$ 1,991,189	\$ -	\$ 1,230,255	\$ -
Debt Service Fund	217,406	-	-	-
Capital Projects Fund	-	322,352	-	-
Special Revenue Fund	-	1,886,363	-	1,230,255
Scholarship Fund	120	-	-	-
	<u>\$ 2,208,715</u>	<u>\$ 2,208,715</u>	<u>\$ 1,230,255</u>	<u>\$ 1,230,255</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:

	2013	2012
Annual Required Contribution	\$ 376,233	\$ 356,219
Interest on Net Pension Obligation	(5,984)	(899)
Adjustment to Annual Required Contribution	20,930	2,736
Annual Pension Cost	391,179	358,056
Contributions Made/Expected	(430,740)	(527,548)
Increase in Net Pension Obligation	(39,561)	(169,492)
NPO (Asset) at beginning of year	(199,464)	(29,972)
NPO (Asset) at end of year	\$ (239,025)	\$ (199,464)
Percentage of Annual Pension Cost Contributed	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, 2013 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:

	2013	2012
Annual Required Contribution (Explicit Benefits)	\$ 1,404,959	\$ 1,474,616
Annual Required Contribution (Implicit Benefits)	793,737	1,022,070
Interest on Net OPEB Obligation	100,684	82,164
Adjustment to Annual Required Contribution	(166,240)	(135,662)
Annual OPEB Cost	2,133,140	2,443,188
Contributions Made / Expected (Explicit Benefits)	(825,117)	(1,302,295)
Contributions Made / Expected (Implicit Benefits)	(436,635)	(523,570)
Increase in Net Pension Obligation	871,388	617,323
Net OPEB Obligation (Asset) at beginning of year	3,356,135	2,738,812
Net OPEB Obligation (Asset) at end of year	\$ 4,227,523	\$ 3,356,135
Percentage of APC contributed	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, 2013 actuarial valuation using the projected unit credit method. The objective of this method is to fund each participant's benefits under the plans as they accrue. The unfunded accrued liability is amortized over an open period of 30 years as a percentage of payroll. The actuarial assumptions included (a) 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 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.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**NOTES TO BASIC FINANCIAL STATEMENTS****JUNE 30, 2013****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 12.35% of salary covered under the plan for Tier 1 and Tier 2 employees and 10.84% 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, 2013, 2012, and 2011 were \$6,710,879, \$6,684,975, and \$3,775,892, 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, 2013 are as follows:

Fund Balances:	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total
<u>Nonspendable:</u>					
Prepaid & Inventory	\$ 44,470	\$ -	\$ -	\$ 35,633	\$ 80,103
<u>Restricted:</u>					
Grants and other purposes	-	-	-	329,419	329,419
Debt service	-	699,718	-	-	699,718
Future capital projects	-	-	11,148,549	-	11,148,549
	-	699,718	11,148,549	329,419	12,177,686
<u>Committed to:</u>					
Future Operations	-	-	-	-	-
	-	-	-	-	-
Unassigned:	4,278,963	-	-	-	4,278,963
Total Fund Balances	\$ 4,323,433	\$ 699,718	\$ 11,148,549	\$ 365,052	\$ 16,536,752

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, 2013 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, 2013, approximately \$38,718 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

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WEST LINN WILSONVILLE SCHOOL DISTRICT
CLACKAMAS COUNTY OREGON

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2013

EARLY RETIREMENT STIPENDS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered 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 Ended June 30,	Annual Pension Costs	Percentage Contributed
2010	\$ 293,444	124.6 %
2011	\$ 359,718	92.5 %
2012	\$ 358,056	147.3 %
2013	\$ 391,179	110.1 %

OTHER POSTEMPLOYMENT HEALTH BENEFITS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered 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 Ended June 30,	Annual OPEB Costs	Percentage Contributed
2010	\$ 2,195,170	64.1 %
2011	\$ 2,462,337	60.2 %
2012	\$ 2,443,188	74.7 %
2013	\$ 2,133,140	59.1 %

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

SUPPLEMENTARY INFORMATION

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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, 2013

DEBT SERVICE FUND

	Budget		Debt Service Fund	PERS Debt Service Fund	Total	Variance with Final Budget Positive (Negative)
	Adopted	Final				
REVENUES:						
Local Sources						
Property Taxes	\$ 17,627,071	\$ 17,627,071	\$ 18,067,787	\$ -	\$ 18,067,787	\$ 440,716
Earnings on Investments	31,325	31,325	981	949	1,930	(29,395)
Services Provided Other Funds	2,671,066	2,671,066	-	2,877,867	2,877,867	206,801
Total Revenues	20,329,462	20,329,462	18,068,768	2,878,816	20,947,584	618,122
EXPENDITURES:						
Debt service	20,900,550	20,900,550 (1)	18,022,472	2,877,867	20,900,339	211
Total Expenditures	20,900,550	20,900,550	18,022,472	2,877,867	20,900,339	211
Net Change in Fund Balance	(571,088)	(571,088)	46,296	949	47,245	618,333
Beginning Fund Balance	571,088	571,088	462,410	190,063	652,473	81,385
Ending Fund Balance	\$ -	\$ -	\$ 508,706	\$ 191,012	\$ 699,718	\$ 699,718

(1) Appropriation level

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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, 2013

CAPITAL PROJECTS FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Construction Excise Tax	\$ -	\$ -	\$ 1,079,090	\$ 1,079,090
Earnings on Investments	54,060	54,060	-	(54,060)
Intermediate Sources	450,500	450,500	-	(450,500)
Total Revenues	504,560	504,560	1,079,090	574,530
EXPENDITURES:				
Support Services	-	- (1)	21	(21)
Facilities Acquisition and Construction:	34,002,918	34,002,918 (1)	13,153,990	20,848,928
Total Expenditures	34,002,918	34,002,918	13,154,011	20,848,907
Excess of Revenues Over (Under) Expenditures	(33,498,358)	(33,498,358)	(12,074,921)	21,423,437
OTHER FINANCING SOURCES (USES)				
Transfers In	2,994,093	2,994,093	-	(2,994,093)
Total Other Financing Sources (Uses)	2,994,093	2,994,093	-	(2,994,093)
Net Change in Fund Balance	(30,504,265)	(30,504,265)	(12,074,921)	18,429,344
Beginning Fund Balance	30,803,250	30,803,250	23,223,470	(7,579,780)
Ending Fund Balance	\$ 298,985	\$ 298,985	\$ 11,148,549	\$ 10,849,564

(1) Appropriation level

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

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Columbia Regional Autism Fund	ASPIRE Fund	SOAR Fund	Mentoring Teacher Grant Fund	Farm Educator Grant Fund	Title 1C Summer Fund
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Other Funds	-	1,382	13,905	-	5,224	-
Supply Inventory	-	-	-	-	-	-
Prepaid Expenditures	-	-	400	-	-	-
Accounts Receivable	45,340	-	-	8,731	-	4,928
TOTAL ASSETS	<u>\$ 45,340</u>	<u>\$ 1,382</u>	<u>\$ 14,305</u>	<u>\$ 8,731</u>	<u>\$ 5,224</u>	<u>\$ 4,928</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Unearned Revenue	\$ -	\$ 1,382	\$ 14,305	\$ -	\$ 1,378	\$ -
Accounts Payable	-	-	-	-	-	-
Due to Other Funds	45,340	-	-	8,731	-	4,928
TOTAL LIABILITIES	45,340	1,382	14,305	8,731	1,378	4,928
Fund Balances:						
Adjustments for Inventories reported under the purchase method	-	-	-	-	-	-
Nonspendable						
Restricted	-	-	-	-	3,846	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 45,340</u>	<u>\$ 1,382</u>	<u>\$ 14,305</u>	<u>\$ 8,731</u>	<u>\$ 5,224</u>	<u>\$ 4,928</u>

PPC Grant Fund	C-Tec Youth Services Fund	Carl Perkins Fund	Title I/A/D Fund	Title I Fund	IDEA Enhancement Fund	IDEA Fund	Title IIA Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
285,704	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,491	13,617	-	229,417	352,429	999	49,050
<u>\$ 285,704</u>	<u>\$ 8,491</u>	<u>\$ 13,617</u>	<u>\$ -</u>	<u>\$ 229,417</u>	<u>\$ 352,429</u>	<u>\$ 999</u>	<u>\$ 49,050</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	60	-	-	-	933	-	-
-	8,431	13,617	-	229,417	351,496	999	49,050
-	8,491	13,617	-	229,417	352,429	999	49,050
-	-	-	-	-	-	-	-
285,704	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 285,704</u>	<u>\$ 8,491</u>	<u>\$ 13,617</u>	<u>\$ -</u>	<u>\$ 229,417</u>	<u>\$ 352,429</u>	<u>\$ 999</u>	<u>\$ 49,050</u>

Youth Transition Program Fund	Title III Fund	Disabled Child Fund	Land Proceeds Fund	Food Service Fund	Community Education Fund	Total
\$ -	\$ -	\$ -	\$ 1,239,146	\$ -	\$ -	\$ 1,239,146
-	-	146,196	-	-	149,125	601,536
-	-	-	-	35,233	-	35,233
						400
25,296	23,482	203,218	-	118,749	2,905	1,086,652
<u>\$ 25,296</u>	<u>\$ 23,482</u>	<u>\$ 349,414</u>	<u>\$ 1,239,146</u>	<u>\$ 153,982</u>	<u>\$ 152,030</u>	<u>\$ 2,962,967</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,065
-	-	126	-	1,148	90,683	92,950
25,296	23,482	-	1,230,255	496,857	-	2,487,899
25,296	23,482	126	1,230,255	498,005	90,683	2,597,914
-	-	-	-	35,233	-	35,233
-	-	349,288	8,891	(379,256)	61,347	329,820
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 25,296</u>	<u>\$ 23,482</u>	<u>\$ 349,414</u>	<u>\$ 1,239,146</u>	<u>\$ 153,982</u>	<u>\$ 152,030</u>	<u>\$ 2,962,967</u>

Reconciliation of Due to and Due From

Due From Other Funds	\$ 601,536
Due To Other Funds	(2,487,899)
Total Due To Other Funds	<u>\$ (1,886,363)</u>

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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, 2013

	Columbia Regional Autism Fund	ASPIRE Fund	SOAR Fund	Mentoring Teacher Grant Fund	Farm Educator Grant Fund	Title 1C Summer Fund
REVENUES:						
Local Sources	\$ -	\$ 1,801	\$ 9,473	\$ -	\$ 9,422	\$ -
Intermediate Sources	-	-	-	-	-	-
State Sources	-	-	-	-	-	-
Federal Sources	108,187	-	-	8,907	-	5,838
Total Revenues	108,187	1,801	9,473	8,907	9,422	5,838
EXPENDITURES:						
Instruction	104,359	1,801	8,853	-	9,052	5,838
Support Services	-	-	-	8,627	-	-
Enterprise and Community Services	-	-	-	-	-	-
Other Objects	3,828	-	620	280	370	-
Total Expenditures	108,187	1,801	9,473	8,907	9,422	5,838
Excess or Revenues Over (Under) Expenditures	-	-	-	-	-	-
OTHER FINANCING SOURCES:						
Transfers In (Out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-
FUND BALANCE, July 1, 2012	-	-	-	-	3,846	-
FUND BALANCE, June 30, 2013	\$ -	\$ -	\$ -	\$ -	\$ 3,846	\$ -

(1) Appropriation level

PPC Grant Fund	C-Tec Youth Services Fund	Carl Perkins Fund	Title IA/D Fund	Title I Fund	IDEA Enhancement Fund	IDEA Fund	Title IIA Fund	Youth Transition Program Fund
\$ 142,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	22,329	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	13,617	81,494	475,306	1,002,894	449,895	130,092	74,423
142,922	22,329	13,617	81,494	475,306	1,002,894	449,895	130,092	74,423
-	22,329	13,617	78,273	458,782	456,545	329,417	125,184	71,819
-	-	-	-	-	498,790	120,170	-	-
-	-	-	-	-	-	-	-	-
-	-	-	3,221	16,524	47,559	308	4,908	2,604
-	22,329	13,617	81,494	475,306	1,002,894	449,895	130,092	74,423
142,922	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
142,922	-	-	-	-	-	-	-	-
142,782	-	-	-	-	-	-	-	-
\$ 285,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Title III Fund	Disabled Child Fund	Land Proceeds Fund	Food Service Fund	Community Education Fund	Total	Budget		
						Adopted	Actual	
\$ -	\$ -	\$ 7,104	\$ 717,056	\$ 212,135	\$ 1,099,911	\$ 2,133,216	\$ 2,133,216	\$ (1,033,305)
-	531,131	-	-	-	553,461	576,680	576,680	(23,219)
-	-	-	14,000	-	14,000	18,925	18,925	(4,925)
29,482	-	-	780,048	-	3,160,183	3,257,415	3,257,415	(97,232)
29,482	531,131	7,104	1,511,104	212,135	4,827,555	5,986,236	5,986,236	(1,158,681)
-	395,615	-	-	-	2,081,484	2,367,143	2,367,143	(1) 285,659
29,482	188,546	97	-	-	845,712	662,128	962,128	(1) 116,416
-	-	-	1,578,105	217,097	1,795,202	2,581,989	2,281,989	(1) 486,787
-	14,596	-	35,117	7,440	137,375	1,729,340	1,729,340	(1) 1,591,965
29,482	598,757	97	1,613,222	224,537	4,859,773	7,340,600	7,340,600	(2,480,827)
-	(67,626)	7,007	(102,118)	(12,402)	(32,218)	(1,354,364)	(1,354,364)	1,322,146
-	-	(1,230,255)	-	-	(1,230,255)	1	1	(1,230,256)
-	-	(1,230,255)	-	-	(1,230,255)	1	1	(1,230,256)
-	(67,626)	(1,223,248)	(102,118)	(12,402)	(1,262,473)	(1,354,363)	(1,354,363)	91,890
-	416,914	1,232,139	(277,138)	73,749	1,592,292	1,354,363	1,354,363	237,929
\$ -	\$ 349,288	\$ 8,891	\$ (379,256)	\$ 61,347	\$ 329,819	\$ -	\$ -	\$ 329,819

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, 2013

	BALANCE AT 7/1/12	ADDITIONS	DEDUCTIONS	BALANCE AT 6/30/13
STUDENT ACTIVITY FUNDS:				
ASSETS:				
Cash and Investments	\$ 1,098,847	\$ 2,231,649	\$ 2,437,562	\$ 892,934
Total Assets	<u>\$ 1,098,847</u>	<u>\$ 2,231,649</u>	<u>\$ 2,437,562</u>	<u>\$ 892,934</u>
LIABILITIES:				
Due to Student Organizations	\$ 1,098,847	\$ 2,231,649	\$ 2,437,562	\$ 892,934
Total Liabilities	<u>\$ 1,098,847</u>	<u>\$ 2,231,649</u>	<u>\$ 2,437,562</u>	<u>\$ 892,934</u>

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

SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2013

GENERAL FUND

Tax Year	Original Levy or Balance Uncollected 7/1/12	Deduct Discounts	Adjustments To Rolls	Add Interest	Cash Collections By County Treasurer	Balance Uncollected Or Unsegregated 6/30/2013
Current:						
2012-13	\$ 29,310,798	\$ (713,703)	\$ (76,420)	\$ 113	\$ 27,638,368	\$ 882,420
Prior Years:						
2011-12	979,752	808	(57,444)	289	428,971	494,435
2010-11	521,759	470	(37,824)	357	154,887	329,875
2009-10	347,423	36	(10,488)	443	148,436	188,978
2008-09	104,474	28	(3,903)	150	67,550	33,200
2007-08 & Prior	53,087	14	(3,797)	77	8,839	40,542
Total Prior	2,006,495	1,356	(113,456)	1,316	808,681	1,087,030
Total General Fund	\$ 31,317,293	\$ (712,347)	\$ (189,876)	\$ 1,429	\$ 28,447,049	\$ 1,969,450

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 28,447,049
Accrual of Receivables:	
June 30, 2012	(156,825)
June 30, 2013	156,070
Total Revenue (including penalties and interest on taxes)	\$ 28,446,294

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

SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2013

DEBT SERVICE FUND

Tax Year	Original Levy or Balance Uncollected 7/1/12	Deduct Discounts	Adjustments To Rolls	Add Interest	Cash Collections By County Treasurer	Balance Uncollected Or Unsegregated 6/30/2013
Current:						
2012-13	\$ 18,526,431	\$ (451,109)	\$ (48,303)	\$ 71	\$ 17,469,341	\$ 557,750
Prior Years:						
2011-12	607,835	511	(24,874)	183	271,139	312,517
2010-11	323,698	297	(17,818)	226	97,899	208,504
2009-10	215,558	23	(2,592)	280	93,821	119,447
2008-09	64,815	18	(1,247)	95	42,696	20,984
2007-08 & Prior	32,922	9	(1,767)	49	5,587	25,626
Total Prior	1,244,828	857	(48,298)	832	511,142	687,077
Total Debt Service Fund	\$ 19,771,260	\$ (450,252)	\$ (96,601)	\$ 903	\$ 17,980,483	\$ 1,244,827

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 17,980,483
Accrual of Receivables:	
June 30, 2012	(92,265)
June 30, 2013	91,819
Total Revenue (including penalties and interest on taxes)	\$ 17,980,037

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

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES
For The Year Ended June 30, 2013

DATE OF ISSUE	MATURED BONDS & COUPONS OUTSTANDING AT 7/1/12	BONDS & COUPONS MATURING DURING THE YEAR	BONDS REDEEMED AND COUPONS PAID DURING THE YEAR	MATURED BONDS & COUPONS OUTSTANDING AT 6/30/13
11/30/2004	\$ -	\$ 4,465,063	\$ 4,465,063	\$ -
3/1/2004	-	2,877,867	2,877,867	-
05/28/03	-	5,958,750	5,958,750	-
2/24/2009	-	7,598,744	7,598,744	-
TOTALS:	\$ -	\$ 20,900,424	\$ 20,900,424	\$ -

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

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS
June 30, 2013

FISCAL 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 & 6/15	Due 6/30	Due 12/30 & 6/30	Due 6/30	Due 12/30 & 6/30
2013-14	4,052,593	2,137,407	830,000	2,196,842	3,845,000	860,812
2014-15	3,982,904	2,437,096	1,035,000	2,157,060	4,285,000	678,563
2015-16	3,911,288	2,758,712	1,250,000	2,106,107	4,785,000	453,600
2016-17	3,852,387	3,077,613	1,490,000	2,043,320	5,295,000	238,275
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	\$ 51,597,238	\$ 53,767,763	\$ 40,505,000	\$ 21,921,653	\$ 18,210,000	\$ 2,231,250

ISSUE OF 2/24/09		TOTAL REQUIREMENTS	
PRINCIPAL	INTEREST	ALL ISSUES	
Due 6/15	Due 12/15 & 6/15	PRINCIPAL	INTEREST
3,460,000	4,198,020	12,187,593	9,393,081
-	4,111,644	9,302,904	9,384,363
-	4,111,644	9,946,288	9,430,063
-	4,111,644	10,637,387	9,470,852
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>\$ 88,055,000</u>	<u>\$ 67,230,387</u>	<u>\$ 198,367,238</u>	<u>\$ 145,151,053</u>

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

OTHER INFORMATION –
OREGON DEPARTMENT OF EDUCATION SCHEDULES

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

Revenue from Local Sources

1110 Ad Valorem Taxes Levied by District
1120 Local Option Ad Valorem Taxes Levied by
1130 Construction Excise Tax
1190 Penalties and Interest on Taxes
1310 Regular Day School Tuition
1320 Adult/Continuing Education Tuition
1330 Summer School Tuition
1500 Earnings on Investments
1600 Food Service
1700 Extracurricular Activities
1910 Rentals
1920 Contributions and Donations From Private
1960 Recovery of Prior Years' Expenditure
1970 Services Provided Other Funds
1990 Miscellaneous

FUND 100	FUND 200	FUND 300	FUND 400	FUND 700
\$ 25,778,064		\$ 17,980,037		
2,800,796				
			1,058,640	
540		47		
1,236,255				
21,911				
131,856	7,103	1,929	20,450	1,371
	716,412			
1,026,121				2,231,649
46,141	212,779			
153,164	9,473			
27,084				
		2,877,867		
366,753	154,145	87,703		
Total Revenue from Local Sources	\$ 31,588,685	\$ 1,099,912	\$ 20,947,583	\$ 1,079,090
				\$ 2,233,020

Revenue from Intermediate Sources

2101 County School Funds
2199 Other Intermediate Sources
2200 Restricted Revenue

FUND 100	FUND 200	FUND 300	FUND 400	FUND 700
\$ 44,526				
	531,132			
	22,329			
Total Revenue from Intermediate Sources	\$ 44,526	\$ 553,461	\$ -	\$ -
				\$ -

Revenue from State Sources

3101 State School Fund - General Support
3102 State School Fund - School Lunch Match
3103 Common School Fund
3199 Other Unrestricted Grants-in-Aid
3299 Other Restricted Grants-in-Aid

FUND 100	FUND 200	FUND 300	FUND 400	FUND 700
\$ 33,353,738				
	14,000			
764,493				
2,073,870				
Total Revenue from State Sources	\$ 36,192,101	\$ 14,000	\$ -	\$ -
				\$ -

Revenue from Federal Sources

4100 Unrestricted Rev. Dir. Federal Government
4500 Restricted Rev. Federal Gov. Through State
4700 Grants-In-Aid Fed. Gov. Thru Interim. Agencies
4801 Federal Forest Fees
4900 Revenue for/on Behalf of the District

FUND 100	FUND 200	FUND 300	FUND 400	FUND 700
	2,952,581			
	80,261			
44,682				
	127,341			
Total Revenue from Federal Sources	\$ 44,682	\$ 3,160,183	\$ -	\$ -
				\$ -

Revenue from Other Sources

5100 Long Term Debt Financing Sources
5200 Interfund Transfers
5300 Sale (Loss) from Fixed Asset Disposal
5400 Resources - Beginning Fund Balance

FUND 100	FUND 200	FUND 300	FUND 400	FUND 700
1,230,255				
3,348,495	1,655,704	652,472	23,223,470	1,336,898
Total Revenue from Other Sources	4,578,750	1,655,704	652,472	23,223,470
				1,336,898

Grand Totals

\$ 72,448,745	\$ 6,483,260	\$ 21,600,055	\$ 24,302,560	\$ 3,569,918
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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	\$ 15,562,647	\$ 10,113,124	\$ 5,097,820	\$ 53,555	\$ 298,148			
1112 Intermediate Programs	-							
1113 Elementary Extracurricular	357			357				
1121 Middle/Junior High Programs	7,757,377	4,943,562	2,509,983	111,736	191,638		460	
1122 Middle/Junior High School Extracurricular	176,572	96,314	41,700	11,519	26,932		107	
1131 High School Programs	9,706,855	6,338,273	3,027,421	63,635	274,829		2,698	
1132 High School Extracurricular	1,532,003	979,488	295,429	125,628	97,097		34,361	
1140 Pre-Kindergarten Programs	390,187	285,923	100,381		3,883			
1210 Programs for the Talented and Gifted	275,655	175,070	64,701	13,820	22,065			
1220 Restrictive Programs for Students with Disabilities	1,610,423	939,783	526,818	141,043	2,778			
1250 Less Restrictive Programs for	2,314,479	1,528,378	741,019	34,287	4,768	6,026		
1280 Alternative Education	1,214,449	413,036	195,715	586,251	18,883		564	
1291 English Second Language Programs	460,302	262,710	148,681	48,458	453			
1292 Teen Parent Program	20,019	7,200	1,910	9,681	1,229			
1299 Other Programs	331,447	208,186	80,724	23,049	19,076		413	
1400 Summer School Programs	99,242	69,276	17,095	10,323	2,548			

Total Instruction Expenditures \$ 41,452,013 \$ 26,360,323 \$ 12,849,396 \$ 1,233,340 \$ 964,325 \$ 6,026 \$ 38,603 \$ -

Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2120 Guidance Services	\$ 1,299,949	\$ 835,492	\$ 437,810	\$ 2,849	\$ 19,394		\$ 4,404	
2130 Health Services	255,319	147,817	89,552	11,125	6,825			
2140 Psychological Services	6,445	4,577	371	519	977			
2150 Speech Pathology and Audiology Services	617,529	428,867	185,900	1,427	1,335			
2190 Service Direction, Student Support Services	388,251	194,030	90,636	98,340	5,147		97	
2210 Improvement of Instruction Services	518,693	243,984	98,974	117,089	58,276		370	
2220 Educational Media Services	1,085,169	657,919	321,310	6,315	99,626			
2240 Instructional Staff Development	289,152	1,200	268,458	10,665	8,829			
2310 Board of Education Services	67,220			53,981	331		12,908	
2320 Executive Administration Services	466,978	274,577	97,647	60,063	19,995		14,696	
2410 Office of the Principal Services	4,615,529	2,828,441	1,539,047	209,786	36,195		2,060	
2510 Direction of Business Support Services	495,493	93,018	44,666	17,436	694		339,679	
2520 Fiscal Services	427,770	240,870	138,763	44,894	2,931		312	
2540 Operation and Maintenance of Plant Services	6,076,788	2,272,646	1,336,918	2,057,358	409,716		150	
2550 Student Transportation Services	4,045,103			4,045,103				
2570 Internal Services	175,779	86,198	43,672	45,767	142			
2640 Staff Services	351,483	197,818	86,738	57,316	9,611			
2660 Technology Services	1,085,567	356,079	219,227	299,004	211,169		89	
2700 Supplemental Retirement Program	1,664,407	447,696	1,216,711					

Total Support Services Expenditures \$ 23,932,625 \$ 9,311,228 \$ 6,216,401 \$ 7,139,037 \$ 891,193 \$ - \$ 374,765 \$ -

Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$ 2,704,169			\$ 1,250			\$ 2,702,919	
5200 Transfers of Funds	-							
5400 PERS UAL Bond Lump Sum	-							

Total Other Uses Expenditures \$ 2,704,169 \$ - \$ - \$ 1,250 \$ - \$ - \$ 2,702,919 \$ -

Grand Total \$ 68,088,807 \$ 35,671,551 \$ 19,065,797 \$ 8,373,627 \$ 1,855,518 \$ 6,026 \$ 3,116,287 \$ -

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

Special Revenue Fund

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 125,184	\$ 78,564	\$ 46,620					\$ -
1112 Intermediate Programs	-							-
1131 High School Programs	13,617			2,237	11,380			-
1140 Pre-Kindergarten Programs	-							-
1220 Restrictive Programs for Students with Disabilities	1,242,126	795,222	427,591	3,888	15,425			-
1250 Less Restrictive Programs for	115,629	73,603	39,108	2,918				-
1272 Title I	537,055	355,848	172,331		8,876			-
1280 Alternative Education	24,130	17,201	4,411	1,103	1,415			-
1291 English Second Language Programs	-							-
1293 Migrant Education	5,838				5,838			-
1299 Other Programs	9,052	5,948	1,105		2,000			-
1400 Summer School Programs	8,853	6,980	1,452		422			-

Total Instruction Expenditures \$ 2,081,484 \$ 1,333,366 \$ 692,617 \$ 10,145 \$ 45,356 \$ - \$ - \$ -

Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2140 Psychological Services	\$ 318,248	\$ 210,890	\$ 107,357					
2150 Speech Pathology and Audiology Services	\$ 910					\$ 910		
2160 Other Student Treatment Services	\$ 245,322	\$ 173,431	\$ 67,708	\$ 2,241	\$ 1,941			-
2190 Service Direction, Student Support Services	243,027	119,271	59,855	24,123	39,274		503	-
2210 Improvement of Instruction Services	38,109	6,426	606	31,077				-
2520 Fiscal Services	97			97				-
2660 Technology Services	-							-

Total Support Services Expenditures \$ 845,712 \$ 510,019 \$ 235,527 \$ 57,538 \$ 41,216 \$ 910 \$ 503 \$ -

Enterprise and Community Services	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$ 1,578,105	\$ 618,744	\$ 378,280	\$ 9,486	\$ 570,462		\$ 1,134	\$ -
3300 Community Services	\$ 217,097	126,190	80,784	8,335	1,787			-

Total Enterprise and Community Services Expenditures \$ 1,795,202 \$ 744,934 \$ 459,064 \$ 17,821 \$ 572,249 \$ - \$ 1,134 \$ -

Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$ 137,375						\$ 137,375	
5200 Transfers of Funds	\$ 1,230,255							1,230,255
5400 PERS UAL Bond Lump Sum	\$ -							-

Total Other Uses Expenditures \$ 1,367,630 \$ - \$ - \$ - \$ - \$ - \$ 137,375 \$ 1,230,255

Grand Total \$ 6,090,029 \$ 2,588,319 \$ 1,387,208 \$ 85,504 \$ 658,820 \$ 910 \$ 139,012 \$ 1,230,255

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	\$ 20,900,338						\$ 20,900,338	
5200 Transfers of Funds	-							
5300 Apportionment of Funds by ESD	-							
5400 PERS UAL Bond Lump Sum	-							
Total Other Uses Expenditures	\$ 20,900,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,900,338	\$ -
Grand Total	\$ 20,900,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,900,338	\$ -

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

Capital Projects Fund

Facilities Acquisition and Construction		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$ 1,162,778	\$ 753,686	\$ 402,546	\$ 6,546				
4120	Site Acquisition and Development Services	-							
4150	Building Acquisition, Construction, and Improvement Services	11,704,199	93,900	53,781	1,526,804	3,774,255	6,255,458		
4180	Other Capital Items	287,034				287,034			
4190	Other Facilities Construction Services	-							
Total Facilities Acquisition and Construction Expenditures		\$ 13,154,011	\$ 847,586	\$ 456,327	\$ 1,533,350	\$ 4,061,289	\$ 6,255,458	\$ -	\$ -
Grand Total		\$ 13,154,011	\$ 847,586	\$ 456,327	\$ 1,533,350	\$ 4,061,289	\$ 6,255,458	\$ -	\$ -

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, 2013

A. Energy bills for heating - all funds:

	Objects 325 and 326
Function 2540	\$ 1,309,972
Function 2550	

B. Replacement of equipment - General Fund:

Include all General Fund expenditures in Object 542, except for the following exclusions:

Exclude these functions:

			Amount
1113, 1122 & 1132	Co-curricular activities	4150	Construction
1140	Pre-kindergarten	2550	Pupil transportation
1300	Continuing education	3100	Food service
1400	Summer school	3300	Community services
			\$ 0

Statistical Section

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

STATISTICAL SECTION

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Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	54
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	58
<i>Debt Capacity</i>	
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
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	66
<i>Operating Information</i>	
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.

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

<i>Governmental Activities</i>	Fiscal year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assets					
Current and other assets	\$ 73,457,665	\$ 37,865,300	\$ 14,416,062	\$ 20,057,195	\$ 20,229,517
Prepaid PERS unfunded actuarial liability	38,815,450	37,198,140	35,580,830	33,963,519	32,346,209
Net capital assets	113,695,823	147,835,489	171,507,759	167,796,816	162,366,848
Total assets	<u>225,968,938</u>	<u>222,898,929</u>	<u>221,504,651</u>	<u>221,817,530</u>	<u>214,942,574</u>
Liabilities					
Long-term debt outstanding	196,767,766	188,903,069	180,107,776	170,434,985	159,721,810
Prepaid PERS unfunded actuarial liability outstanding	-	-	-	-	-
Other liabilities	8,176,562	9,740,146	6,935,527	12,122,461	10,450,967
Total liabilities	<u>204,944,328</u>	<u>198,643,215</u>	<u>187,043,303</u>	<u>182,557,446</u>	<u>170,172,777</u>
Net Assets					
Invested in capital assets, net of related debt	20,366,412	28,889,967	65,166,761	40,223,047	45,633,075
Restricted for: Debt Service	-	3,141,291	2,954,391	3,324,655	3,391,956
Restricted for Grants and Other Purposes					
Unrestricted	658,198	(7,775,544)	(33,659,804)	(3,974,199)	(4,255,234)
Total Net Assets	<u>\$ 21,024,610</u>	<u>\$ 24,255,714</u>	<u>\$ 34,461,348</u>	<u>\$ 39,573,503</u>	<u>\$ 44,769,797</u>

Governmental Activities

	Fiscal year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assets					
Current and other assets	\$ 117,898,306	\$ 96,810,573	\$ 75,828,619	\$ 44,826,159	\$ 25,605,145
Prepaid PERS unfunded actuarial liability	30,728,898	29,111,587	27,494,277	25,876,966	24,259,656
Net capital assets	162,711,325	177,196,765	180,140,259	209,736,544	217,942,689
Total assets	311,338,529	303,118,925	\$ 283,463,155	\$ 280,439,669	\$ 267,807,490
Liabilities					
Long-term debt outstanding	247,384,871	239,269,721	\$ 229,592,681	\$ 218,326,577	\$ 193,780,326
Prepaid PERS unfunded actuarial liability outstanding	-	-	-	-	-
Other liabilities	15,812,732	12,342,167	9,169,717	12,987,009	18,360,162
Total liabilities	263,197,603	251,611,888	238,762,398	231,313,586	212,140,488
Net Assets					
Invested in capital assets, net of related debt	59,549,087	62,777,910	59,613,789	68,047,630	60,080,449
Restricted for: Debt Service	2,305,898	82,853	493,745	652,473	699,718
Restricted for Grants and Other Purposes		72,007	133,307	1,592,292	329,419
Unrestricted	(13,714,059)	(11,425,733)	(15,540,084)	(21,166,312)	(5,442,584)
Total Net Assets	\$ 48,140,926	\$ 51,507,037	\$ 44,700,757	\$ 49,126,083	\$ 55,667,002

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

<i>Governmental Activities</i>	Fiscal year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses					
Instruction	\$ 35,492,665	\$ 38,656,948	\$ 38,347,498	\$ 44,209,456	\$ 46,835,827
Support services	19,800,606	20,811,534	21,962,806	25,283,384	27,029,360
Enterprise and Community Services	1,884,698	1,997,921	2,045,144	2,419,485	2,513,565
Non-capital facilities maintenance & replacement	86,168	-	-	-	590,175
Interest and fees on long-term debt	4,813,531	6,262,943	8,315,888	8,259,152	8,165,996
Total expenditures	<u>62,077,668</u>	<u>67,729,346</u>	<u>70,671,336</u>	<u>80,171,477</u>	<u>85,134,923</u>
Program Revenues					
Charges for services	2,732,738	2,509,632	2,795,934	2,942,968	3,580,538
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Enterprise and Community Services	-	-	-	-	-
Operating grants and contributions	2,474,175	2,878,652	3,069,900	3,314,862	3,222,087
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Enterprise and Community Services	-	-	-	-	-
Total program revenues	<u>5,206,913</u>	<u>5,388,284</u>	<u>5,865,834</u>	<u>6,257,830</u>	<u>6,802,625</u>
Net (Expenses)	(56,870,755)	(62,341,062)	(64,805,502)	(73,913,647)	(78,332,298)
General Revenues					
Property taxes	30,128,403	31,423,695	33,426,649	35,671,159	37,157,757
Local Option Tax	3,275,369	3,965,513	5,196,068	6,311,507	7,022,392
State School Fund	26,125,868	24,556,149	28,111,908	31,341,677	36,829,154
Investment earnings	1,006,349	971,582	924,818	1,171,599	988,810
Other	941,620	4,918,708	4,813,585	4,529,860	2,846,406
Gain on disposal of capital assets	-	-	-	-	(1,315,927)
Total general revenues	<u>61,477,609</u>	<u>65,835,647</u>	<u>72,473,028</u>	<u>79,025,802</u>	<u>83,528,592</u>
Change in Net Assets	<u>\$ 4,606,854</u>	<u>\$ 3,494,585</u>	<u>\$ 7,667,526</u>	<u>\$ 5,112,155</u>	<u>\$ 5,196,294</u>

Governmental Activities

	Fiscal year				
	2009	2010	2011	2012	2013
Expenses					
Instruction	\$ 47,661,417	46,110,257	52,769,920	46,530,573	49,486,455
Support services	27,434,864	25,388,997	29,987,705	25,248,894	23,051,308
Enterprise and Community Services	2,439,278	2,451,763	2,625,723	2,137,665	1,895,933
Non-capital facilities maintenance & replacement	389,427	-	-	-	-
Interest and fees on long-term debt	9,625,281	12,522,456	11,394,527	11,082,263	10,681,883
Total expenditures	87,550,267	86,473,473	96,777,875	84,999,395	85,115,579
Program Revenues					
Charges for services	3,814,949	3,554,281	3,364,167	3,918,688	3,883,200
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Enterprise and Community Services	-	-	-	-	-
Operating grants and contributions	4,939,831	6,358,624	6,371,222	3,721,870	3,515,930
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Enterprise and Community Services	-	-	-	-	-
Total program revenues	8,754,780	9,912,905	9,735,389	7,640,558	7,399,130
Net (Expenses)	(78,795,487)	(76,560,568)	(87,042,486)	(77,358,837)	(77,716,449)
General Revenues					
Property taxes	38,002,939	40,965,816	42,840,890	43,922,204	43,877,179
Local Option Tax	7,420,022	6,736,010	4,861,280	3,164,769	2,800,796
State School Fund	34,928,350	30,936,476	29,912,976	33,928,944	36,192,101
Investment earnings	557,637	871,427	659,793	299,687	162,710
Other	449,631	416,950	383,063	407,133	1,223,627
Gain on disposal of capital assets	-	-	1,578,204	61,426	954
Total general revenues	81,358,579	79,926,679	80,236,206	81,784,163	84,257,367
Change in Net Assets	\$ 2,563,092	3,366,111	(6,806,280)	4,425,326	6,540,918

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

	Fiscal years 2003-2007				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Fund Balances (Deficit)					
Nonspendable	\$ -	\$ -	-	\$ -	\$ -
Restricted for:					
General Fund	\$ -	\$ -	\$ -	-	-
Debt service funds	3,943,605	3,141,291	2,954,391	-	-
Future Capital Projects					
Committed					
Unassigned					
Reserved, reported in					
General Fund				66,402	119,842
Debt service funds				3,324,655	3,391,956
Unreserved, reported in					
General Fund	2,717,453	1,020,304	790,382	1,743,775	2,509,842
Special revenue funds	51,653	65,772	196,097	(79,268)	262,444
Capital projects funds	55,964,637	21,402,101	1,155,172	679,273	580,102
Total fund balances	<u>\$ 62,677,348</u>	<u>\$ 25,629,468</u>	<u>\$ 5,096,042</u>	<u>\$ 5,734,837</u>	<u>\$ 6,864,186</u>

	Fiscal years 2008-2012				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Fund Balances (Deficit)					
Nonspendable	\$ -	\$ -	\$ 178,973	\$ 155,927	\$ 80,103
Restricted for:					
Grants and Other	-	-	133,307	1,592,292	329,419
Debt Service	-	-	493,745	652,473	699,718
Future Capital Projects			57,548,496	23,223,469	11,148,549
Committed			1,224,746	-	-
Unassigned			4,659,738	3,255,981	4,278,963
Reserved, reported in					
General Fund	89,073	72,007	-	-	-
Debt service funds	2,305,898	82,853	-	-	-
Unreserved, reported in					
General Fund	1,562,018	2,439,735	-	-	-
Special revenue funds	120,015	300,976	-	-	-
Capital projects funds	96,932,803	78,851,796	-	-	-
Total fund balances	<u>\$ 101,009,807</u>	<u>\$ 81,747,367</u>	<u>\$ 64,239,005</u>	<u>\$ 28,880,142</u>	<u>\$ 16,536,752</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				
	2004	2005	2006	2007	2008
REVENUES:					
Local Sources:	\$ 37,731,949	\$ 42,926,775	\$ 45,685,506	\$ 48,639,999	\$ 51,051,894
Intermediate Sources:	587,001	614,729	599,640	633,717	613,328
State Sources:	26,375,409	25,512,843	29,481,446	32,272,703	36,845,078
Federal Sources	2,133,957	2,260,619	2,610,189	2,715,361	2,673,125
TOTAL REVENUES	66,828,316	71,314,966	78,376,781	84,261,780	91,183,425
EXPENDITURES:					
Current:					
Instruction	32,717,657	35,693,149	37,068,616	39,352,423	42,975,316
Support Services	59,188,474	19,762,592	22,077,238	23,613,514	25,687,742
Enterprise and Community Services	1,713,652	1,818,188	1,941,015	2,110,337	2,269,268
Facilities Acquisition and Construction	15,559,358	4,561,140	2,493,913	1,299,427	688,116
Debt Service					
Principal	6,465,000	7,430,000	8,500,000	9,560,000	10,560,000
Interest	5,387,533	6,929,419	8,501,485	8,450,644	8,220,147
Capital Outlay	-	32,016,594	18,328,091	22,921	28,222
TOTAL EXPENDITURES	121,031,674	108,211,082	98,910,358	84,409,266	90,428,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(54,203,358)	(36,896,116)	(20,533,577)	(147,486)	754,614
OTHER FINANCING SOURCES, (USES):					
Sale of Fixed Assets	1,610			750,000	350,000
Bond Sale Proceeds	42,180,000				
Bond Issuance		27,815,000			
Premium on Bond Refunding		2,185,976			
Payment to Refunding Escrow Agent		(29,929,876)			
Transfers In	82,824	75,000	35,000	71,225	630,000
Transfers Out	(82,824)	(75,000)	(35,000)	(71,225)	(630,000)
TOTAL OTHER FINANCING SOURCES	42,181,610	71,100	-	750,000	350,000
NET CHANGE IN FUND BALANCE	(12,021,748)	(36,825,016)	(20,533,577)	602,514	1,104,614
BEGINNING FUND BALANCE	74,693,799	62,677,348	25,629,468	5,118,032	5,651,129
Adjustment for Inventories reported under the purchase method	5,297	40,617	151	14,291	108,443
Prior Period Adjustment		(263,481)			
ENDING FUND BALANCE	\$ 62,677,348	\$ 25,629,468	\$ 5,096,042	\$ 5,734,837	\$ 6,864,186
Ratio of total debt service to total non-capital expenditures	0.112	0.200	0.218	0.217	0.209

	Fiscal year				
	2009	2010	2011	2012	2013
REVENUES:					
Local Sources:	\$ 51,803,870	\$ 54,812,001	\$ 54,921,063	\$ 53,933,679	\$ 54,771,375
Intermediate Sources:	692,997	643,999	556,127	685,451	597,987
State Sources:	34,950,009	30,958,143	29,932,984	33,944,494	36,206,101
Federal Sources	4,285,121	5,728,494	5,806,422	3,130,511	2,970,799
TOTAL REVENUES	91,731,997	92,142,637	91,216,596	91,694,135	94,546,262
EXPENDITURES:					
Current:					
Instruction	45,023,547	42,784,272	40,239,385	42,867,738	43,533,497
Support Services	26,791,199	24,463,911	23,689,350	24,247,333	20,278,358
Enterprise and Community Services	2,260,424	2,232,378	1,956,123	1,895,339	1,667,862
Facilities Acquisition and Construction	4,452,264	9,823,777	22,538,547	35,220,168	13,153,990
Debt Service					
Principal	11,770,000	9,885,000	10,785,000	10,305,375	13,710,000
Interest	7,609,060	12,856,209	11,074,527	12,476,888	10,031,883
Capital Outlay	41,470	9,357,019	-	-	4,500,000
TOTAL EXPENDITURES	97,947,964	111,402,566	110,282,932	127,012,841	106,875,590
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,215,967)	(19,259,929)	(19,066,336)	35,318,706	(12,329,328)
OTHER FINANCING SOURCES, (USES):					
Sale of Fixed Assets	-	-	1,529,687	-	-
Bond Sale Proceeds	100,355,737	-	-	-	-
Bond Issuance					
Premium on Bond Refunding					
Payment to Refunding Escrow Agent					
Transfers In	175,000	210,000	270,000	70,000	1,230,255
Transfers Out	(175,000)	(210,000)	(270,000)	(70,000)	(1,230,255)
TOTAL OTHER FINANCING SOURCES	100,355,737	-	1,529,687	-	-
NET CHANGE IN FUND BALANCE	94,139,770	(19,259,929)	(17,536,649)	(35,318,706)	(12,329,328)
BEGINNING FUND BALANCE	6,864,186	101,009,807	81,747,367	64,239,005	28,830,847
Adjustment for Inventories reported under the purchase method	5,851	(2,511)	28,287	(40,157)	35,233
Prior Period Adjustment					
ENDING FUND BALANCE	\$ 101,009,807	\$ 81,747,367	\$ 64,239,005	\$ 28,880,142	\$ 16,536,752
Ratio of total debt service to total non-capital expenditures	0.207	0.246	0.249	0.246	0.209

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

Fiscal Year Ending June 30	Assessed Value			Total Direct Tax Rate *	Real Market Value		Total Real Market Value	AV as a % of RMV
	Real Property	Personal Property	Total Assessed Value		Real Property	Personal Property		
2004	3,868,580,367	103,118,237	3,971,698,604	8.59	5,241,978,817	139,726,609	5,381,705,426	73.8
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	9.36	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	9.38	6,788,248,438	139,170,115	6,927,418,553	90.8

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 Permanent Rate I	Local Option 2	GAP Bond (PERS)	General Obligation Debt Service Bonds	Total Direct Tax Rate
2004	4.84	0.84		2.91	8.59
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

Overlapping Total Property Tax Rates							
Fiscal Year	City of West Linn	City of Wilsonville	Clackamas Community College	Clackamas County	Clackamas County Education Service Dist	Tualatin Valley Fire & Rescue	Metropolitan Service District
2004	4.28	2.36	0.74	3.15	0.36	1.77	0.27
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

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 2012-13 is \$.45. 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

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

Fiscal Year	Port of Portland	Tri-Met	City of Tualatin	Washington County	City of Lake Oswego
2004	0.07	0.10	2.01	2.90	6.06
2005	0.06	0.11	2.75	2.87	5.68
2006	0.07	0.11	2.81	2.84	5.62
2007	0.07	0.10	2.13	2.87	5.32
2008	0.07	0.08	2.26	3.03	5.28
2009	0.07	0.08	2.72	2.98	5.28
2010	0.07	0.08	2.18	2.98	5.21
2011	0.07	0.09	2.53	2.98	5.18
2012	0.07	0.06	2.56	2.97	5.18
2013	0.07	-	2.56	2.97	5.17

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

Employer	Type of Business	2012-13	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Portland General Electric Co	Utilities	566,072,000	9.00%
Shorenstein Properties LLC	Real Estate	259,666,511	4.13%
General Growth Properties Inc	Real Estate Investment Trust	206,270,722	3.28%
Fred Meyer Stores Inc	Retail	189,345,766	3.01%
Northwest Natural Gas Co	Utilities	174,185,600	2.77%
Comcast Corp	Television and Internet	158,767,400	2.52%
Xerox Corporation	Document Imaging	96,258,950	1.53%
PCC Structurals Inc	Manufacturing	86,534,203	1.38%
Blount Inc	Manufacturing	67,624,977	1.08%
Mentor Graphics Corp	Manufacturing/Imaging	58,704,930	0.93%
ALL OTHER TAXPAYERS		4,425,437,896	70.37%
TOTAL		6,288,868,955	100.00%

Employer	Type of Business	2002-03	
		Value	Total Taxable
Xerox Corp	Manufacturing/Imaging	77,628,970	2.07%
Mentor Graphics Corp	Manufacturing/Imaging	53,899,588	1.44%
Portland General Electric	Utilities	43,689,100	1.17%
Village at main Street LLC	Real Estate Investment & Dev	20,514,414	0.55%
Deloitte & Touche LLP	Financial/Consulting	22,989,752	0.61%
RFD Publications	Publishing	23,180,091	0.62%
Nike USA Inc	Apparel Distribution Center	22,643,726	0.60%
Specht Wilsonville LLC	Real Estate Investment & Dev	18,044,835	0.48%
Eastern Western Corp	N/A	17,558,817	0.47%
Capital Realty Corp	Real Estate Investment & Dev	17,772,415	0.47%
ALL OTHER TAXPAYERS		3,429,429,711	91.52%
TOTAL		\$ 3,747,351,419	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 for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Prior Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	34,286,516	32,323,178	94.27	1,165,200	33,488,378	97.67
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

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 Year	Governmental Activities			Outstanding Debt Per Capita	Outstanding Debt as a Percentage of Personal Income (1)
	General Obligation Bonds	Pension Obligation Bonds	Total Primary Government		
2004	151,307	42,180	193,487	4,841	1.51
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

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, 2013

Overlapping Issuer	Net Property-tax Backed Debt ¹	Percent Overlapping	Net Overlapping Debt
Clackamas Community College	27,365,000	20.83%	5,700,130
City of West Linn	19,415,000	99.01%	19,222,792
METRO	248,275,000	3.53%	8,764,108
Clackamas County	108,260,000	15.08%	16,325,608
Washington County	26,765,000	0.16%	42,824
Portland Community College	176,450,000	0.07%	123,515
Tri-Met	-		-
City of Tualatin	8,005,000	1.77%	141,689
Tualatin Valley Fire & Rescue Dist.	45,050,000	12.73%	5,734,865
City of Lake Oswego	31,726,913	0.00%	-
Subtotal, overlapping debt	\$ 691,311,913		56,055,531
Direct District net property-tax backed debt	\$ 198,367,238	100%	198,367,238
Total direct and overlapping debt	\$ 889,679,151		\$ 254,422,769

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

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 Year	General Bonded Debt			Percentage of Actual Taxable Value of Property (1)	Net G.O. Debt per Student Average Daily Membership (2)
	General Obligation Bonds	Less Amount Available for Repayment	Net General Obligation Bonds Outstanding		
2004	151,307,238		151,307,238	4.30%	19,833
2005	143,472,238		143,472,238	3.83%	18,698
2006	134,972,238	-	134,972,238	3.40%	17,278
2007	125,412,238	-	125,412,238	2.99%	15,696
2008	114,852,238		114,852,238	2.45%	14,251
2009	201,162,238		201,162,238	4.10%	24,998
2010	191,637,238		191,637,238	3.65%	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	0.00%	18,849

Fiscal Year	Other Governmental Activities Debt				Total District ⁽³⁾	Per Student ADM ⁽²⁾	Per Capita ⁽⁴⁾
	Limited Tax G.O. Refunding Bonds	Certificates of Participation	Refunding Special Obligations	Small Scale Energy Loan Programs			
2004			\$ 42,180,000		193,487,238	25,362	4,841
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

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

¹ See schedule titled "Assessed Values of Taxable Property ..."

² Student enrollment data can be found on the sheet titled "Operating Statistics"

³ Includes net general bonded debt and other governmental activities debt.

⁴ Per capita is calculated using the estimated District population of 46,089 for 2012-13

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

<u>Fiscal Year</u>	<u>ADM</u>	<u>Population</u>
2004	7,629	39,970
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

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

Legal Debt Margin Calculation for Fiscal Year 2013

Real Market Value	\$ 6,927,418,553
Debt Limit (7.95%) ¹	550,729,775
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	157,862,238
Less: Amount Available in Debt Service Funds	-
Amount of Debt Applicable to Debt Limit	<u>157,862,238</u>
Legal Debt margin	<u>\$ 392,867,537</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 427,845,581	\$ 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
Total net debt applicable to limit	<u>151,307,238</u>	<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>
Legal debt margin	<u>\$ 276,538,343</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	35.36%	31.06%	26.85%	20.90%	16.06%	27.09%	28.40%	30.06%	30.13%	28.66%

¹ 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:

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

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

Allowable Percentage of Real Market Value:

^A Kindergarten through eighth grade, 9 x .0055 4.95%

^B Ninth through twelfth, 4 x .0075 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

Year	District Population (Estimated)	County Personal Income (1) (thousands of dollars)	County Per Capita Personal Income (3)	Clackamas County Unemployment Rate (2)
2004	39,970	12,813,995	35,973	6.8%
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	8.6%
2012	45,107	N/A	N/A	7.7%
2013	46,089	N/A	N/A	6.9%

Sources:

¹ Bureau of Economic Analysis for Clackamas County. District-level data unavailable

² State of Oregon Unemployment Rate for Clackamas County

³ For constituents residing in Clackamas County

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Instructional Staff</u>								
Primary, K-5 Instruction	199.42	193.11	137.00	129.16	140.32	140.72	133.47	127.24
Intermediate, 4-5 Instruction (2)			70.23	68.30	71.02	70.32	67.98	64.86
Middle School Instruction	86.16	85.19	101.46	99.51	107.42	106.92	98.42	97.81
High School Instruction	102.02	100.53	110.60	108.56	117.82	116.12	109.24	105.81
High School Activities	2.20	2.60	2.20	2.20	2.20	2.20	1.88	0.00
Pre-Kindergarten Instruction	5.88	5.52	7.28	6.48	5.59	5.59	4.94	4.75
Talented & Gifted	1.76	1.76	2.61	2.61	2.51	2.51	2.45	2.00
High Needs Students	31.54	30.89	39.53	37.90	47.75	47.05	38.69	38.50
Emotionally Disturbed			0	0	0	0	0	0
Resource Rooms	30.00	28.82	36.73	41.53	45.69	45.49	46.13	44.43
Alternative Education	6.18	6.19	4.90	5.90	1.15	1.15	0.67	2.11
Charter Schools			0.00	1.25	0.00	0.00	1.63	1.63
English - Second Language	4.38	3.70	7.31	6.50	11.01	11.01	10.91	13.80
CREST	3.00	3.00	2.75	2.75	2.50	2.50	2.50	0.00
Subtotal Instructional Staff	472.54	461.31	522.60	512.65	554.98	551.58	518.91	502.94
<u>Support Services Staff</u>								
Counseling	18.50	18.50	18.25	17.50	19.70	19.30	19.30	19.30
District Nurse	3.00	3.00	3.15	3.37	3.12	3.12	3.00	2.50
Psychological Services			0.60	0.00	3.50	3.50	5.40	5.40
Speech	5.00	5.00	2.55	3.05	9.85	9.55	9.85	9.05
Special Services-Direction	3.00	2.00	3.21	3.00	4.00	4.00	4.00	4.00
Curriculum Development	2.00	2.00	2.00	2.50	2.31	2.31	1.50	2.39
Curriculum - Direction	1.00	1.00	1.50	1.50	0.50	0.50	0.54	0.54
Libraries-Media	14.96	14.84	19.70	18.40	20.60	21.40	20.40	21.31
Executive Administration	2.50	1.50	2.00	2.00	3.00	3.00	3.00	3.00
Office of the Principal	43.10	36.50	45.10	43.60	45.60	45.60	42.60	41.10
Business - Direction	0.89	0.89	1.88	0.83	1.00	1.00	1.00	0.00
Fiscal Office	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	2.00	2.00
Maintenance - Direction	2.88	2.88	2.69	2.53	4.00	4.00	2.00	0.00
Care & Upkeep of Buildings	41.50	39.50	39.50	39.50	36.90	39.00	39.00	39.00
Care & Upkeep of Grounds			14.96	0.00	5.00	5.00	5.00	0.00
Maintenance	15.15	15.10	0.00	8.00	9.50	9.50	10.50	10.50
Warehouse & Distribution	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	3.50	3.50	3.50	0.00
Technology Services	8.23	8.48	9.98	7.03	8.00	8.00	8.00	8.00
Subtotal Support Services Staff	171.27	159.79	178.61	164.22	189.08	191.28	189.59	176.54
Total	643.81	621.10	701.21	676.87	744.06	742.86	708.50	679.48

Source:

District Budget Office

Notes:

(1) General Fund Employees Only. Over time, ten fiscal years will be presented.

(2) State no longer recognizes "Intermediate, 4-5 Instruction." It is now included as part of "Primary K-5 Instruction."

**Operating Statistics
Last Ten Fiscal Years**

Fiscal Year	Student Average	Charter Schools					Percentage			
		Student Average	Operating Expenses	Cost Per ADM	Certified	ADM to Certified	Tchr Salary	Tchr Salary	Free &	
										Staff FTE
Ending	Daily	Student Average	Operating Expenses	Cost Per ADM	Staff FTE	ADM to Certified	Tchr Salary	Tchr Salary	Free &	
June 30	Membership (1)	Daily Membership	(2)	(1)	(3)	Ratio (3)	Ave Tchr Salary	Range-Low	Range-High	ADM
2003-04	7,629	100	53,273,191	6,983	413	18.2				
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	8,275	100	72,466,034	8,653	444	18.6	57,121	35,887	71,336	21.8

(1) Includes students at Charter Schools

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

(3) Excludes charter school students and/or teachers

Source:
District Records

Note:
Ten years data is not currently available. Over time, ten fiscal years will be presented.

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

		2012-13	
Employer	Type of Business	Number of Employees	Percentage of Total City Employment*
Mentor Graphics Corporation	CAD Software Systems	1,085	7.5%
Xerox Corporation	Copiers and Printers	1,032	7.2%
Rockwell Collins	Aerospace and Electronics	510	3.5%
Sysco/Continental Food Service	Warehouse & Distribution Center	491	3.4%
Precision Interconnect	Electric Machinery	418	2.9%
Flir Systems Inc	Infrared Technology	335	2.3%
Fred Meyer	Retail	242	1.7%
Costco	Wholesale/Retail	226	1.6%
Rite Aid Distribution Center	Warehouse & Distribution Center	217	1.5%
Kinetics Climax Inc	Manufacturing	210	1.5%
		4,766	33.1%

		2005-06	
Employer	Type of Business	Number of Employees	Percentage of Total City Employment**
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%
		6,092	40.0%

*Total city employment for 2012-13 14,380

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

Note: Information is not available for years 2002-2005

(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 Age of Buildings
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	(in years)
<u>Schools</u>											
Primary											
Buildings	7	7	7	7	7	7	7	7	7	9	52
Square Feet	422,119	446,982	446,982	446,982	446,982	446,982	446,982	446,982	446,982	581,626	
Capacity	3,465	3,719	3,382	3,382	3,382	3,382	3,382	3,382	3,382	4,401	
Membership (ADM)	3,554	3,560	3,482	3,375	3,375	3,375	3,375	3,375	3,516	3,716	
Percent Used	103%	96%	103%	100%	100%	100%	100%	100%	104%	84%	
Middle											
Buildings	3	3	3	3	3	3	3	3	3	3	23
Square Feet	268,850	282,519	282,519	282,519	282,519	282,519	282,519	282,519	284,519	284,519	
Capacity	2,241	2,241	2,082	2,082	2,082	2,082	2,082	2,082	1,932	1,932	
Membership (ADM)	1,941	1,940	1,909	1,899	1,899	1,899	1,899	1,899	1,985	1,985	
Percent Used	87%	87%	92%	91%	91%	91%	91%	91%	103%	103%	
High											
Buildings	2	2	2	2	2	2	2	2	2	2	42
Square Feet	400,206	400,206	500,631	500,631	500,631	500,631	500,631	500,631	499,943	499,943	
Capacity	2,717	2,717	3,291	3,291	3,291	3,291	3,291	3,291	3,220	3,220	
Membership (ADM)	2,521	2,446	2,638	2,508	2,508	2,508	2,508	2,508	2,674	2,674	
Percent Used	93%	90%	80%	76%	76%	76%	76%	76%	83%	83%	
Other											
Buildings	2	3	3	3	3	3	3	3	3	3	11
Square Feet	4,802	7,442	7,442	7,442	7,442	7,442	7,442	7,442	46,266	46,266	
Administration											
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	21,000	17,439	17,439	
Maintenance											
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	40,020	54,900	54,900	

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

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

<u>Assignment/Function</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>
Instructional Staff								
Prekindergarten teachers	3.30	3.30	4.81	4.50	3.00	3.00	3.00	3.00
Elementary teachers K-5	#####	#####	166.70	162.90	165.60	164.50	159.70	158.35
Secondary teachers	#####	#####	200.20	198.46	212.97	210.17	196.66	193.27
Teachers of ungraded classes	40.15	39.65	49.50	52.50	57.90	57.00	53.08	50.32
Educational assistants	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	472.54	461.31	522.60	512.65	554.98	551.58	518.91	506.82
Support Services Staff								
Guidance K-12	18.50	18.50	18.25	17.50	19.70	19.30	19.30	19.30
Librarians/media specialists	6.66	6.46	11.40	10.40	10.40	10.40	9.40	9.50
Library and media support staff	8.30	8.38	8.30	8.00	10.20	11.00	11.00	11.81
District administrators	3.50	3.50	3.50	4.00	4.00	4.00	3.54	3.54
District support staff	79.18	77.45	83.55	72.30	79.71	81.81	82.50	82.84
School administrators	22.00	17.00	23.00	22.00	22.00	22.00	21.00	21.60
School administrative support staff	21.10	19.50	22.10	21.60	23.60	23.60	21.60	19.50
Student services support staff	12.00	9.00	8.51	8.42	19.47	19.17	21.25	19.95
Subtotal Support Services Staff	171.24	159.79	178.61	164.22	189.08	191.28	189.59	188.04
Total FTE	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

Auditors' Comments and Disclosures

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

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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December 27, 2013

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, 2013, and have issued our report thereon dated December 27, 2013. 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.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in the schedule of findings and questioned costs on page 80.

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 cursive script, appearing to read "Matthew Graves".

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

Single Audit Section

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

GRANT COMPLIANCE REVIEW

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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, 2013

Federal Grantor/Pass Through Grantor/ Program Title	Grant Fund	Federal CFDA Number	Grant Period	Expenditures
US. DEPARTMENT OF EDUCATION				
<i>Passed through Oregon Department of Education:</i>				
Title I Grants to Local Educational Agencies	252, 253	84.010	2011-12/2012-13	556,800
Title III- Enhancing Education	267	84.365	2012-13	29,482
Title IIA- Improving Teacher Quality State Grants	263	84.367	2012-13	130,092
IDEA - Special Education Grants to States	254,255	84.027	2011-12/2012-13	1,452,789 *
<i>Passed through Clackamas County ESD:</i>				
Vocational Education - Career and Technical Education	251	84.048A	2012-13	13,617
Youth Transition Program - Rehabilitation Services	266	84.126A	2011-12/2012-13	74,424
Improving Teacher Quality	220	84.367	2012-13	8,907
Total U.S. Department of Education				2,266,111
U.S. DEPARTMENT OF AGRICULTURE				
Federal Forest Fees	100	10.665	2012-13	-
<i>Passed Through Oregon Department of Education:</i>				
Food Donation	297	10.555	2012-13	127,341
National School Lunch Program Breakfast	297	10.553	2012-13	43,029
National School Lunch Program	297	10.555	2012-13	609,678
Summer Food	297	10.559	2012-13	-
Total U.S. Department of Agriculture				780,048
*major program				
TOTALS				\$ 3,046,158

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December 27, 2013

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, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 27, 2013.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

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.

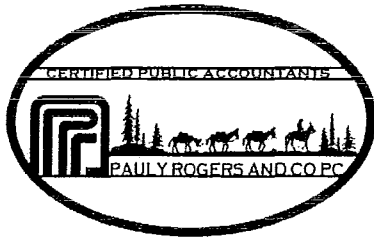
Compliance and Other Matters

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 cursive script, appearing to read "Matthew Graves".

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



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December 27, 2013

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, 2013. 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, 2013.

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.



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, 2013

Section I – Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued:

Unmodified

Internal control over financial reporting:

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

_____ Yes X No

 X Yes _____ None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133?

_____ Yes X No

Federal Awards

Internal control over major programs:

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

_____ Yes X No

_____ Yes X None reported

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

Unmodified

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

_____ Yes X No

Identification of major programs

CFDA Number(s):

Name of Federal Program:

84.027

Special Education Grants to States

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, 2013

Section II – 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.

MANAGEMENT'S RESPONSE: The Business Office worked with our Technology department to properly restrict employees to comply with the segregation of duties that is needed for a safe accounting environment. We inadvertently missed restricting some of the access points for Business Office staff. It will be attended to promptly.

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.

MANAGEMENT'S RESPONSE: The Business Office places a high level of importance on monitoring timeliness of bank reconciliations. However, seemingly insurmountable difficulties were encountered during the 2013-14 fiscal year as a result of the procedures used in converting from our old accounting software to our current system. We have since resolved those issues, and have set a target date of the 15th of the month as our internal deadline for reconciling all bank statements starting in January of 2014.

Section III – Federal Award Findings and Question Costs

None Reported.