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**COMPREHENSIVE ANNUAL FINANCIAL REPORT/AUDIT COMMITTEE PRESENTATION**

**POLICY ISSUE / SITUATION:**

The District Audit Committee met with the District's independent auditors in November to review the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2012. The Committee will present the CAFR to the School Board tonight.

**BACKGROUND INFORMATION:**

Audit committees play an important role in the private sector, facilitating communication between management, the independent auditors and the Board of Directors. In recent years, audit committees have also become increasingly common in the public sector. The Government Finance Officers Association (GFOA) recommends that every government, regardless of size, formally establish an audit committee or its equivalent.

The audit committee's primary responsibility should be to oversee the financial reporting and disclosure process, including all aspects of the independent audit, from the selection of the auditor to the resolution of audit findings. The audit committee should present to the governing board and management an annual report of how the committee has discharged its duties and met its responsibilities. The GFOA recommends that this report be made public.

Audit Committee Membership

Sang Ahn – Chair

LeeAnn Larsen, School Board

Rob Drake

Tom Quillin, School Board

Cameron Irtifa, Budget Committee

Geoffery Dougall

District representation on Committee:

Claire Hertz, CFO

Gayellyn Jacobson, Budget Manager

André Schellhaas, Finance Manager

**RECOMMENDATION:**

It is recommended that the School Board receive the Comprehensive Annual Financial Report as presented by the District Audit Committee.

**(12-238)** BE IT RESOLVED that the School Board of Beaverton School District hereby receives the Comprehensive Annual Financial Report for the year ended June 30, 2012 now on file in the Office of the Chief Financial Officer.

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2012





**BEAVERTON SCHOOL DISTRICT**  
Beaverton, Oregon

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Prepared by:  
Business Services Department

Mr. Jeff Rose, Ed.D.  
Superintendent

Ms. Claire Hertz  
Chief Financial Officer

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**BEAVERTON SCHOOL DISTRICT**

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# Introductory Section







**Beaverton School District**  
16550 S.W. Merlo Road  
Beaverton, Oregon 97006-5152  
503-591-4310 • Fax: 503-591-4307

November 14, 2012

To Members of the Board of Education and Citizens of Beaverton School District:

The Comprehensive Annual Financial Report of Beaverton School District (“District”) for the fiscal year ended June 30, 2012 is hereby submitted. State law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. This report is published to fulfill the requirement for the fiscal year ended June 30, 2012, and consists of management’s representations concerning the finances of the District together with the audit opinion of our auditor.

This report was prepared by the District's Business Services Department. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. We believe the financial statements and related information are stated fairly in all material aspects in reflecting the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial affairs have been included.

To provide a reasonable basis for making these representations, the District’s management has established and maintains a comprehensive internal control framework that is designed both to protect assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The internal control structure is subject to periodic evaluation by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

#### **FINANCIAL STATEMENT PRESENTATION**

Designed to meet the needs of a broad spectrum of financial statement readers, this Comprehensive Annual Financial Report (CAFR) is divided into five major sections:

The *Introductory Section* includes this transmittal letter, the District’s organizational chart and copies of certificates awarded for Beaverton School District’s 2011 CAFR.

The *Financial Section* includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements including notes to the basic financial statements, required supplementary information, and supplementary information including the combining and individual fund financial statements.

The *Statistical Section* includes selected financial and demographic information, generally presented on a multi-year basis.

The *Single Audit Section* includes reports from independent auditors regarding compliance requirements of the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement for major federal programs.

The *Compliance Section* contain disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors, beginning on page 7.

## **PROFILE OF THE DISTRICT**

Beaverton School District, a kindergarten through twelfth grade District, was formed July 1, 1960, following a successful vote for unification of twelve elementary school districts and one high school district.

The District is a financially independent, special-purpose municipal corporation exercising financial accountability for all public education within its boundaries. As required by accounting principles generally accepted in the United States of America, all significant activities and organizations have been included in the financial statements.

The District is located predominantly in Washington County, approximately 10 miles west of Portland, Oregon, and encompasses over 57 square miles of land. It serves the residents of the City of Beaverton and various outlying towns and municipalities and is the third largest school district in Oregon.

Student enrollment in the fall of 2011 was 39,054. October 1 enrollment counts are reported to the state in November of each year, allowing time for data entry and confirmation of student records. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once.

## ENROLLMENT AND FACILITIES

<u>Grade Level</u>	<u>Number of Programs</u>	<u>Enrollment</u>
Elementary School Programs	33	17,917
Middle School Programs	18	8,734
High School Programs	13	11,340
Special Education Programs	-	1,063
Total Programs and Enrollment	64	39,054

Growing from an enrollment of 34,267 in 2002 to 39,054, the District has experienced a 14% growth in enrollment over the past ten years. According to a study prepared by the Population Research Center of Portland State University, the District will see continued enrollment growth, and is expected to increase by 8,500 students or an enrollment of 44,660 by 2025.

The Beaverton School District Board, elected by a majority of the voting electorate, is the governing body responsible for the District's public decisions. The seven-member Board has oversight responsibility and control over all activities related to the District. The Board is accountable for all fiscal matters that significantly influence operations.

The management staff includes a superintendent, two deputy superintendents, three chief officers, and 104 principals, vice-principals and district managers. The District employs 3,494 full-time equivalent personnel, including principals, vice-principals, administrators, teachers, supervisors, secretarial staff, bus drivers, maintenance personnel, cafeteria staff and other support staff.

Under Oregon State law, school districts are independent municipal corporations empowered to provide elementary and secondary educational services for the children residing within their boundaries. The District discharges this responsibility by building, operating and maintaining school facilities, developing and maintaining approved educational programs and courses of study, including career/technical educational programs, and programs for English language learners and special needs students, and providing for transportation and feeding of students in accordance with District, State and Federal programs. This report includes all funds of the District.

## ECONOMIC CONDITION

Located in northwestern Oregon, Washington County is one of the six counties that comprise the Portland-Vancouver Primary Metropolitan Statistical Area (PMSA). The six counties are Washington, Multnomah, Clackamas, Yamhill and Columbia in Oregon, and Clark in Washington. According to the Oregon State Employment Department, Multnomah and Washington counties together have nearly one-third of the State of

Oregon's population. Washington County's three largest cities are Beaverton, Hillsboro and Tigard. Because the District lies within the PMSA, economic and demographic data is not available specifically for the District. Data is generally available for Washington County and for the PMSA.

Washington County covers 727 square miles and includes eleven incorporated cities such as Beaverton, Hillsboro, Tigard and Tualatin, as well as a portion of the City of Portland. Careful land use management of residential and industrial growth has made it possible to preserve 75% of the County's agricultural and forest lands.

The area's current economic base includes electronics, manufacturing, construction, food processing, agriculture and timber. Of the approximately 37,300 employee high-tech industry jobs in Oregon, Washington County accounted for approximately 27,400 or 73.5% in the period ended June 30, 2012. Among the major electronics firms located in Washington County are Intel, Tektronix and Maxim Integrated Products.

A major manufacturing employer in the Beaverton area is Nike, an athletic footwear and apparel manufacturer. Its 176-acre world headquarters campus is located in Washington County, and according to the Beaverton Chamber of Commerce, it is Washington County's third leading employer with approximately 7,000 employees.

The Portland-Vancouver PMSA relies heavily on the manufacturing and high technology industries, businesses that have been weakened by the slow down in their industry. According to the Oregon Employment Department, at the end of June 2012, the Portland-Vancouver PMSA unemployment rate was 8.2%, as compared to the Oregon unemployment rate of 8.6% and the nation's rate of 8.4%.

#### **LONG TERM FINANCIAL PLANNING**

The District's fund balance in the General Fund (3.2 percent of total General Fund revenues) is less than the amount set by Board policy for budgetary and planning purposes (a minimum 5.0 percent of total actual revenues). The District has adopted a financial plan to restore the fund balance to the minimum 5.0 percent within three years. The reserve is maintained to absorb economic downturns, state revenue-sharing reductions and other revenue shortfalls, and will prudently be used when needed to provide stability of core programs and legally required activities.

With continued enrollment growth forecasted, in June 2010, the District issued a Facility Plan recommending construction of two school facilities options by 2025: 1) three elementary schools, one middle school and two high schools, or 2) three elementary schools, one middle school, one high school and two option schools. As the average age of the District's buildings is in excess of 30 years, funds will also be needed to make extensive renovations to facilities throughout the District.

## MISSION STATEMENT AND PRIORITIES

The District Goal for 2010-2015 is that all students will show continuous progress toward their personal learning goals, developed in collaboration with teachers and parents, and will be prepared for post-secondary education and career success.

The Beaverton School District Board adopted the 2010-15 Strategic Plan with a focus on individual student growth and achievement. Using the acronym THRIVE, the six areas of focus are:

**T**echnology - employ 21st century technology to support student learning, innovation and excellence

**H**igh Quality Empowered Teaching Staff - hire, develop and retain qualified, committed and diverse staff

**R**espect for Human and Environmental Rights - safe and caring learning environments

**I**ndividual Student Growth - strengthen student learning through teacher collaboration, individualized instruction and common assessments

**V**olunteerism, Service and Engagement - connect parents and the community to our schools and our students to community life

**E**quity of Student Outcomes - develop a customized learning plan for every student that is relevant, current and challenging

## FINANCIAL INFORMATION

**Accounting Policies.** Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available".) "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough hereafter to pay liabilities of the current period.

Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

The assets and liabilities of the agency fund are recorded on the modified accrual basis of accounting. The agency fund consists of the Private-Purpose Trust Fund.

The financial transactions for the proprietary fund type are recorded on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred.



The accrual and modified accrual basis of accounting as utilized by Beaverton School District are in accordance with generally accepted accounting principles.

**Internal Accounting Controls.** The accounting system incorporates reasonable safeguards for the assets of the District and the reliability of financial records. Internal controls are designed to provide an adequate safeguard of District assets recognizing the cost of controls should not exceed the benefits derived.

Management recognizes the significance of internal controls that are incorporated into the accounting system. We believe the internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of all financial transactions.

**Budgetary Controls.** The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law as outlined in the Oregon Revised Statutes 294.305 through 294.565, inclusive. The Oregon Local Budget Law requires the appointment of a budget committee to review and approve the budget. The budget committee consists of the seven members of the Board of Directors and seven electors of the District who are appointed by the Board of Directors. The administration proposes a budget to the budget committee, and the budget committee may modify or approve the proposed budget.

A summary of the approved budget, together with a notice of public hearing, is published in a newspaper having general circulation in the District. A public hearing is held to receive comments from the public concerning the approved budget. The Board of Directors adopts the budget, makes appropriations, and levies taxes after the public hearing and before the beginning of the year for which the budget has been prepared. After adoption, the budget may be revised through procedures specified in State statute and Board policy.

**Charter Schools.** Oregon statute provides state funding for charter schools that flows through the district for schools that local boards of education have granted a charter. The District has one charter school, Arco Iris Spanish Immersion School, in operation during the 2011-12 fiscal year.

Arco Iris has completed its second year of operations. The school educates 130 full time students in grades 1-5 and completed the second year of its first three-year charter. The school reports net assets of \$48,684.

## **INDEPENDENT AUDIT**

The Beaverton School District's financial statements have been audited by Grove, Mueller & Swank, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's basic financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

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

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Beaverton School District for its Comprehensive Annual Financial Report for the year ended June 30, 2011. This was the thirty first consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report complies with both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe 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.

In addition, the Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to Beaverton School District for its Comprehensive Annual Financial Report for the year ended June 30, 2011. The District has received this prestigious award for thirty consecutive years.

Receiving this Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that the current Comprehensive Annual Financial Report, which will be submitted to ASBO for review, will also conform to these standards.

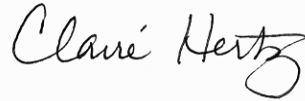
Many individuals throughout the District provided information needed for the preparation of this report. We wish to express our appreciation to the entire Business Services Department in particular for their efforts and contributions to our Comprehensive Annual Financial Report.

We also thank the members of the School Board for their continued support and dedication to the financial operations of the School District.

Respectfully submitted,



Jeff Rose  
Superintendent



Claire Hertz  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Beaverton School District  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davidson*

President

*Jeffrey R. Emer*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**BEAVERTON SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2011

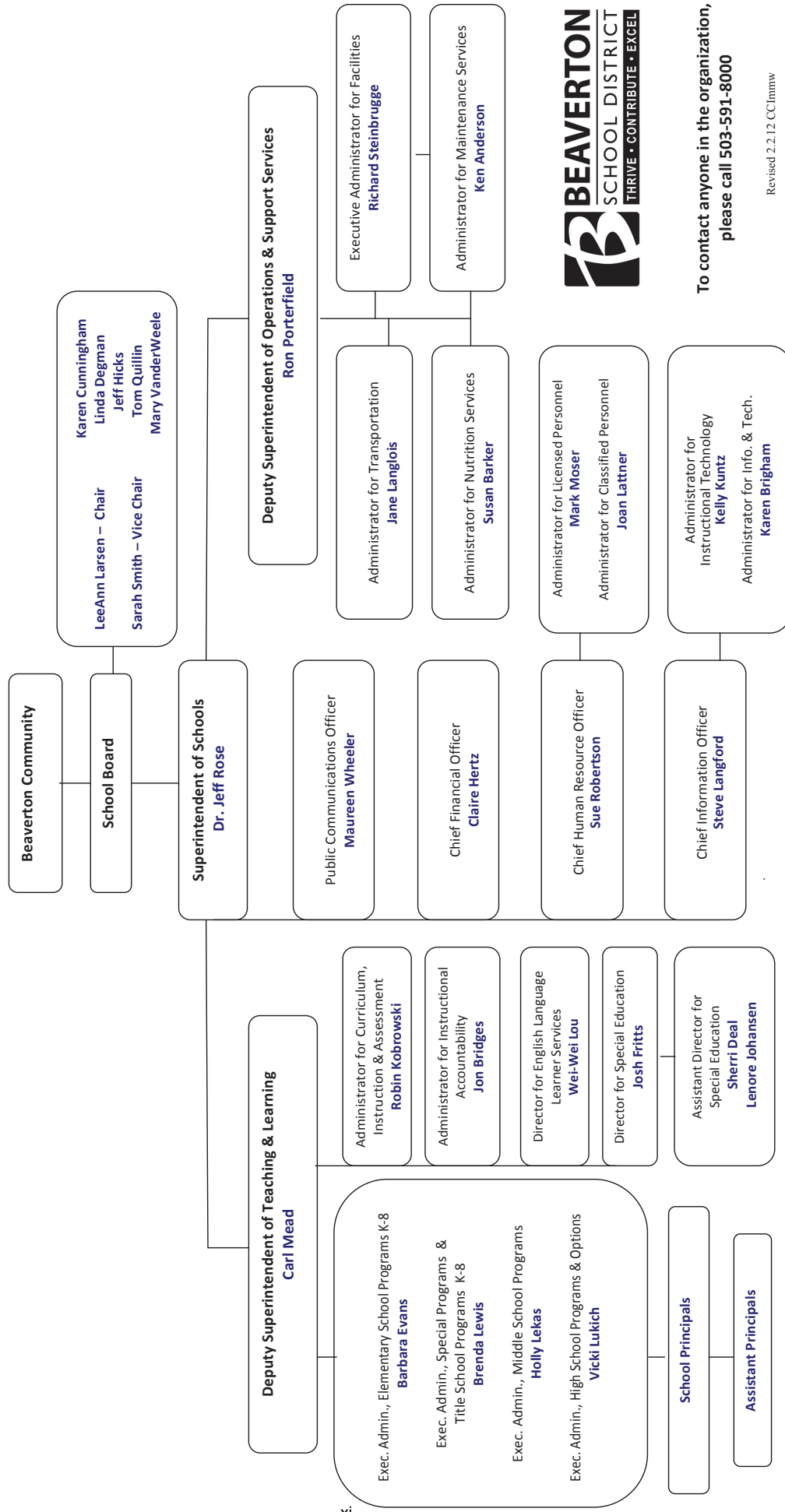
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

# Administrator Organizational Chart 2011-2012

(effective July 1, 2011)



To contact anyone in the organization,  
please call 503-591-8000

**BEAVERTON SCHOOL DISTRICT  
Appointed and Elected Officials**

Administrative Office:

16550 SW Merlo Road  
Beaverton, Oregon 97006

Jeff Rose  
Ron Porterfield  
Carl Mead

Superintendent and Clerk  
Deputy Superintendent  
Deputy Superintendent

**School Board as of June 30, 2012**

<b>Name and Address</b>	<b>Term Expires</b>
LeeAnn Larsen, Chair 16550 SW Merlo Road Beaverton OR 97006	June 30, 2013
Sara Smith, Vice Chair 16550 SW Merlo Road Beaverton OR 97006	June 30, 2013
Karen Cunningham 16550 SW Merlo Road Beaverton OR 97006	June 30, 2013
Tom Quillin 16550 SW Merlo Road Beaverton OR 97006	June 30, 2013
Jeff Hicks 16550 SW Merlo Road Beaverton OR 97006	June 30, 2015
Linda Degman 16550 SW Merlo Road Beaverton OR 97006	June 30, 2013
Mary VanderWeele 16550 SW Merlo Road Beaverton OR 97006	June 30, 2015

# Financial Section

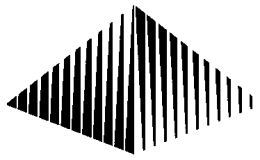






**INDEPENDENT AUDITOR'S REPORT**

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## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT***

School Board  
Beaverton School District  
Washington County, Oregon  
Beaverton, Oregon

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) (pages 7 through 18), the general fund combining schedules (pages 63 through 64), the budgetary comparison information (pages 65 through 67), and the schedule of funding progress for other postemployment benefits (page 68), 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 MD&A and schedule of funding progress for other postemployment benefits 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The general fund combining schedules and budgetary comparison information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Beaverton School District's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, other financial schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 financial statements. The combining and individual fund financial statements and schedules, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory, other financial schedules, and statistical sections 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.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Charles A. Swank, A Shareholder  
November 14, 2012

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

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**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2012 by \$203.9 million (net assets). Of this amount, \$12.9 million is a deficit in unrestricted net assets resulting primarily from the amortization of the PERS unfunded actuarial liability on a straight-line method while the related PERS debt is paid as principal comes due.
- The District's total net position increased by \$4.4 million for the fiscal year, a 2.2 percent improvement in the District's financial position as compared to the prior year.
- The District's governmental funds report combined ending fund balance of \$39.6 million, a decrease of \$17.6 million from the prior year. Approximately 20.2% percent of this total amount, \$8.0 million, is unassigned, available for appropriation at the District's discretion. The remaining fund balances are either nonspendable, restricted or committed: \$18.9 million for use on capital projects, \$4.0 million, for debt service and the balance of \$8.7 for other purposes.
- At the end of the current fiscal year, the unrestricted fund balance (the total of the committed and unassigned components of fund balance) for the General Fund was \$9.6 million, or about 3.2 percent of total general fund revenue.
- Total cost of all the District's programs was \$386.2 million for the fiscal year, an increase of \$7.6 million (2.0 percent) from the prior year.
- The District's total outstanding long-term debt decreased by \$35.6 million (6.3 percent) during the 2011-12 fiscal year. The District issued \$42.2 million of general obligation refunding bonds, which included a premium of \$5.7 million, offset by the defeasance of \$44.2 million in bonded debt and debt service payments, amortization of premiums, of \$39.3 million, capital lease payments of \$1.9 million and a \$1.9 million increase in the net OPEB obligation.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's 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 intended to furnish additional detail to support 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.



**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

*The Statement of Net Assets.* The *Statement of Net Assets* focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets), what it owes (liabilities), and the net difference (net assets). Net assets may be further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net assets may serve as 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 as *governmental activities*. All of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, and administration. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

The government-wide financial statements can be found on pages 21 and 22 of this report.

**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 Beaverton School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. To be considered a major fund, the fund must meet criteria established by generally accepted accounting principles.

*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.

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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 eight individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Debt Service, and Capital Projects Funds, all of which are considered to be major funds. Data from the two additional General Fund type funds is included as a separate presentation which can be found as Required Supplemental Information. Data from five of these governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as Other Supplementary Information. Additionally, the District adopts an annual appropriated budget for all funds as required by Oregon budget law. Budgetary comparison statements/schedules have been provided to demonstrate compliance elsewhere in this report.

The basic governmental fund financial statements can be found on pages 23 and 25.

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

The District maintains three individual internal service funds. These funds are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for the internal service funds is provided as Other Supplementary Information in this report.

The basic proprietary fund financial statements are provided on pages 27 - 29 of this report.

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

The District maintains one fiduciary fund. The fund is used to report resources held in trust for students to use for scholarships.

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

The basic fiduciary fund financial statements are located on pages 30 - 31 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32 - 59 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information (RSI)* including budget to actual presentations for required major funds. This information can be found on pages 63 - 68 of this report. *Other Supplementary Information* presented on pages 71 - 105, includes combining statements for the nonmajor governmental funds, budgetary comparison for nonmajor and other funds, and other financial schedules.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets.** 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 \$203.9 million at June 30, 2012.

<b>Beaverton School District Net Assets (in thousands)</b>			
	<b>Governmental Activities</b>		<b>Increase (Decrease) from Fiscal 2011</b>
	<b>June 30, 2012</b>	<b>June 30, 2011</b>	
Capital assets	\$ 537,992	\$ 547,471	\$ (9,479)
Current and other assets	233,817	255,260	(21,443)
Total assets	<u>771,809</u>	<u>802,731</u>	<u>(30,922)</u>
Long-term liabilities	526,852	562,497	(35,645)
Other liabilities	41,056	40,754	302
Total liabilities	<u>567,908</u>	<u>603,251</u>	<u>(35,343)</u>
Net assets:			
Invested in capital assets, net of related debt	210,354	188,503	21,851
Restricted	6,436	5,433	1,003
Unrestricted	(12,889)	5,544	(18,433)
Total net assets	<u>\$ 203,901</u>	<u>\$ 199,480</u>	<u>\$ 4,421</u>

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Capital assets, which consist of the District's land, buildings, building improvements, construction-in-progress, vehicles, and equipment, represent 69.7 percent of total assets.

The remaining assets consist mainly of cash and investments, prepaid PERS unfunded actuarial liability, grants, property taxes receivable and inventories.

The District's largest liability (92.8 percent) is for the repayment of long-term debt including all general obligation and limited tax pension obligation bonds. Other liabilities, representing about 7.2 percent of the District's total liabilities, consist principally of payables on accounts and salaries and benefits.

Most of the District's net assets (\$210.4 million) reflect its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

The District's restricted net assets (\$6.4 million) reflect resources that are subject to external restrictions on how they may be used. The remaining negative balance in unrestricted net assets (\$12.9 million) includes the difference between the amortization of the PERS unfunded actuarial liability and the related PERS debt as paid.

During the current fiscal year, the District's overall financial position improved as indicated by an increase of \$4.4 million in net assets. Unrestricted net assets decreased by \$18.4 million. At the same time, the District's investment in capital assets, net of related debt, increased by \$21.9 million due principally to payment of related debt during the year.

**Governmental activities.** During the 2011-12 fiscal year, the District's net assets increased by \$4.4 million. The key elements in this change are the following:

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

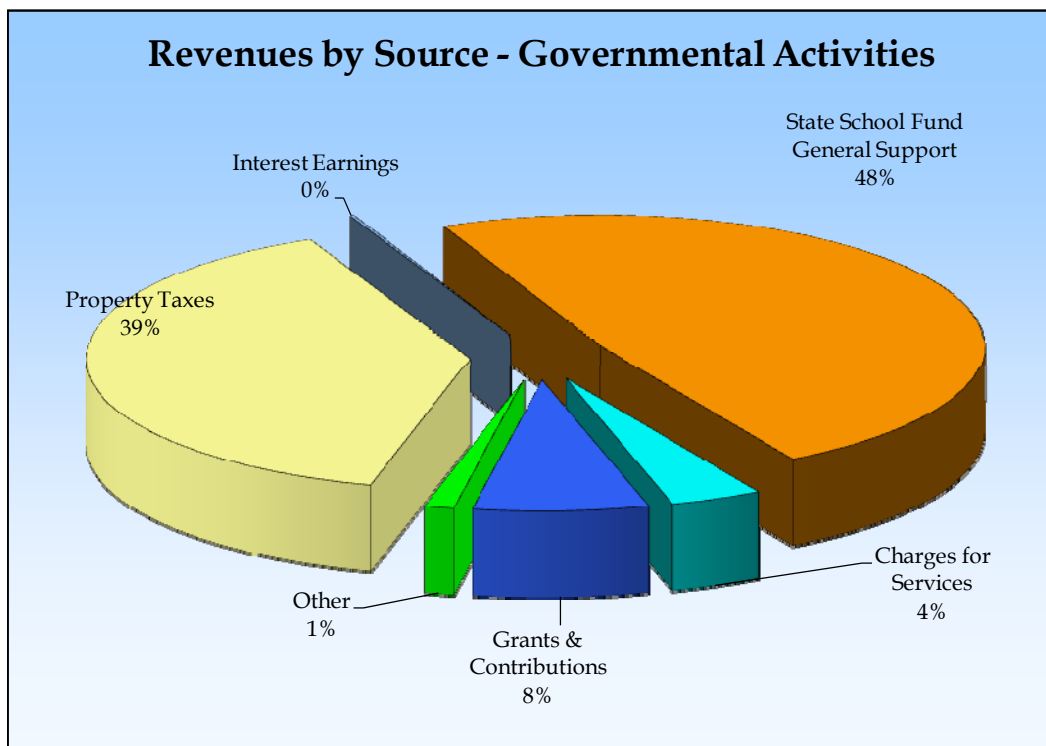
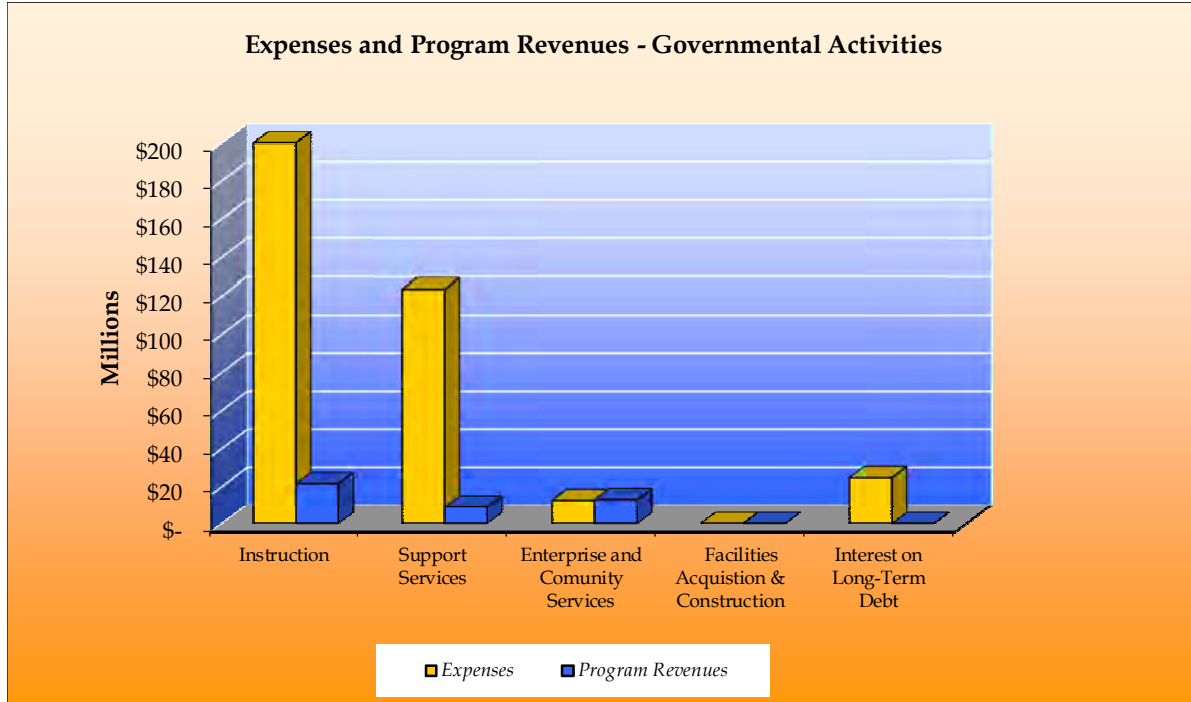
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

<b>Beaverton School District Changes in Net Assets (in thousands) Year Ended June 30,</b>			
	<b>Governmental Activities</b>		<b>Increase</b>
	<b>2012</b>	<b>2011</b>	<b>(Decrease)</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 15,083	\$ 14,920	\$ 163
Operating grants and contributions	28,816	45,695	(16,879)
Capital grants and contributions	-	560	(560)
General revenues:			
Property taxes	152,400	145,389	7,011
Construction excise tax	1,157	1,181	(24)
State school fund	167,737	157,658	10,079
Other state and local sources	21,095	15,058	6,037
Earnings on investments	618	791	(173)
Miscellaneous	3,706	4,577	(871)
Total revenues	<u>390,612</u>	<u>385,829</u>	<u>4,783</u>
<b>Expenses:</b>			
Instruction	225,119	214,422	10,697
Support services	123,581	125,527	(1,946)
Enterprise and community services	12,726	12,768	(42)
Facilities services	-	1,332	(1,332)
Interest on long-term debt	24,765	24,552	213
Total expenses	<u>386,191</u>	<u>378,601</u>	<u>7,590</u>
Increase in net assets	4,421	7,228	(2,807)
Net assets – July 1	199,480	192,252	7,228
Net assets – June 30	<u>\$ 203,901</u>	<u>\$ 199,480</u>	<u>\$ 4,421</u>

- Program revenues decreased by \$17.3 million mainly due to a decrease in operating grants and contributions.
- General revenues increased by \$22.1 million due to higher property tax revenue and increases from state and other local sources.
- Instruction expenses increased by \$10.7 million (5.0 percent) in 2011-12 due to increased staffing for enrollment and employee contractual agreements.
- Interest on long-term debt increased by \$0.2 million (0.9 percent) in 2011-12 due to the amortization of the refunded bond premium.

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**



**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

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

**Governmental funds.** The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

To further enhance this analysis, the District implemented GASB Statement No. 54 for fiscal year ended June 30, 2011. This GASB reporting requirement requires an analysis and breakdown of ending fund balance for governmental fund types between five new fund balance categories. For more information on the details behind each fund balance category see Note 1 on pages 38 and 39 of this report.

At June 30, 2012, the District's governmental funds reported combined ending fund balances of \$39.6 million, a decrease of \$17.6 million in comparison with the prior year. Approximately \$31.6 million (79.8 percent) of the ending fund balances constitutes *nonspendable, restricted or committed balances*. Restricted or committed ending fund balances are constrained to specific purposes by bondholders or governing body, and \$8.0 million (20.2 percent) of the ending fund balances are unassigned and available for spending at the District's discretion. Of the fund balance, 47.9 percent or \$18.9 million is designated for capital projects, as authorized by voters, and an additional \$4.0 million (10.0 percent) is dedicated for debt service obligations.

*General Fund.* The General Fund is the chief operating fund of the District. As of June 30, 2012, committed fund balance was \$1.6 million to fund early retirement payments and long term planning needs. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund revenues. At the end of the fiscal year, the General Fund balance was 3.2 percent of General Fund Revenues. The fund balance decreased by \$11.9 million due to planned drawdown of reserves to support District operations as part of a short-term funding strategy.

*Debt Service Fund.* The Debt Service Fund has a total fund balance of \$4.0 million, all of which is set aside for the payment of debt service. The net increase in fund balance during the current year was \$.7 million.

*Capital Projects Fund.* The Capital Projects Fund has a total fund balance of \$18.9 million, all of which is dedicated for ongoing capital projects. Capital expenditures reflect costs incurred as part of the Long Range Facilities Plan. All of the Capital Projects Fund balance is restricted or committed for capital improvements and repairs.

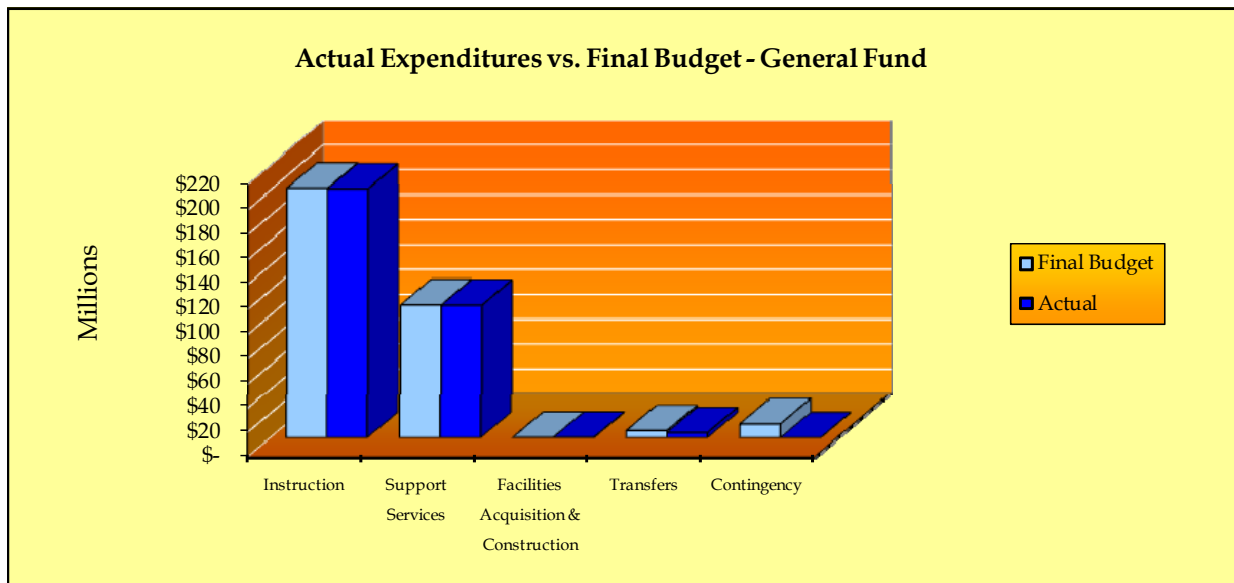
**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

*Original budget compared to final budget.* During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations.

*Final budget compared to actual results.* The most significant difference between estimated revenue and actual revenue was State and Local Sources. Estimated revenues were \$192.8 million and actual revenue was \$187.7 million with a difference of \$5.1 million. The shortfall of the revenue source was caused by the slow recovery from the recession experienced in a prior year.

A review of actual expenditures compared to the appropriations in the final budget yields no significant variances.



**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The District’s investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2012, the District had approximately \$538.0 million invested in capital assets, net of depreciation, as shown in the following table:



**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

<b>Beaverton School District Accumulated Assets (net of accumulated depreciation) (in thousands)</b>			
	<b>June 30, 2012</b>	<b>June 30, 2011</b>	<b>Increase (Decrease)</b>
Land	\$ 50,452	\$ 50,452	\$ -
Buildings and improvements	466,537	476,392	(9,855)
Vehicles & equipment	18,132	18,845	(713)
Construction in progress	2,871	1,781	1,090
Total capital assets, net of related accumulated depreciation	<b>\$ 537,992</b>	<b>\$ 547,470</b>	<b>\$ (9,478)</b>

During the year, the District's investment in capital assets decreased, because depreciation exceeded current year additions. Additional information regarding the District's capital assets can be found in Note 6 on pages 45 and 46 of this report.

**Long-term debt.** At the end of the current fiscal year, the District had total long-term debt outstanding of \$526.9 million. The debt consisted of general obligation, full faith and credit obligation, pension bond debt, including unamortized premium, net OPEB obligations and capital leases.

State statutes limit the amount of general obligation debt a school district may issue to 7.95 percent of its total assessed value. The current debt limit is \$2.4 billion, which is significantly in excess of the District's outstanding general obligation debt.

<b>Beaverton School District Outstanding Debt (in thousands)</b>			
	<b>June 30, 2012</b>	<b>June 30, 2011</b>	<b>Increase (Decrease)</b>
General obligation bonds	\$ 307,620	\$ 341,575	\$ (33,955)
Pension obligation bonds	172,345	175,870	(3,525)
Full faith and credit obligation bonds	21,030	22,040	(1,010)
Unamortized premium	13,948	11,186	2,762
Other postemployment benefit obligation (OPEB)	9,697	7,747 *	1,950
Capital leases	2,212	4,080	(1,868)
	<b>\$ 526,852</b>	<b>\$ 562,498 *</b>	<b>\$ (35,646)</b>

\* Restated to include OPEB obligation

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

The District maintains an "AA-" rating from Standard & Poor's and an "Aa2" rating from Moody's for general obligation debt.

Additional information on the District's long-term debt can be found in Notes 8 & 9 on pages 46 - 50 of this report.

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

Resources supporting District General Fund operations primarily reflect local and state revenues, with additional income representing federal, county and other sources. The largest segment, which includes state funding and local property taxes, is determined by the State School Fund formula. The majority of funding provided by the State to the District is based on the District's average daily membership of students. Total student enrollment in 2011-12 increased from 2010-11. Slow continual growth trends are projected to continue in future years.

For the year ended June 30, 2012, the State School Fund – General Support provided over 63 percent of the District's General Fund program resources. The District is expecting one percent less revenue from the State School Fund for the year ended June 30, 2013, based on current projections for the 2011-13 biennium from the State of Oregon Legislative Revenue Office. The state economic forecast reveals a slow recovery and slow growth in State School funding for the District in the next few biennia.

The 2012-13 proposed budget was developed as the nation and state continued their struggle to emerge from the Great Recession. Oregon's recovery from recessions typically lags the nation, and the slow national turnaround is expected to be similar in Oregon. The 2012-13 budget was based on a K-12 state funding level of \$5.7 billion, which is about 9% lower than the legislatively approved 2007-09 K-12 funding level. To address a projected 2012-13 operating deficit of \$37 million, the District board conducted a seven-month sustainable budget process during the 2011-12 fiscal year. As a result, the proposed budget contained budget strategies which included staff, services and supply reductions; increased revenue; use of reserves and compensation reductions for all employee groups.

In June 2012, the board adopted the District budget for the fiscal year 2012-13. The adopted budget for the General Fund for the year ending June 30, 2013 is \$304.3 million.

The School Board has set policy that the District will target 5% of annual operating revenues as ending fund balance. The District will also budget an annual operating contingency equal to 5% of budgeted revenues. The 2012-13 adopted budget included a 3.5% contingency and projected ending fund balance. The Board has adopted a plan to grow the fund balance to 4.25% in 2013-14 and to 5.0% in 2014-15.

**BEAVERTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**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 Manager at 16550 SW Merlo Road, Beaverton, Oregon 97006.

## **BASIC FINANCIAL STATEMENTS**

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**BEAVERTON SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

**ASSETS:**

Cash and investments	\$ 70,527,216
Receivables	15,739,222
Inventories	363,240
Prepaid items	19,561
Deferred charges	2,531,019
Prepaid PERS unfunded actuarial liability	144,637,126
Capital assets not being depreciated:	
Land	50,451,665
Construction in progress	2,871,589
Capital assets, net of accumulated depreciation:	
Buildings and improvements	466,536,857
Vehicles and equipment	18,131,574
<b>TOTAL ASSETS</b>	<b><u>771,809,069</u></b>

**LIABILITIES:**

Accounts payable	4,935,314
Accrued salaries and benefits	29,994,536
Accrued interest payable	1,170,077
Unearned revenue	2,113,703
Accrued claims losses	2,545,325
Other accrued liabilities	296,658
Capital leases payable - due within one year	1,103,282
General obligation and full faith and credit obligation bonds - due within one year	38,136,210
Bonds payable - Limited tax pension obligation bonds - due within one year	4,150,000
Other postemployment benefit obligation	9,697,400
Capital leases payable - due in more than one year	1,108,420
General obligation and full faith and credit obligation bonds - due in more than one year	304,461,931
Bonds payable - Limited tax pension obligation bonds - due in more than one year	168,195,000
<b>TOTAL LIABILITIES</b>	<b><u>567,907,856</u></b>

**NET ASSETS:**

Invested in capital assets, net of related debt	210,353,998
Restricted for debt service	3,938,991
Restricted for student body	2,496,967
Unrestricted	(12,888,743)
<b>TOTAL NET ASSETS</b>	<b><u>\$ 203,901,213</u></b>

See notes to basic financial statements.

**BEAVERTON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Regular programs	\$ 165,967,152	\$ 9,571,654	\$ 1,314,062	\$ (155,081,436)
Special programs	58,727,067	-	10,514,999	(48,212,068)
Summer school programs	424,405	-	281,232	(143,173)
Student support services	25,290,719	-	3,245,004	(22,045,715)
Instructional staff support	14,046,573	-	4,319,699	(9,726,874)
General administration support	1,453,474	-	-	(1,453,474)
School administration	22,895,754	-	13,982	(22,881,772)
Business support services	43,878,022	821,016	615,683	(42,441,323)
Central activities support	15,304,425	-	79,333	(15,225,092)
Supplemental retirement program	712,529	-	-	(712,529)
Nutrition services	12,620,976	4,642,615	8,428,564	450,203
Community services	67,660	48,262	2,999	(16,399)
Custody and care of children services	37,544	-	-	(37,544)
Interest on long-term debt	24,764,671	-	-	(24,764,671)
	<u>\$ 386,190,971</u>	<u>\$ 15,083,547</u>	<u>\$ 28,815,557</u>	<u>(342,291,867)</u>
General revenues:				
				104,258,668
				48,141,562
				1,157,042
				167,737,344
				3,262,020
				17,833,330
				617,642
				3,705,756
				<u>346,713,364</u>
				<b>CHANGE IN NET ASSETS</b>
				4,421,497
				<u>199,479,716</u>
				<u>\$ 203,901,213</u>

See notes to basic financial statements.

**BEAVERTON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 34,315,453	\$ 2,627,693	\$ 19,156,680	\$ 9,062,935	\$ 65,162,761
Cash with fiscal agent	2,033	27,257	72,159	-	101,449
Receivables	3,352,315	193,812	209,556	4,310,381	8,066,064
Property taxes receivable	5,229,515	2,372,240	-	-	7,601,755
Due from other funds	1,632,194	896,241	-	-	2,528,435
Prepaid items	19,561	-	-	-	19,561
Inventories	-	-	-	363,240	363,240
<b>TOTAL ASSETS</b>	<b>\$ 44,551,071</b>	<b>\$ 6,117,243</b>	<b>\$ 19,438,395</b>	<b>\$ 13,736,556</b>	<b>\$ 83,843,265</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 3,428,964	\$ -	\$ 496,223	\$ 798,102	\$ 4,723,289
Accrued salaries and benefits	25,640,492	-	8,681	1,892,614	27,541,787
Due to other funds	997,072	-	224	1,726,396	2,723,692
Deferred revenue	4,740,884	2,150,072	-	-	6,890,956
Unearned revenue	129,387	-	-	1,984,316	2,113,703
Other liabilities	12,485	-	-	284,173	296,658
<b>TOTAL LIABILITIES</b>	<b>34,949,284</b>	<b>2,150,072</b>	<b>505,128</b>	<b>6,685,601</b>	<b>44,290,085</b>
Fund Balances:					
Nonspendable	19,561	-	-	363,240	382,801
Restricted	-	1,788,919	17,172,156	2,496,967	21,458,042
Committed	1,612,745	2,178,252	1,761,111	4,190,748	9,742,856
Unassigned	7,969,481	-	-	-	7,969,481
<b>TOTAL FUND BALANCES</b>	<b>9,601,787</b>	<b>3,967,171</b>	<b>18,933,267</b>	<b>7,050,955</b>	<b>39,553,180</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 44,551,071</b>	<b>\$ 6,117,243</b>	<b>\$ 19,438,395</b>	<b>\$ 13,736,556</b>	<b>\$ 83,843,265</b>

See notes to basic financial statements.



**BEAVERTON SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET ASSETS  
JUNE 30, 2012**

<b>TOTAL FUND BALANCES</b>		\$ 39,553,180
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 728,894,638	
Accumulated depreciation	<u>(190,902,953)</u>	537,991,685
A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported in the governmental funds.		6,890,956
The unamortized portion of issuance costs is not reported as an asset in the governmental funds.		2,531,019
Internal service funds are used by the District to charge the costs of printing services and insurance premiums and claims to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		2,759,623
Compensated absences are reported when earned as a liability in the Statement of Net Assets while in the governmental funds only the portion that requires the use of current financial resources is reported as a liability.		(2,440,056)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt and capital lease are not accrued in the governmental funds, but rather are recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	(1,170,077)	
Bonds payable	(514,943,141)	
Capital leases payable	<u>(2,211,702)</u>	(518,324,920)
PERS Unfunded Actuarial Liability (UAL) was prepaid in 2004-05 and recorded as an expenditure in the governmental fund financial statements. The prepaid asset will be reduced as the bond is paid.		144,637,126
The liability for other postemployment benefits obligation due at June 30, 2012 is not recorded in the governmental funds, but it is accrued as an expense and a liability in the government-wide statements.		<u>(9,697,400)</u>
<b>TOTAL NET ASSETS</b>		<u><u>\$ 203,901,213</u></u>

See notes to basic financial statements.

**BEAVERTON SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>					
Property taxes	\$ 103,060,137	\$ 47,560,092	\$ -	\$ -	\$ 150,620,229
Construction excise tax	-	-	1,157,042	-	1,157,042
Federal sources	110,813	-	-	26,352,662	26,463,475
State and local sources	187,852,258	-	-	980,436	188,832,694
Charges for services	3,472,590	-	-	11,009,616	14,482,206
Rentals	552,237	-	43,751	5,353	601,341
Investment earnings	429,779	89,462	38,679	26,213	584,133
Contributions and donations	7,876	-	-	2,344,006	2,351,882
Recovery of prior years' expenditures	21,986	-	114,454	-	136,440
Services to other funds	-	12,240,643	-	-	12,240,643
Other	2,025,870	-	916,883	262,183	3,204,936
<b>TOTAL REVENUES</b>	<b>297,533,546</b>	<b>59,890,197</b>	<b>2,270,809</b>	<b>40,980,469</b>	<b>400,675,021</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	200,430,965	-	-	18,221,238	218,652,203
Support services	107,504,053	-	4,431	9,133,407	116,641,891
Enterprise and community services	-	-	-	12,554,327	12,554,327
Facilities acquisition and construction	312,295	-	4,167,107	1,199,628	5,679,030
Debt service:					
Principal	-	38,323,249	-	-	38,323,249
Interest	-	24,746,840	-	-	24,746,840
Bond issuance costs	-	281,899	-	-	281,899
<b>TOTAL EXPENDITURES</b>	<b>308,247,313</b>	<b>63,351,988</b>	<b>4,171,538</b>	<b>41,108,600</b>	<b>416,879,439</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(10,713,767)</b>	<b>(3,461,791)</b>	<b>(1,900,729)</b>	<b>(128,131)</b>	<b>(16,204,418)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	3,000,000	3,843,859	-	85,676	6,929,535
Transfers out	(4,203,416)	-	(1,461,119)	(2,900,000)	(8,564,535)
Refunding bonds issued	-	42,175,000	-	-	42,175,000
Bond premium	-	5,668,811	-	-	5,668,811
Payment to refunded bond escrow agent	-	(47,560,061)	-	-	(47,560,061)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,203,416)</b>	<b>4,127,609</b>	<b>(1,461,119)</b>	<b>(2,814,324)</b>	<b>(1,351,250)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(11,917,183)</b>	<b>665,818</b>	<b>(3,361,848)</b>	<b>(2,942,455)</b>	<b>(17,555,668)</b>
<b>FUND BALANCES, July 1, 2011</b>	<b>21,518,970</b>	<b>3,301,353</b>	<b>22,295,115</b>	<b>9,993,410</b>	<b>57,108,848</b>
<b>FUND BALANCES, June 30, 2012</b>	<b>\$ 9,601,787</b>	<b>\$ 3,967,171</b>	<b>\$ 18,933,267</b>	<b>\$ 7,050,955</b>	<b>\$ 39,553,180</b>

See notes to basic financial statements.

**BEAVERTON SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012**

**NET CHANGE IN FUND BALANCES** \$ (17,555,668)

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

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

Expenditures for capital assets	\$ 6,305,864	
Less current year depreciation	(15,716,697)	(9,410,833)

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, 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 Assets. This is the amount by which repayments exceeded proceeds:

Debt issued	(47,843,811)	
Debt principal repaid	36,455,000	
Payment to refunded bond escrow agent	47,560,061	
Amortization expense	(443,851)	35,727,399

The PERS UAL was prepaid in 2004-05 and recorded as an expenditure in the governmental financial statements. The prepaid asset is being amortized over the life of the pension obligation bonds. (6,649,501)

Governmental funds report the effect of issuance costs as expenses whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences. (137,075)

In the Statement of Activities, interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when due. 421,530

Certain revenues that do not meet the measurable and available criteria are not recognized in the current year in the governmental funds. In the Statement of Activities, they are recognized as revenue when earned. 1,780,001

Internal service funds are used by the District to charge the costs of printing services and insurance premiums and claims to the individual funds. The net income is reported with governmental activities. 357,942

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expense when earned. (34,198)

Capital lease proceeds are recorded as an other financing source in governmental funds. This debt, however, increases liabilities in the Statement of Net Assets.

Debt principal repaid	1,868,249	
Accrued interest	4,490	1,872,739

In the Statement of Activities, contributions for other postemployment benefits less than the actuarially determined contribution amount increase the other postemployment benefit obligation. In the governmental funds the entire contribution is recognized as an expenditure. This is the amount by which the obligation increased. (1,950,839)

**CHANGE IN NET ASSETS** \$ 4,421,497

See notes to basic financial statements.

**BEAVERTON SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
JUNE 30, 2012**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 5,263,006
Receivables	71,403
Due from other funds	<u>195,525</u>

<b>TOTAL ASSETS</b>	<u><u>5,529,934</u></u>
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**LIABILITIES**

Current liabilities:

Accounts payable	212,025
Accrued claims losses	2,545,325
Accrued salaries and benefits	12,693
Due to other funds	<u>268</u>

<b>TOTAL CURRENT LIABILITIES</b>	<u><u>2,770,311</u></u>
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**NET ASSETS**

Unrestricted	<u>2,759,623</u>
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<b>TOTAL NET ASSETS</b>	<u><u>\$ 2,759,623</u></u>
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See notes to basic financial statements.

**BEAVERTON SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2012**

<b>OPERATING REVENUES:</b>	
Charges for services	\$ 2,954,268
Recovery of prior years' expenditures	312,410
Other	<u>52,170</u>
<b>TOTAL OPERATING REVENUES</b>	<u><b>3,318,848</b></u>
<b>OPERATING EXPENSES:</b>	
Losses and claims	1,301,664
Insurance premiums and assessments	2,008,814
Salaries and benefits	678,272
Services, supplies and materials	636,602
Depreciation	<u>4,063</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><b>4,629,415</b></u>
<b>OPERATING LOSS</b>	<b>(1,310,567)</b>
<b>NONOPERATING REVENUE:</b>	
Investment earnings	<u>33,509</u>
<b>LOSS BEFORE TRANSFERS</b>	<b>(1,277,058)</b>
Transfers in	1,735,000
Transfers out	<u>(100,000)</u>
<b>TOTAL TRANSFERS</b>	<u><b>1,635,000</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>357,942</b>
<b>NET ASSETS, July 1, 2011</b>	<u><b>2,401,681</b></u>
<b>NET ASSETS, June 30, 2012</b>	<u><u><b>\$ 2,759,623</b></u></u>

See notes to basic financial statements.

**BEAVERTON SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2012**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Received for services	\$ 191,093
Received from recovery of prior years' expenditures	312,410
Received from interfund services provided	2,763,310
Paid for goods and services	(2,615,816)
Paid to claimants	(1,301,664)
Paid to employees	<u>(675,235)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(1,325,902)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfer from other funds	1,735,000
Transfer to other funds	<u>(100,000)</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,635,000</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds from disposal of capital assets	<u>64,224</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	<u>33,509</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>406,831</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2011</b>	<b><u>4,856,175</u></b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2012</b>	<b><u>\$ 5,263,006</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (1,310,567)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	4,063
Changes in assets and liabilities:	
Receivables	(35,195)
Inventory	9,769
Due from other funds	(16,706)
Accounts payable	19,831
Due to other funds	(134)
Accrued salaries and benefits	<u>3,037</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b><u>\$ (1,325,902)</u></b>

See notes to basic financial statements.

**BEAVERTON SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2012**

	Private Purpose Trust Fund
<b>ASSETS</b>	
Equity in pooled cash and investments	\$ 280,048
<b>TOTAL ASSETS</b>	<u>280,048</u>
<b>LIABILITIES</b>	
Scholarships payable:	
Due within one year	<u>34,087</u>
<b>TOTAL LIABILITIES</b>	<u>34,087</u>
<b>NET ASSETS</b>	
Held in trust for:	
Scholarships	<u>245,961</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 245,961</u>

See notes to basic financial statements.

**BEAVERTON SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2012**

	Private Purpose Trust Fund
	<u>          </u>
<b>ADDITIONS:</b>	
Contributions:	
Donations	\$      32,113
Miscellaneous	121
Investment earnings	<u>              1,203</u>
Total additions	<u>              33,437</u>
<b>DEDUCTIONS:</b>	
Scholarships	<u>              41,021</u>
Total deductions	<u>              41,021</u>
<b>CHANGE IN NET ASSETS</b>	(7,584)
<b>NET ASSETS, July 1, 2011</b>	<u>              253,545</u>
<b>NET ASSETS, June 30, 2012</b>	<u><u>              \$      245,961</u></u>

See notes to basic financial statements.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

Beaverton School District (the District), a consolidation of several districts, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected seven-member Board which approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

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

The District has granted charter to a public charter school, Arco Iris Spanish Immersion Charter School. This public charter school is a legally separate, tax-exempt organization governed by its own board of directors and its financial statements may be obtained by its administrative office.

The District has early implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The Statement provided requirements for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation has no effect on the District's financial statement. The District has no component units that meet the criteria for reporting under GASB 61.

### Basis of Presentation

#### **Government-wide Financial Statements**

The Statement of Net Assets 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, except that interfund services provided and used, are not eliminated in the process of consolidation. 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 or 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. 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. Certain functional expenditures contain an element of indirect cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

**Government-wide Financial Statements (Continued)**

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

Net assets are 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.

**Fund Financial Statements**

The fund financial statements provide information about the District's funds including those of a fiduciary nature. Separate statements for each fund category (governmental, proprietary 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.

The District reports the following major governmental funds:

General Fund - is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. This includes the Pension sub-fund to account for the accumulation of resources to be used for payments to employees who receive supplemental early retirement stipends and post-employment health care benefits and the Long-term Planning sub-fund to account for funds set aside for a specific purpose carrying over one year.

Debt Service Fund - provides for the payment of principal and interest on long-term general obligation debt, full faith and credit obligation debt, and pension obligation debt of governmental funds. Principal revenue sources are property taxes, construction excise tax, general fund transfer and charges to other funds.

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

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes such as federal and state grants, classroom supplies and equipment, capital improvements, the receipts, disbursements and cash balances of the various schools' student body activity funds, individual school activity programs and revenues and expenditures for the food dispensing programs.

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

**Basis of Presentation (Continued)**

**Fund Financial Statements (Continued)**

Internal Service Funds account for printing and insurance services provided to other departments of the District on a cost-reimbursement basis.

The Private-Purpose Trust Fund is used to account for scholarship resources held by the District in a fiduciary capacity for use by students. Disbursements from this fund are made in accordance with the trust and donor agreements.

**Measurement Focus and Basis of Accounting**

Government-wide, internal service, 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 state school fund support, 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, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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. The District considers all revenues reported in the governmental funds 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, claims and judgments, and accrued vacation which are recognized as expenditures only when payment is due. 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges for printing and insurance services. Operating expenses for internal service funds include the cost of materials and supplies, insurance premiums, losses and claims, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Cash, Cash Equivalents and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at cost, which approximates fair value.

The District's investments consist of time certificates of deposit, corporate securities, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

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

**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 Assets. 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.

**Accounts and Other Receivables**

Accounts and other receivables are comprised primarily of State school support, claims for reimbursement of costs under various federal and state grants, and investment interest. Amounts are periodically reviewed for collectability. At June 30, 2012, no allowance for doubtful accounts is considered necessary.

**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.

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

**Inventories**

Inventories consist of supplies held for sale. Inventories are charged as expenditures when consumed and are stated at cost using the first-in, first-out (FIFO) method. 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 unearned revenue.

**Pension Assets**

The District also reports a PERS asset which represents the District's unamortized balance of the prepaid unfunded actuarial liability at June 30, 2012. The pension asset is equal to payments made from the issuance of pension bonds less accumulated amortization calculated on the straight-line method over the life of the pension obligation bonds.

**Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. 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 30 years

**Retirement Plans**

Substantially all of the District's employees are participants in the Oregon Public Employees Retirement Fund (OPERF), administered by the Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenses/expenditures.

The 2003 Oregon Legislature passed PERS reform legislation and essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees become members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

In addition, until June 30, 2004, the District offered an early retirement incentive program to certified and eligible administrators at age fifty-eight with ten years of regular service who qualified for early retirement benefits which were funded at actuarially determined amounts and charged to expenses/expenditures.

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

**Retirement Plans (Continued)**

In 2011, the District offered a new early retirement benefits program to eligible certified, classified and administrative staff, with the exception of the Superintendent, who have completed a minimum of five years of regular service and were PERS eligible. The plan was funded and charged to expenses/expenditures.

The District offers its employees tax deferred annuity plans established pursuant to Section 403(b) and 457(b) of the Internal Revenue Code.

**Compensated Absences**

It is the District's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is considered to be current as the District policy states that vacation will lapse if not taken within six months following the year end. It is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only as they come due, for example, as a result of employee resignation and retirements.

**Long-Term Debt**

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Assets. 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 are 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. All principal and interest debt payments are paid by the Debt Service Fund.

**Use of Estimates**

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

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

**Subsequent Events**

The date to which events occurring after June 30, 2012, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosure is November 15, 2012, which is the date on which the financial statements were available.

**Governmental Fund Balances**

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental Fund type fund balances are classified as follows:

- Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.
- Restricted - Amounts that can be spent only for specific purposes when the constraints placed on the use of these resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - Amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board can modify or rescind the commitment at any time through taking a similar formal action.
- Assigned - Amounts that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the School Board approves which resources should be "reserved" during the adoption of the annual budget. The District's Chief Financial Officer uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Annual Financial Report.
- Unassigned - All amounts not included in other spendable classifications. This residual classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

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

**Governmental Fund Balances (Continued)**

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.

**Definitions of Governmental Fund Types**

The General Fund is used to account for all financial resources not accounted for in another fund. In addition, certain funds budgeted as Special Revenue Funds are reported as part of the General Fund because their source of funds is primarily transfers from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years should also be reported in debt service funds.

The provisions of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* modified the definitions of the fund types and requires that Special Revenue Funds whose primary source of funding is transfers from the General Fund be reported as part of the General Fund. Therefore, in the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, the Long-Term Planning and Pension Funds have been combined with the General Fund.



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

**Governmental Fund Balances (Continued)**

**Fund Balance Policy**

School Board policy mandates that the District budget a minimum of 5.0 percent of its General Fund revenue as contingency, and that a 5.0 percent fund balance be maintained.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budget**

A budget is prepared and legally adopted for each governmental fund type, proprietary fund type, and private purpose trust fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types and private purpose trust fund, except capital outlay expenditures, including items below the District's capitalization level, which are budgeted by major function in the governmental fund types. 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, enterprise and 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 one appropriation transfer was made. Appropriations lapse at the end of each fiscal year.

**3. CASH AND INVESTMENTS**

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Equity in pooled cash and investments." In addition, cash and investments are separately held by several of the District's funds.

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*JUNE 30, 2012*

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

Cash and investments are comprised of the following at June 30, 2012:

Cash with fiscal agent	\$ 101,449
Petty cash	834
Deposits with banks	6,046,429
Time certificates of deposit	14,384
Investments	64,644,168
	<u>\$ 70,807,264</u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Assets	
Cash and investments	\$ 70,527,216
Statement of Net Assets Fiduciary Funds	
Equity in pooled cash and investments	280,048
	<u>\$ 70,807,264</u>

At year-end, the District's deposits with various financial institutions had a bank value of \$7,822,065 and a book value of \$6,148,712. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a participating bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions with institutions participating in the Oregon Public Funds Collateralization Program (PFCP) are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2012 \$7,140,025 of the District's bank balances were exposed to, custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent, but not in the District's name.

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*JUNE 30, 2012*

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

As of June 30, 2012 the District held the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>% of Investment Portfolio</u>
Corporate securities	\$ 16,531,981	0.484	25.6 %
Local Government Investment Pool	33,369,220	0.003	51.6
State and local government obligations	4,576,117	0.251	7.1
U.S. Agency securities	10,166,850	0.409	15.7
	<u>\$ 64,644,168</u>	<u>0.207</u>	<u>100.0 %</u>

The “weighted average maturity in years” calculation assumes that all investments are held until maturity.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy limits investment as follows:

<u>Investment Type</u>	<u>Maximum % of Portfolio</u>	<u>Maximum Length to Maturity</u>
Bankers' acceptances	25%	6 months
Corporate securities	35%	18 months
Local Government Investment Pool	100%	1 day
State and local government obligations	30%	18 months operating funds, 3 years for capital project funds
U.S. Agency securities	100%	18 months operating funds, 3 years for capital project funds
U.S. Treasury securities	100%	18 months operating funds, 3 years for capital project funds

The maximum amount of pooled investments to be placed in the LGIP is limited by Oregon State Statues and will increase proportionately with the Portland Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

3. CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the District will do business. All of the investments above, except for the investment in the LGIP which is not evidenced by securities, are held in safekeeping by the financial institution counterparty in the financial institution's general customer account name.

The District's credit risk policy, which adheres to State of Oregon law, is to limit its investments to the following: Issuers within Oregon must be rated "A" (bonds) or A-2 / P-2 (commercial paper) or better by Standard and Poor's, Moody's Investors Service or any other nationally recognized statistical rating organization, issuers not in Oregon must be rated AA / Aa (bonds) or A-1 / P-1 (commercial paper) or better.

At June 30, 2012, the District's investments were rated as follows:

Investment Type	Highest Rating From				
	Total	Moody's Investors Service or Standard & Poor's Corporation			Not Rated
		Aaa/AAA	Aa/AA	A/A	
Corporate securities	\$ 16,531,981	\$ -	\$ 12,510,223	\$ 4,021,758	\$ -
Local Government Investment Pool	33,369,220	-	-	-	33,369,220
State and local government obligations	4,576,117	-	4,576,117	-	-
U.S. Agency securities	10,166,850	10,166,850	-	-	-
	<u>\$ 64,644,168</u>	<u>\$ 10,166,850</u>	<u>\$ 17,086,340</u>	<u>\$ 4,021,758</u>	<u>\$ 33,369,220</u>

The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the LGIP is a part and is not registered with the U.S. Securities and Exchange Commission. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer. The State of Oregon LGIP is unrated for credit quality.

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*JUNE 30, 2012*

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

The District's policy for investing in individual issuers varies depending on the type of investments. U.S. Treasury and Agency securities do not have restrictions regarding concentration with any one issuer. No more than 25% of the total portfolio of investments may be invested in a single issuer of bankers' acceptances. Investments in corporate securities of any one issuer may not exceed 5% of the investment portfolio. At June 30, 2012, more than 5% of the District's portfolio was invested in Federal National Mortgage Association's securities. These investments were 15.7% of the District's total investments.

**4. RECEIVABLES**

Receivables are comprised of the following as of June 30, 2012:

<u>Account</u>	<u>Amount</u>
Property taxes receivable	
General fund	\$ 5,229,515
Debt service	<u>2,372,240</u>
Total property taxes receivable	<u>7,601,755</u>
Grants receivable	
Other governmental funds	<u>4,216,471</u>
Total grants receivable	<u>4,216,471</u>
Interest and other	
General fund	3,352,315
Debt service fund	193,812
Capital projects fund	209,556
Other governmental funds	93,910
Internal service funds	<u>71,403</u>
Total interest and other receivables	<u>3,920,996</u>
Total receivables	<u><u>\$ 15,739,222</u></u>

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**5. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of June 30, 2012 is as follows:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General fund	\$ 997,072	\$ 1,632,194
Debt service fund	-	896,241
Capital projects fund	224	-
Other governmental funds	1,726,396	-
Internal service funds	<u>268</u>	<u>195,525</u>
Total	<u>\$ 2,723,960</u>	<u>\$ 2,723,960</u>

There is a \$1,632,194 interfund balance in the General Fund to fund reimbursable expenditures in the Grant Fund. The remaining \$1,091,766 interfund balances between funds are the result of payroll accruals at year end.

**6. CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 50,451,665	\$ -	\$ -	\$ 50,451,665
Construction in progress	<u>1,781,290</u>	<u>2,417,453</u>	<u>(1,327,154)</u>	<u>2,871,589</u>
Total capital assets not being depreciated	<u>52,232,955</u>	<u>2,417,453</u>	<u>(1,327,154)</u>	<u>53,323,254</u>
Capital assets being depreciated:				
Buildings and improvements	638,743,553	4,250,816	-	642,994,369
Vehicles and equipment	<u>31,676,490</u>	<u>1,434,382</u>	<u>(533,857)</u>	<u>32,577,015</u>
Total capital assets being depreciated	<u>670,420,043</u>	<u>5,685,198</u>	<u>(533,857)</u>	<u>675,571,384</u>
Less accumulated depreciation for:				
Buildings and improvements	(162,351,126)	(14,106,386)	-	(176,457,512)
Vehicles and equipment	<u>(12,831,067)</u>	<u>(1,966,596)</u>	<u>352,222</u>	<u>(14,445,441)</u>
Total accumulated depreciation	<u>(175,182,193)</u>	<u>(16,072,982)</u>	<u>352,222</u>	<u>(190,902,953)</u>
Total capital assets being depreciated, net	<u>495,237,850</u>	<u>(10,387,784)</u>	<u>(181,635)</u>	<u>484,668,431</u>
Total capital assets, net	<u>\$ 547,470,805</u>	<u>\$ (7,970,331)</u>	<u>\$ (1,508,789)</u>	<u>\$ 537,991,685</u>

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*JUNE 30, 2012*

**6. CAPITAL ASSETS (CONTINUED)**

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

Regular programs	\$ 8,129,714
Special programs	2,679,366
Summer school programs	22,502
Student support services	1,218,332
Instructional staff support	568,984
General administration support	64,292
School administration	1,152,433
Business support services	1,565,508
Central activities support	369,679
Nutrition services	292,528
Community services	9,644
	<u>\$ 16,072,982</u>

**7. OPERATING LEASES**

The District entered into an operating lease agreement as lessee for financing of computers. The total cost for this lease amounted to \$551,933 for the year ended June 30, 2012. Future payments associated with operating leases are due as follows:

<b>Fiscal Year</b>	
<b>Ending</b>	
<b>June 30,</b>	<b>Amount</b>
2013	\$ 551,932
2014	551,933
2015	551,932
	<u>\$ 1,655,797</u>

**8. CAPITAL LEASES**

The District entered into lease agreements as lessee for financing the acquisition of buses for student transportation. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the net present value of their future minimum lease payments as of the inception date. During the fiscal year, capital lease obligations decreased from \$4,079,951 to \$2,211,701 due to an offset by principal payments of \$1,868,250. The leased buses have a cost of \$9,912,164 and have a net book value of \$7,199,234 and accumulated depreciation of \$2,712,930 at June 30, 2012. The capital lease obligations are paid by the Debt Service Fund which is funded by a transfer from the General Fund.

**8. CAPITAL LEASES (CONTINUED)**

Future minimum lease obligations and the net present value of these minimum lease payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,103,282	\$ 51,551	\$ 1,154,833
2014	525,304	27,306	552,610
2015	385,764	15,012	400,776
2016	197,352	3,040	200,392
Total	<u>\$ 2,211,702</u>	<u>\$ 96,909</u>	<u>\$ 2,308,611</u>

**9. Long-Term Debt**

**Bonds Payable**

**General Obligation Bonds**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

On August 25, 2011, the District issued \$42,175,000 in general obligation bonds with a true interest cost of 2.32% to advance refund portions of the outstanding 2001, 2002 and 2003 series bonds with a par value of \$44,210,000 and an average coupon rate of 4.63% (the "2011 Refunding Bonds"). The net proceeds of \$47,560,061 (after payment of \$281,899 in underwriting fees and other issuance costs and the deposit of \$1,851 of additional proceeds into the Debt Service Fund) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2001, 2002 and 2003 General Obligation Bonds. As a result, the 2011 Refunding Bonds are considered to be defeased.

The advance refunding reduced total debt service payments over 12 years by \$3,240,785 and obtained an economic gain define as the difference between the present values of the debt service payments on the old and new debt, of \$2,968,042.

**Full Faith and Credit Obligation Bonds**

On March 19, 2009 the District issued \$22,650,000 full faith and credit obligation bonds to provide funds for the construction of the Transportation Service Center, an option school auditorium, bus particulate traps and an option high school remodel. Interest rates on the bonds range from 2.50% to 5.13% and the final maturity date is June 1, 2036.



**9. Long-Term Debt (Continued)**

**Bonds Payable (Continued)**

**Limited Tax Pension Obligation Bonds**

On June 21, 2005 the District participated with thirteen Oregon school districts and two educational service districts in a pooled issuance of taxable pension obligation bonds to finance the District's estimated PERS unfunded actuarial liability. The District issued \$189,935,000 in debt as part of a pooled issuance of \$475,205,000. Except for the payment of its pension bond payments and additional charges when due, each school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS.

Bond proceeds were paid to the Oregon Public Employees Retirement System. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore a portion of State School Fund support is withheld on a monthly basis to repay debt. Funds are accumulated and invested by a trust officer and annual principal and interest payments are made each June 30, beginning June 2005 and ending June 2028. The bond interest rates range from 4.11% to 4.76%. The District recorded the amounts deposited with PERS as a prepayment of its actuarial obligation, and accounts for the payment of principal and interest as a pension expense annually. The prepayment is being amortized over the life of the bonds based on the straight-line method. This method most closely recognizes the remaining prepaid asset.

Long-term liability activity for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 341,575,000	\$ 42,175,000	\$ 76,130,000	\$ 307,620,000	\$ 34,375,000
Pension obligation bonds	175,870,000	-	3,525,000	172,345,000	4,150,000
Full Faith & Credit obligation bonds	22,040,000	-	1,010,000	21,030,000	855,000
Unamortized premium	11,185,540	5,668,811	2,906,210	13,948,141	
Total bonds payable, net	<u>\$ 550,670,540</u>	<u>\$ 47,843,811</u>	<u>\$ 83,571,210</u>	<u>\$ 514,943,141</u>	

Payments on the general obligation bonds are made by the Debt Service Fund from property taxes and earnings on investments. Payments on pension bonds are made by the Debt Service Fund from revenue from charges to other funds. The payments on the full faith and credit obligation bonds are made by the General Fund and Capital Projects Fund. Federal arbitrage restrictions apply to substantially all debt.

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**9. Long-Term Debt (Continued)**

**Bonds Payable (Continued)**

The following is a summary of long-term debt transactions of governmental activities for the year ended June 30, 2012:

Issue Date	Original Issue	Principal			Outstanding at June 30, 2012	Interest Rates
		Outstanding at June 30, 2011	Additions	Reductions		
<u>General Obligation Bonds:</u>						
January 9, 2001	\$40,000,000	\$ 4,060,000	\$ -	\$ 4,060,000	\$ -	4.10 - 4.40%
March 14, 2002	55,000,000	8,105,000	-	8,105,000	-	4.00 - 4.40%
November 13, 2003	54,780,000	39,915,000	-	37,220,000	2,695,000	3.00 - 5.00%
October 21, 2004	104,530,000	55,300,000	-	3,515,000	51,785,000	4.50 - 5.00%
December 2, 2004	27,800,000	9,030,000	-	9,030,000	-	5.00 %
November 10, 2005	49,470,000	41,330,000	-	6,600,000	34,730,000	5.00 %
January 24, 2007	149,090,000	148,245,000	-	530,000	147,715,000	4.13 - 5.00%
April 2, 2009	42,810,000	35,590,000	-	4,680,000	30,910,000	3.00 - 5.00%
April 2, 2009	42,810,000	-	42,175,000	2,390,000	39,785,000	2.00 %
		<u>341,575,000</u>	<u>42,175,000</u>	<u>76,130,000</u>	<u>307,620,000</u>	
<u>Limited Tax Pension Obligation Bonds:</u>						
June 21, 2005	189,935,000	175,870,000	-	3,525,000	172,345,000	4.30 - 4.76%
<u>Full Faith and Credit Obligation Bonds:</u>						
March 19, 2009	22,650,000	22,040,000	-	1,010,000	21,030,000	2.50 - 5.13%
<u>Total G.O. and Pension Bonds</u>		<u>539,485,000</u>	<u>42,175,000</u>	<u>80,665,000</u>	<u>500,995,000</u>	
<u>Unamortized Premium</u>		<u>11,185,540</u>	<u>5,668,811</u>	<u>2,906,210</u>	<u>13,948,141</u>	
Total		<u>\$ 550,670,540</u>	<u>\$ 47,843,811</u>	<u>\$ 83,571,210</u>	<u>\$ 514,943,141</u>	

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
*JUNE 30, 2012*

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

**Bonds Payable (Continued)**

Future bond maturities are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 39,380,000	\$ 23,286,128	\$ 62,666,128
2014	42,990,000	21,454,547	64,444,547
2015	29,550,000	19,340,152	48,890,152
2016	32,610,000	17,956,042	50,566,042
2017	35,120,000	16,369,778	51,489,778
2018-2022	136,110,000	61,068,003	197,178,003
2023-2027	164,450,000	26,608,945	191,058,945
2028-2032	15,665,000	2,625,801	18,290,801
2033-2036	5,120,000	1,160,564	6,280,564
	<u>\$ 500,995,000</u>	<u>\$ 189,869,960</u>	<u>\$ 690,864,960</u>

Outstanding issues are callable as follows:

- November 13, 2003 - at par plus accrued interest beginning May 1, 2013
- October 21, 2004 - at par plus accrued interest beginning December 1, 2014
- January 24, 2007 - at par plus accrued interest beginning June 1, 2016
- March 19, 2009 - at par plus accrued interest beginning June 1, 2020

In 2011-12 and prior years, the District defeased general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old obligations. As a result, the early refunded bonds are considered to be defeased. Accordingly, the trust account assets and the liabilities for the defeased obligations are not included in the District's basic financial statements. At June 30, 2012, \$70,365,000 of general obligation bonds outstanding is considered defeased.

**10. INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2012 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 3,000,000	\$ 4,203,416
Debt service fund	3,843,859	-
Capital projects fund	-	1,461,119
Other governmental funds	85,676	2,900,000
Internal service fund	<u>1,735,000</u>	<u>100,000</u>
Total	<u>\$ 8,664,535</u>	<u>\$ 8,664,535</u>

The District made transfers from the General Fund in the amount of \$1,735,000 to the Internal Service Fund to fund property insurance premiums, and \$85,676 to the Other Governmental Funds for Nutrition Services equipment and supply purchases. Transfers were made from both the General and Capital Projects Funds to the Debt Service Fund totaling \$558,094 and \$1,461,119, respectively, to pay principal and interest payments on the full faith and credit obligations. The District also made transfers from the General Fund to the Debt Service Fund totaling \$1,824,646 to pay principal and interest payments on capital lease obligations for the purchase of buses. Finally, the District transferred \$2,900,000 and \$100,000 from Other Governmental Funds and Internal Service Funds, respectively, to the General Fund to provide resources for prioritized funding requests.

**11. EARLY RETIREMENT**

**Plan description** - The District maintains two single-employer early retirement supplement program for its employees.

**Plan description 2004** - The District maintains a single-employer early retirement supplement program for its employees. This program covers all full-time certified, classified and eligible administrative personnel of the District who qualified prior to June 30, 2004, when the program was closed. The District does not issue a standalone report for this plan.

These programs were established under separate collective bargaining agreements and provide provisions for early retirement after 30 years of service or age 58 with at least 10 years of continuous District service immediately preceding retirement. This optional early retirement program provides the employee with the following:

- For eligible administrators, a monthly stipend of \$475 is provided until age 62. In addition, medical benefits are provided for eligible administrators.

11. EARLY RETIREMENT (CONTINUED)

**Plan description 2011** - A new early retirement benefits program was established during the fiscal year 2010-11. The plan is, in substance, a single employer defined benefit plan established under collective bargaining agreements. The incentive is available to all employee groups - licensed, classified and administrators, with the exception of the current Superintendent who qualified prior to June 30, 2011, when the program was closed. The District does not issue a standalone report for this plan.

Employees must have five plus years of Beaverton School District experience and be PERS eligible. There is no survivor option. The early retirement benefit is determined by base salary for fiscal year 2010-11 only.

- Employees whose base salary is \$20,000 - \$30,000 will receive \$200 monthly for two years.
- Employees whose base salary is \$30,001 - \$40,000 will receive \$300 monthly for two years.
- Employees whose base salary is \$40,001 - \$68,000 will receive \$550 monthly for two years.
- Employees whose base salary is \$68,001 & above will receive \$700 monthly for two years.

**Summary of significant accounting policies** - The plans are accounted for in the Pension Fund. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Plan investments are a part of the District's investment pool, reported at fair value. Benefits and refunds in the Pension Fund are recognized when due and payable in accordance with the terms of the plans.

**Funding policy** - The benefits from these sunsetted programs are fully paid by the District and, consequently, no contributions by employees are required. Although there is no obligation on the part of the District to fund these benefits in advance, the District fully funded the obligation in the Pension Sub-Fund of the General Fund. The Pension Sub-Fund also accounts for resources and payments of post-employment health care benefits for early retirees. The available committed balance of the Pension Sub-Fund at June 30, 2012 is \$1,089,340. The District's total estimated liability for both plans is \$958,000 and will end December 2017.

**Contributions** - Contributions are financed by a transfer from the General Fund. A transfer to the Pension Sub-Fund of \$1,050,000 was made in fiscal year 2012 to fully fund the programs; there were no transfers in fiscal years 2011, and 2010. Expenditures are recorded in the Pension Sub-Fund on the pay-as-you-go basis. The cost of these benefits in fiscal years 2012, 2011, and 2010 were \$704,595, \$85,019, and \$81,193 respectively.

Program membership for Plan 2004 consisted of 183 retirees receiving benefits at July 1, 2006, the date of the last actuarial valuation. Retirees receiving early retirement supplement benefits totaled 7, 7, and 8 for fiscal years 2012, 2011, and 2010 respectively. Program membership for Plan 2011 receiving benefits totaled 94 in fiscal year 2012.

## 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)S

### Postemployment Health Insurance Subsidy

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) for the fiscal year ended June 30, 2008. This implementation allows the District to report its liability for other postemployment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

**Plan description** - The District operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are 3,529 active and 254 retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements and Oregon State law.

The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate 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 costs, 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 District's implicit employer contribution.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. Instead, the activities of the plan are reported in the General Fund.

The postemployment health insurance subsidy plan does not have a separate, audited GAAP-basis postemployment benefit plan report.

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

**Annual OPEB cost and net OPEB obligation** - The District's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB 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 closed period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

**12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)S (CONTINUED)**

**Postemployment Health Insurance Subsidy (Continued)**

	2012	2011	2010
Annual required contribution	\$ 3,691,789	\$ 3,255,710	\$ 3,255,710
Interest on net pension obligation	271,130	253,605	185,888
Adjustment to annual required contribution	(567,098)	(426,370)	(312,522)
Annual OPEB cost	3,395,821	3,082,945	3,129,076
Contributions made	(1,444,982)	(1,676,498)	(1,436,162)
Increase in net OPEB obligation	1,950,839	1,406,447	1,692,914
Net OPEB obligation- beginning of year	7,746,561	6,340,114	4,647,200
Net OPEB obligation- end of year	<u>\$ 9,697,400</u>	<u>\$ 7,746,561</u>	<u>\$ 6,340,114</u>

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2012 were as follows:

Fiscal Year Ended June 30	Annual OPEB cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$4,511,147	\$ 2,187,547	48%	\$2,323,600
2009	4,511,147	2,187,547	48%	4,647,200
2010	3,129,076	1,436,162	46%	6,340,114
2011	3,082,945	1,676,498	54%	7,746,561
2012	3,395,821	1,444,982	43%	9,697,400

**Funded status and funding progress** – As of July 1, 2011, the most recent actuarial valuation date, for the periods ended June 30, 2012 and June 30, 2013; the District's actuarial accrued liability (AAL) measured on an entry age basis for benefits was \$28,686,568, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$26,686,568. The covered payroll is \$201,453,676. The ratio of the total UAAL to annual covered payroll is 14.3%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial methods and assumptions** – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. All amortization bases are spread as level percentage of projected payroll amounts over future open periods.

**12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)S (CONTINUED)**

**Postemployment Health Insurance Subsidy (Continued)**

In the July 1, 2011 actuarial valuation, the aggregate actuarial cost method was used. The actuarial assumptions included a discount rate of 3.5 percent and a 60 percent assumption of participants who elect medical coverage at retirement. They also assume medical and prescription drug costs would increase at 8.0 percent inflation for the current year, gradually grading down to an annual rate of 4.7 percent over a very long time horizon which is consistent with expectations for long-term health care cost inflation. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for school districts for its December 31, 2011 actuarial valuation.

**Tax Sheltered Annuity**

The District offers its employees two tax deferred annuity programs established pursuant to Sections 403(b) and 457(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the code. No contributions are required from the District. As of June 30, 2012, 1,109 employees were participating in the 403(b) traditional plan, 147 employees were participating in the 403(b) Roth plan and 63 employees were participating in the 457(b) plan.

**Retirement Health Insurance Account (RHIA)**

**Plan description** - As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.



**12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)S (CONTINUED)**

**Retirement Health Insurance Account (RHIA) (Continued)**

**Funding policy** - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59% Tier 1 and Tier 2 payroll and 0.50% of OPSRP of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2012, 2011 and 2010 were approximately \$1,360,390, \$685,000 and \$648,000, which equaled the required contributions each year.

**13. PENSION PLAN**

**Plan description** - The District contributes to two pension plans administered by the Oregon PERS. The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: 1) The Pension Program, the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. 2) Beginning January 1, 2004, all PERS member contributions are directed into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any subsequent member contributions are deposited into the member's IAP, not the member's PERS account.

**13. PENSION PLAN (CONTINUED)**

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which 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. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

**Funding policy** - All school districts in Oregon are treated as one employer and therefore participate in the school district "Pool". PERS contribution rates vary from district to district only due to the variation in each district's decision as to whether to advance fund a portion of the Pool's PERS unfunded actuarial liability (PERS UAL). Districts choosing to finance and prepay a portion of their PERS UAL then have a "side account" with PERS, the performance of which will affect their district's rates going forward. The District has a side account with PERS.

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF rate in effect for the year ended June 30, 2012 was 12.43%. The OPSRP rates in effect for the year ended June 30, 2012 was 11.01%. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

**Annual pension cost** - The District's contributions to PERS for the years ending June 30, 2012, 2011, and 2010 were approximately \$23,052,000, \$10,899,000 and \$10,842,000, respectively, which equaled the required contribution for the year. During the 2004-05 year the District issued limited tax pension obligation bonds, the proceeds of which were used to finance its estimated unfunded actuarial liability (See Note 9).

**14. RISK MANAGEMENT**

**Self-Insurance**

Internal Service Funds (Insurance Reserve and Workers' Compensation Funds) account for the costs incurred for workers' compensation claims, general liability claims, and property and fire losses.

The District provides currently for estimated losses to be incurred from pending claims and for claims incurred but not reported (IBNR). IBNR claims are claims that are incurred through the end of the fiscal year, but not reported until after that date. These liabilities are based on actuarial valuations or District estimates.

**14. RISK MANAGEMENT (CONTINUED)**

**Self-Insurance (Continued)**

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

- General Liability and School Board errors and omissions - \$500,000 per occurrence
- Fire loss, property damage, all risk (theft, vandalism, etc.) - \$500,000 per occurrence
- Workers' compensation claims - \$350,000 per claim
- Long-term disability claims - payment of all claims for the first fifty-one months of disability for eligible administrator and classified staff. Eligible certified staff are fully insured for disability claims.

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District does not engage in risk financing activities where the risk is greater than the self-insurance amounts. Settlements have not exceeded insurance coverage for each of the three years ended June 30, 2012. There have been no reductions to the District's insurance coverage during the year. The District anticipates that all accrued claims losses will be paid within twelve months.

Changes in the balances of claims liabilities for the fiscal years ended June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Accrued claim losses, July 1	\$ 2,545,325	\$ 2,545,325
Incurred claims, including an estimate of claims incurred but not reported (IBNR)	1,301,664	1,588,783
Claim payments	<u>(1,301,664)</u>	<u>(1,588,783)</u>
Accrued claim losses, June 30	<u>\$ 2,545,325</u>	<u>\$ 2,545,325</u>

**15. SCHOOL FUNDING**

The District is dependent on the State of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the State level, future funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the District's future operations is not yet determinable.

**16. COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although District management expects such amounts, if any, to be immaterial.

In an effort to minimize layoffs, the District opened a short window to offer a new two-year retirement incentive to certified employees. The incentive will start in fiscal year July 1, 2012 and end June 30, 2014. The estimated cost of the incentive is \$1.3 million.

The District is committed under various accepted bid agreements and contracts for approximately \$5.4 million for goods, services, and construction of facilities.

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

**17. NEW PRONOUNCEMENTS**

The District will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."* The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The Statement is effective for fiscal years beginning after December 15, 2011.

GASB Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position."* The Statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement is effective for fiscal years beginning after December 15, 2011.

GASB Statement No. 68, *"Accounting and Reporting for Pension Plans – an amendment of GASB Statement No. 27."* The Statement establishes accounting and financial reporting requirements related to pensions provided by governments. The Statement is effective for fiscal years beginning after June 15, 2014.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2012**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilty (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2008	\$ -	\$ 38,056,842	\$ 38,056,842	- %	\$ 182,557,765	21%
June 30, 2009	-	38,056,842	38,056,842	-	197,716,946	19%
June 30, 2010	-	27,059,208	27,059,208	-	195,670,266	14%
June 30, 2011	-	27,059,208	27,059,208	-	204,197,983	13%
June 30, 2012	-	28,686,568	28,686,568	-	201,453,676	14%



**BEAVERTON SCHOOL DISTRICT  
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS  
COMBINING BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2012**

	Budgetary Funds			Total (reported as General Fund)
	General Fund	Pension	Long-Term Planning	
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 32,613,165	\$ 1,089,340	\$ 612,948	\$ 34,315,453
Cash with fiscal agent	2,033	-	-	2,033
Accounts receivable	3,352,315	-	-	3,352,315
Property taxes receivable	5,229,515	-	-	5,229,515
Due from other funds	1,632,194	-	-	1,632,194
Prepaid items	19,561	-	-	19,561
<b>TOTAL ASSETS</b>	<b>\$ 42,848,783</b>	<b>\$ 1,089,340</b>	<b>\$ 612,948</b>	<b>\$ 44,551,071</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 3,339,421	\$ -	\$ 89,543	\$ 3,428,964
Accrued salaries and benefits	25,640,492	-	-	25,640,492
Due to other funds	997,072	-	-	997,072
Deferred revenue	4,740,884	-	-	4,740,884
Unearned revenue	129,387	-	-	129,387
Other liabilities	12,485	-	-	12,485
<b>TOTAL LIABILITIES</b>	<b>34,859,741</b>	<b>-</b>	<b>89,543</b>	<b>34,949,284</b>
Fund Balances:				
Nonspendable	19,561	-	-	19,561
Committed	-	1,089,340	523,405	1,612,745
Unassigned	7,969,481	-	-	7,969,481
<b>TOTAL FUND BALANCES</b>	<b>7,989,042</b>	<b>1,089,340</b>	<b>523,405</b>	<b>9,601,787</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 42,848,783</b>	<b>\$ 1,089,340</b>	<b>\$ 612,948</b>	<b>\$ 44,551,071</b>

**BEAVERTON SCHOOL DISTRICT  
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2012**

	Budgetary Funds			Total (reported as General Fund)
	General Fund	Pension	Long-Term Planning	
<b>REVENUES:</b>				
Property taxes	\$ 103,060,137	\$ -	\$ -	\$ 103,060,137
Federal sources	110,813	-	-	110,813
State and local sources	187,745,848	-	106,410	187,852,258
Charges for services	3,472,590	-	-	3,472,590
Rentals	552,237	-	-	552,237
Investment earnings	414,462	9,514	5,803	429,779
Contributions and donations	7,876	-	-	7,876
Recovery of prior years' expenditures	21,951	-	35	21,986
Other	2,025,870	-	-	2,025,870
<b>TOTAL REVENUES</b>	<b>297,411,784</b>	<b>9,514</b>	<b>112,248</b>	<b>297,533,546</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	200,430,965	-	-	200,430,965
Support services	105,974,565	704,595	824,893	107,504,053
Facilities, acquisition and construction	312,295	-	-	312,295
<b>TOTAL EXPENDITURES</b>	<b>306,717,825</b>	<b>704,595</b>	<b>824,893</b>	<b>308,247,313</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,306,041)</b>	<b>(695,081)</b>	<b>(712,645)</b>	<b>(10,713,767)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,000,000	1,050,000	694,034	4,744,034
Transfers out	(5,861,774)	-	(85,676)	(5,947,450)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,861,774)</b>	<b>1,050,000</b>	<b>608,358</b>	<b>(1,203,416)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(12,167,815)</b>	<b>354,919</b>	<b>(104,287)</b>	<b>(11,917,183)</b>
<b>FUND BALANCES, July 1, 2011</b>	<b>20,156,857</b>	<b>734,421</b>	<b>627,692</b>	<b>21,518,970</b>
<b>FUND BALANCES, June 30, 2012</b>	<b>\$ 7,989,042</b>	<b>\$ 1,089,340</b>	<b>\$ 523,405</b>	<b>\$ 9,601,787</b>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)  
GENERAL FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Property taxes	\$ 103,837,027	\$ 103,837,027	\$ 103,060,137	\$ (776,890)
State and local sources	192,777,431	192,777,431	187,745,848	(5,031,583)
Federal sources	-	-	110,813	110,813
Charges for services	3,619,009	3,619,009	3,472,590	(146,419)
Rentals	339,000	339,000	552,237	213,237
Investment earnings	20,000	20,000	414,462	394,462
Recovery of prior years' expenditures	200,000	200,000	21,951	(178,049)
Other	1,341,500	1,341,500	2,033,746	692,246
<b>Total revenues</b>	<b>302,133,967</b>	<b>302,133,967</b>	<b>297,411,784</b>	<b>(4,722,183)</b>
<b>EXPENDITURES:</b>				
Instruction	200,921,875	200,921,875	200,430,965	490,910
Support services	107,734,948	107,734,948	105,974,565	1,760,383
Facilities acquisition and construction	319,144	319,144	312,295	6,849
Contingencies	11,396,101	11,396,101	-	11,396,101
<b>Total expenditures</b>	<b>320,372,068</b>	<b>320,372,068</b>	<b>306,717,825</b>	<b>13,654,243</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,238,101)</b>	<b>(18,238,101)</b>	<b>(9,306,041)</b>	<b>8,932,060</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,000,000	3,000,000	3,000,000	-
Transfers out	(5,861,774)	(5,861,774)	(5,861,774)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,861,774)</b>	<b>(2,861,774)</b>	<b>(2,861,774)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(21,099,875)</b>	<b>(21,099,875)</b>	<b>(12,167,815)</b>	<b>8,932,060</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>21,099,875</b>	<b>21,099,875</b>	<b>20,156,857</b>	<b>(943,018)</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,989,042</b>	<b>\$ 7,989,042</b>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)  
PENSION FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Investment earnings	\$ 500	\$ 500	\$ 9,514	\$ 9,014
<b>TOTAL REVENUES</b>	<b>500</b>	<b>500</b>	<b>9,514</b>	<b>9,014</b>
<b>EXPENDITURES:</b>				
Support services	1,019,650	1,019,650	704,595	315,055
Operating contingency	758,275	758,275	-	758,275
<b>TOTAL EXPENDITURES</b>	<b>1,777,925</b>	<b>1,777,925</b>	<b>704,595</b>	<b>1,073,330</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,777,425)</b>	<b>(1,777,425)</b>	<b>(695,081)</b>	<b>(1,082,344)</b>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Transfers in	1,050,000	1,050,000	1,050,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(727,425)</b>	<b>(727,425)</b>	<b>354,919</b>	<b>1,082,344</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>727,425</b>	<b>727,425</b>	<b>734,421</b>	<b>6,996</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,089,340</b>	<b>\$ 1,089,340</b>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)  
LONG-TERM PLANNING FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
State and local sources	\$ 106,000	\$ 106,000	\$ 106,410	\$ 410
Investment earnings	-	-	5,803	5,803
Contributions and donations	200,000	200,000	-	(200,000)
Recovery of prior years' expenditures	-	-	35	35
<b>TOTAL REVENUES</b>	<b>306,000</b>	<b>306,000</b>	<b>112,248</b>	<b>(193,752)</b>
<b>EXPENDITURES:</b>				
Instruction	50,000	50,000	-	50,000
Support services	1,280,034	1,280,034	824,893	455,141
Enterprise and community services	100,000	100,000	-	100,000
Facilities acquisition and construction	100,000	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	<b>1,530,034</b>	<b>1,530,034</b>	<b>824,893</b>	<b>705,141</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,224,034)</b>	<b>(1,224,034)</b>	<b>(712,645)</b>	<b>511,389</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	694,034	694,034	694,034	-
Transfers out	(100,000)	(100,000)	(85,676)	14,324
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>594,034</b>	<b>594,034</b>	<b>608,358</b>	<b>14,324</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(630,000)</b>	<b>(630,000)</b>	<b>(104,287)</b>	<b>525,713</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>630,000</b>	<b>630,000</b>	<b>627,692</b>	<b>(2,308)</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 523,405</b>	<b>\$ 523,405</b>

**OTHER SUPPLEMENTARY INFORMATION**

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**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Property taxes	\$ 47,599,930	\$ 47,599,930	\$ 47,560,092	\$ (39,838)
Investment earnings	20,000	20,000	89,462	69,462
Services to other funds	10,762,614	10,762,614	12,240,643	1,478,029
<b>TOTAL REVENUES</b>	<b>58,382,544</b>	<b>58,382,544</b>	<b>59,890,197</b>	<b>1,507,653</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	37,918,249	37,918,249	38,323,249	(405,000)
Interest	25,164,654	25,164,654	24,746,840	417,814
Bond issuance costs	-	283,750	281,899	1,851
<b>TOTAL EXPENDITURES</b>	<b>63,082,903</b>	<b>63,366,653</b>	<b>63,351,988</b>	<b>14,665</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,700,359)</b>	<b>(4,984,109)</b>	<b>(3,461,791)</b>	<b>1,522,318</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refunding bonds issued	-	42,175,000	42,175,000	-
Bond premium	-	5,668,811	5,668,811	-
Payment to refunded bond escrow agent	-	(47,560,061)	(47,560,061)	-
Transfer in	3,843,859	3,843,859	3,843,859	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,843,859</b>	<b>4,127,609</b>	<b>4,127,609</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(856,500)</b>	<b>(856,500)</b>	<b>665,818</b>	<b>1,522,318</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>1,742,000</b>	<b>1,742,000</b>	<b>3,301,353</b>	<b>1,559,353</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ 885,500</b>	<b>\$ 885,500</b>	<b>\$ 3,967,171</b>	<b>\$ 3,081,671</b>



**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Construction excise tax	\$ 700,000	\$ 700,000	\$ 1,157,042	\$ 457,042
Investment earnings	272,000	272,000	38,679	(233,321)
Rentals	168,000	168,000	43,751	(124,249)
Contributions and donations	1,300,000	1,300,000	-	(1,300,000)
Recovery of prior years' expenditures	-	-	114,454	114,454
Other	-	-	916,883	916,883
<b>TOTAL REVENUE</b>	<b>2,440,000</b>	<b>2,440,000</b>	<b>2,270,809</b>	<b>(169,191)</b>
<b>EXPENDITURES:</b>				
Support services	1,097,981	1,097,981	4,431	1,093,550
Facilities acquisition and construction	23,160,900	23,160,900	4,167,107	18,993,793
<b>TOTAL EXPENDITURES</b>	<b>24,258,881</b>	<b>24,258,881</b>	<b>4,171,538</b>	<b>20,087,343</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(21,818,881)</b>	<b>(21,818,881)</b>	<b>(1,900,729)</b>	<b>19,918,152</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer out	(1,461,119)	(1,461,119)	(1,461,119)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,461,119)</b>	<b>(1,461,119)</b>	<b>(1,461,119)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(23,280,000)</b>	<b>(23,280,000)</b>	<b>(3,361,848)</b>	<b>19,918,152</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>23,280,000</b>	<b>23,280,000</b>	<b>22,295,115</b>	<b>(984,885)</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,933,267</b>	<b>\$ 18,933,267</b>

## NONMAJOR GOVERNMENTAL FUNDS

These funds account for revenues and expenditures restricted for specific educational projects, the District's food dispensing program and student participation fees. Included are the following funds:

*Student Body Fund* – accounts for the receipts, disbursements and cash balances of the various schools' student body activity funds.

*Special Purpose Fund* – accounts for the District's individual school activity programs. The major sources of revenue are contributions and miscellaneous revenue.

*Categorical Fund* – accounts for resources reserved for expenditures on classroom supplies and equipment, capital improvements and replacements. Principal revenue source is the State of Oregon facility grant.

*Grant Fund* – accounts for revenues and expenditures of grants restricted for specific educational projects. Principal revenue sources are federal and state grants.

*Nutrition Services Fund* – accounts for revenues and expenditures for the food dispensing programs. Principal revenue sources are sales of food and subsidies under the National School Lunch and Breakfast Programs received through the State of Oregon.

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**BEAVERTON SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	Special Revenue Funds					
	Student Body	Special Purpose	Categorical	Grant	Nutrition Services	Total
<b>ASSETS</b>						
Equity in pooled cash and investments	\$ 2,496,967	\$ 577,994	\$ 2,332,313	\$ -	\$ 3,655,661	\$ 9,062,935
Receivables	-	21,960	51,588	3,785,675	451,158	4,310,381
Inventories	-	-	-	-	363,240	363,240
<b>TOTAL ASSETS</b>	<b>\$ 2,496,967</b>	<b>\$ 599,954</b>	<b>\$ 2,383,901</b>	<b>\$ 3,785,675</b>	<b>\$ 4,470,059</b>	<b>\$ 13,736,556</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 62,527	\$ 29,966	\$ 492,689	\$ 212,920	\$ 798,102
Accrued salaries and benefits	-	48,638	-	1,248,590	595,386	1,892,614
Due to other funds	-	2,442	-	1,696,793	27,161	1,726,396
Unearned revenue	-	-	1,524,192	347,603	112,521	1,984,316
Other liabilities	-	-	-	-	284,173	284,173
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>113,607</b>	<b>1,554,158</b>	<b>3,785,675</b>	<b>1,232,161</b>	<b>6,685,601</b>
Fund Balances:						
Nonspendable	-	-	-	-	363,240	363,240
Restricted	2,496,967	-	-	-	-	2,496,967
Committed	-	486,347	829,743	-	2,874,658	4,190,748
<b>TOTAL FUND BALANCES</b>	<b>2,496,967</b>	<b>486,347</b>	<b>829,743</b>	<b>-</b>	<b>3,237,898</b>	<b>7,050,955</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,496,967</b>	<b>\$ 599,954</b>	<b>\$ 2,383,901</b>	<b>\$ 3,785,675</b>	<b>\$ 4,470,059</b>	<b>\$ 13,736,556</b>

**BEAVERTON SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds					Total
	Student Body	Special Purpose	Categorical	Grant	Nutrition Services	
<b>REVENUES:</b>						
Federal sources	\$ -	\$ -	\$ -	\$ 18,098,919	\$ 8,253,743	\$ 26,352,662
State and local sources	-	-	-	823,533	156,903	980,436
Charges for services	6,318,739	48,262	-	-	4,642,615	11,009,616
Rentals	-	-	-	-	5,353	5,353
Investment earnings	-	2,889	11,953	-	11,371	26,213
Contributions and donations	-	945,155	158,649	1,240,202	-	2,344,006
Other	-	158,979	103,004	-	200	262,183
<b>TOTAL REVENUES</b>	<b>6,318,739</b>	<b>1,155,285</b>	<b>273,606</b>	<b>20,162,654</b>	<b>13,070,185</b>	<b>40,980,469</b>
<b>EXPENDITURES:</b>						
Instruction	6,224,847	645,154	-	11,351,237	-	18,221,238
Support services	-	294,273	135,693	8,694,918	8,523	9,133,407
Enterprise and community services	-	43,913	-	113,372	12,397,042	12,554,327
Facilities, acquisition and construction	-	62,656	1,133,845	3,127	-	1,199,628
<b>TOTAL EXPENDITURES</b>	<b>6,224,847</b>	<b>1,045,996</b>	<b>1,269,538</b>	<b>20,162,654</b>	<b>12,405,565</b>	<b>41,108,600</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>93,892</b>	<b>109,289</b>	<b>(995,932)</b>	<b>-</b>	<b>664,620</b>	<b>(128,131)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	85,676	85,676
Transfers out	-	-	(2,900,000)	-	-	(2,900,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(2,900,000)</b>	<b>-</b>	<b>85,676</b>	<b>(2,814,324)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>93,892</b>	<b>109,289</b>	<b>(3,895,932)</b>	<b>-</b>	<b>750,296</b>	<b>(2,942,455)</b>
<b>FUND BALANCES, July 1, 2011</b>	<b>2,403,075</b>	<b>377,058</b>	<b>4,725,675</b>	<b>-</b>	<b>2,487,602</b>	<b>9,993,410</b>
<b>FUND BALANCES, June 30, 2012</b>	<b>\$ 2,496,967</b>	<b>\$ 486,347</b>	<b>\$ 829,743</b>	<b>\$ -</b>	<b>\$ 3,237,898</b>	<b>\$ 7,050,955</b>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
STUDENT BODY FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Extracurricular activities	\$ 8,700,000	\$ 8,700,000	\$ 6,318,739	\$ (2,381,261)
<b>TOTAL REVENUES</b>	<u>8,700,000</u>	<u>8,700,000</u>	<u>6,318,739</u>	<u>(2,381,261)</u>
<b>EXPENDITURES:</b>				
Instruction	<u>10,700,000</u>	<u>10,700,000</u>	<u>6,224,847</u>	<u>4,475,153</u>
<b>TOTAL EXPENDITURES</b>	<u>10,700,000</u>	<u>10,700,000</u>	<u>6,224,847</u>	<u>4,475,153</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	(2,000,000)	(2,000,000)	93,892	2,093,892
<b>FUND BALANCE, July 1, 2011</b>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,403,075</u>	<u>403,075</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,496,967</u>	<u>\$ 2,496,967</u>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL PURPOSE FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Charges for services	\$ 120,000	\$ 120,000	\$ 48,262	\$ (71,738)
Investment earnings	10,000	10,000	2,889	(7,111)
Contributions and donations	2,000,000	2,000,000	945,155	(1,054,845)
Other	915,454	915,454	158,979	(756,475)
<b>TOTAL REVENUES</b>	<b>3,045,454</b>	<b>3,045,454</b>	<b>1,155,285</b>	<b>(1,890,169)</b>
<b>EXPENDITURES:</b>				
Instruction	1,581,665	1,581,665	645,154	936,511
Support services	450,000	450,000	294,273	155,727
Enterprise and community services	263,789	263,789	43,913	219,876
Facilities acquisition and construction	1,000,000	1,000,000	62,656	937,344
<b>TOTAL EXPENDITURES</b>	<b>3,295,454</b>	<b>3,295,454</b>	<b>1,045,996</b>	<b>2,249,458</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>109,289</b>	<b>359,289</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>250,000</b>	<b>250,000</b>	<b>377,058</b>	<b>127,058</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 486,347</b>	<b>\$ 486,347</b>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
CATEGORICAL FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Investment earnings	\$ 118,000	\$ 118,000	\$ 11,953	\$ (106,047)
Contributions and donations	400,000	400,000	158,649	(241,351)
Other	200,000	200,000	103,004	(96,996)
<b>TOTAL REVENUES</b>	<b>718,000</b>	<b>718,000</b>	<b>273,606</b>	<b>(444,394)</b>
<b>EXPENDITURES:</b>				
Support services	174,975	174,975	135,693	39,282
Facilities acquisition and construction	2,712,025	2,712,025	1,133,845	1,578,180
<b>TOTAL EXPENDITURES</b>	<b>2,887,000</b>	<b>2,887,000</b>	<b>1,269,538</b>	<b>1,617,462</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,169,000)</b>	<b>(2,169,000)</b>	<b>(995,932)</b>	<b>1,173,068</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers out	(2,900,000)	(2,900,000)	(2,900,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,069,000)</b>	<b>(5,069,000)</b>	<b>(3,895,932)</b>	<b>1,173,068</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>5,069,000</b>	<b>5,069,000</b>	<b>4,725,675</b>	<b>(343,325)</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 829,743</b>	<b>\$ 829,743</b>



**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)  
GRANT FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Federal sources	\$ 28,606,200	\$ 28,606,200	\$ 18,098,919	\$ (10,507,281)
State and local sources	1,303,112	1,303,112	823,533	(479,579)
Contributions and donations	1,817,600	1,817,600	1,240,202	(577,398)
<b>TOTAL REVENUES</b>	<b>31,726,912</b>	<b>31,726,912</b>	<b>20,162,654</b>	<b>(11,564,258)</b>
<b>EXPENDITURES:</b>				
Instruction	15,351,681	15,351,681	11,351,237	4,000,444
Support services	15,001,952	15,001,952	8,694,918	6,307,034
Enterprise and community services	168,279	168,279	113,372	54,907
Facilities acquisition and construction	1,205,000	1,205,000	3,127	1,201,873
<b>TOTAL EXPENDITURES</b>	<b>31,726,912</b>	<b>31,726,912</b>	<b>20,162,654</b>	<b>11,564,258</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
NUTRITION SERVICES FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Federal sources	\$ 7,693,360	\$ 7,693,360	\$ 8,253,743	\$ 560,383
State and local sources	155,999	155,999	156,903	904
Charges for services	5,103,181	5,103,181	4,642,615	(460,566)
Rentals	-	-	5,353	5,353
Investment earnings	19,641	19,641	11,371	(8,270)
Other	-	-	200	200
<b>TOTAL REVENUES</b>	<b>12,972,181</b>	<b>12,972,181</b>	<b>13,070,185</b>	<b>98,004</b>
<b>EXPENDITURES:</b>				
Support services	12,143	12,143	8,523	3,620
Enterprise and community services	13,284,782	14,066,467	12,397,042	1,669,425
Contingencies	781,685	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>14,078,610</b>	<b>14,078,610</b>	<b>12,405,565</b>	<b>1,673,045</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,106,429)</b>	<b>(1,106,429)</b>	<b>664,620</b>	<b>1,771,049</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfer in	100,000	100,000	85,676	(14,324)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,006,429)</b>	<b>(1,006,429)</b>	<b>750,296</b>	<b>1,756,725</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>1,006,429</b>	<b>1,006,429</b>	<b>2,487,602</b>	<b>1,481,173</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,237,898</b>	<b>\$ 3,237,898</b>

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## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one District department to other District departments, on a cost reimbursement basis. Included are:

*Printing Services Fund* - accounts for the user fees and printing costs incurred by the District's Printing Services Department.

*Insurance Reserve Fund* - accounts for costs incurred by the District under its self-insurance programs, except workers' compensation, up to insurance policy deductible limits.

*Workers' Compensation Fund* - accounts for workers' compensation claims relating to on-the-job injuries up to insurance policy deductible limits.

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**BEAVERTON SCHOOL DISTRICT  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2012**

	<u>Printing Services</u>	<u>Insurance Reserve</u>	<u>Workers' Compensation</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 368,686	\$ 2,879,280	\$ 2,015,040	\$ 5,263,006
Receivables	301	2,634	68,468	71,403
Due from other funds	-	99,623	95,902	195,525
	<u>368,987</u>	<u>2,981,537</u>	<u>2,179,410</u>	<u>5,529,934</u>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	17,997	177,152	16,876	212,025
Accrued claims losses	-	1,085,615	1,459,710	2,545,325
Accrued salaries and benefits	-	-	12,693	12,693
Due to other funds	-	-	268	268
	<u>17,997</u>	<u>1,262,767</u>	<u>1,489,547</u>	<u>2,770,311</u>
<b>TOTAL LIABILITIES</b>				
<b>NET ASSETS</b>				
Unrestricted	<u>350,990</u>	<u>1,718,770</u>	<u>689,863</u>	<u>2,759,623</u>
	<u>\$ 350,990</u>	<u>\$ 1,718,770</u>	<u>\$ 689,863</u>	<u>\$ 2,759,623</u>
<b>TOTAL NET ASSETS</b>				

**BEAVERTON SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2012**

	Printing Services	Insurance Reserve	Workers' Compensation	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 187,570	\$ 1,441,346	\$ 1,325,352	\$ 2,954,268
Recovery of prior years' expenditures	-	118,353	194,057	312,410
Other	-	50,355	1,815	52,170
<b>TOTAL OPERATING REVENUES</b>	<b>187,570</b>	<b>1,610,054</b>	<b>1,521,224</b>	<b>3,318,848</b>
<b>OPERATING EXPENSES:</b>				
Losses and claims	-	275,905	1,025,759	1,301,664
Insurance premiums and assessments	-	1,936,200	72,614	2,008,814
Salaries and benefits	51,897	277,582	348,793	678,272
Services, supplies and materials	200,253	358,489	77,860	636,602
Depreciation	4,063	-	-	4,063
<b>TOTAL OPERATING EXPENSES</b>	<b>256,213</b>	<b>2,848,176</b>	<b>1,525,026</b>	<b>4,629,415</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(68,643)</b>	<b>(1,238,122)</b>	<b>(3,802)</b>	<b>(1,310,567)</b>
<b>NONOPERATING REVENUE:</b>				
Investment earnings	2,191	18,854	12,464	33,509
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(66,452)</b>	<b>(1,219,268)</b>	<b>8,662</b>	<b>(1,277,058)</b>
Transfers in	-	1,735,000	-	1,735,000
Transfers out	(100,000)	-	-	(100,000)
<b>TOTAL TRANSFERS</b>	<b>(100,000)</b>	<b>1,735,000</b>	<b>-</b>	<b>1,635,000</b>
<b>CHANGE IN NET ASSETS</b>	<b>(166,452)</b>	<b>515,732</b>	<b>8,662</b>	<b>357,942</b>
<b>NET ASSETS, July 1, 2011</b>	<b>517,442</b>	<b>1,203,038</b>	<b>681,201</b>	<b>2,401,681</b>
<b>NET ASSETS, June 30, 2012</b>	<b>\$ 350,990</b>	<b>\$ 1,718,770</b>	<b>\$ 689,863</b>	<b>\$ 2,759,623</b>

BEAVERTON SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2012

	Printing Services	Insurance Reserve	Workers' Compensation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Received for services	\$ 191,093	\$ -	\$ -	\$ 191,093
Received from recovery of prior years' expenditures	-	118,353	194,057	312,410
Received from interfund services provided	-	1,495,231	1,268,079	2,763,310
Paid for goods and services	(179,189)	(2,302,834)	(133,793)	(2,615,816)
Paid to claimants	-	(275,905)	(1,025,759)	(1,301,664)
Paid to employees	(51,897)	(278,008)	(345,330)	(675,235)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(39,993)</b>	<b>(1,243,163)</b>	<b>(42,746)</b>	<b>(1,325,902)</b>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfer from other funds	-	1,735,000	-	1,735,000
Transfer to other funds	(100,000)	-	-	(100,000)
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(100,000)</b>	<b>1,735,000</b>	<b>-</b>	<b>1,635,000</b>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from disposal of capital assets	64,224	-	-	64,224
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	2,191	18,854	12,464	33,509
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(73,578)</b>	<b>510,691</b>	<b>(30,282)</b>	<b>406,831</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2011</b>	<b>442,264</b>	<b>2,368,589</b>	<b>2,045,322</b>	<b>4,856,175</b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2012</b>	<b>\$ 368,686</b>	<b>\$ 2,879,280</b>	<b>\$ 2,015,040</b>	<b>\$ 5,263,006</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (68,643)	\$ (1,238,122)	\$ (3,802)	\$ (1,310,567)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	4,063	-	-	4,063
Changes in assets and liabilities				
Receivables	3,523	12,469	(51,187)	(35,195)
Inventory	9,769	-	-	9,769
Due from other funds	-	(8,914)	(7,792)	(16,706)
Accounts payable	11,295	(8,145)	16,681	19,831
Due to other funds	-	(25)	(109)	(134)
Accrued salaries and benefits	-	(426)	3,463	3,037
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (39,993)</b>	<b>\$ (1,243,163)</b>	<b>\$ (42,746)</b>	<b>\$ (1,325,902)</b>



**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
PRINTING SERVICES FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Charges for services	\$ 400,000	\$ 400,000	\$ 187,570	\$ (212,430)
Investment earnings	5,000	5,000	2,191	(2,809)
<b>TOTAL REVENUES</b>	405,000	405,000	189,761	(215,239)
<b>EXPENDITURES:</b>				
Support services	455,000	455,000	256,213	198,787
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(50,000)	(50,000)	(66,452)	(16,452)
<b>OTHER FINANCING SOURCES AND USES:</b>				
Transfers out	(100,000)	(100,000)	(100,000)	-
<b>NET CHANGE IN FUND BALANCES</b>	(150,000)	(150,000)	(166,452)	(16,452)
<b>FUND BALANCE, July 1, 2011</b>	150,000	150,000	517,442	367,442
<b>FUND BALANCE, June 30, 2012</b>	\$ -	\$ -	\$ 350,990	\$ 350,990

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
INSURANCE RESERVE FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,434,360	\$ 1,434,360	\$ 1,441,346	\$ 6,986
Investment earnings	-	-	18,854	18,854
Recovery of prior years' expenditures	-	-	118,353	118,353
Other	-	-	50,355	50,355
<b>TOTAL REVENUES</b>	<u>1,434,360</u>	<u>1,434,360</u>	<u>1,628,908</u>	<u>194,548</u>
<b>EXPENDITURES:</b>				
Instruction	52,020	52,020	669	51,351
Support services	3,776,706	3,776,706	2,847,507	929,199
Facilities acquisition and construction	260,308	260,308	-	260,308
Operating contingency	15,355	15,355	-	15,355
<b>TOTAL EXPENDITURES</b>	<u>4,104,389</u>	<u>4,104,389</u>	<u>2,848,176</u>	<u>1,256,213</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(2,670,029)	(2,670,029)	(1,219,268)	1,450,761
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>1,735,000</u>	<u>1,735,000</u>	<u>1,735,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(935,029)	(935,029)	515,732	1,450,761
<b>FUND BALANCE, July 1, 2011</b>	<u>935,029</u>	<u>935,029</u>	<u>1,203,038</u>	<u>268,009</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,718,770</u>	<u>\$ 1,718,770</u>

**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
WORKERS' COMPENSATION FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,350,000	\$ 1,350,000	\$ 1,325,352	\$ (24,648)
Investment earnings	-	-	12,464	12,464
Recovery of prior years' expenditures	-	-	194,057	194,057
Other	-	-	1,815	1,815
<b>TOTAL REVENUES</b>	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,533,688</u>	<u>183,688</u>
<b>EXPENDITURES:</b>				
Support services	1,595,923	1,595,923	1,525,026	70,897
Operating contingency	512,253	512,253	-	512,253
<b>TOTAL EXPENDITURES</b>	<u>2,108,176</u>	<u>2,108,176</u>	<u>1,525,026</u>	<u>583,150</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	(758,176)	(758,176)	8,662	766,838
<b>FUND BALANCE, July 1, 2011</b>	<u>758,176</u>	<u>758,176</u>	<u>681,201</u>	<u>(76,975)</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 689,863</u>	<u>\$ 689,863</u>

## **FIDUCIARY FUND**

This fund accounts for the District's scholarship program provided by bequests and donations. Included is:

*Private Purpose Trust Fund* - accounts for fund-raising and scholarship resources received and held by the District in a fiduciary capacity. Disbursements from this fund are made in accordance with the trust and fund-raising agreements.

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**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PRIVATE PURPOSE TRUST FUND  
YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
<b>REVENUES:</b>				
Contributions and donations	\$ 24,000	\$ 24,000	\$ 32,113	\$ 8,113
Investment earnings	100	100	1,203	1,103
Miscellaneous	-	-	121	121
<b>TOTAL REVENUES</b>	<b>24,100</b>	<b>24,100</b>	<b>33,437</b>	<b>9,337</b>
<b>EXPENDITURES:</b>				
Enterprise and community services	<u>345,207</u>	<u>345,207</u>	<u>56,672</u>	<u>288,535</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(321,107)</b>	<b>(321,107)</b>	<b>(23,235)</b>	<b>297,872</b>
<b>FUND BALANCE, July 1, 2011</b>	<u>321,107</u>	<u>321,107</u>	<u>303,283</u>	<u>(17,824)</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,048</u>	<u>\$ 280,048</u>

**RECONCILIATION TO GAAP BASIS:**

<b>FUND BALANCE, June 30, 2012</b>	\$ 280,048
Scholarships payable	<u>(34,087)</u>
<b>NET ASSETS, June 30, 2012</b>	<u>\$ 245,961</u>

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**OTHER FINANCIAL SCHEDULES**



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**BEAVERTON SCHOOL DISTRICT  
REVENUE SUMMARY - ALL FUNDS  
YEAR ENDED JUNE 30, 2012**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700	Total
<b>Local Sources</b>							
1111 Current year taxes	\$ 101,744,285	\$ -	\$ 46,993,499	\$ -	\$ -	\$ -	\$ 148,737,784
1112 Prior year taxes	1,298,527	-	559,259	-	-	-	1,857,786
1114 Payments in lieu of property taxes	16,092	-	7,334	-	-	-	23,426
1122 Prior year local option levy	1,233	-	-	-	-	-	1,233
1130 Construction excise tax	-	-	-	1,157,042	-	-	1,157,042
1300 Tuition	1,936,043	-	-	-	-	-	1,936,043
1411 Fees - transportation	219,675	-	-	-	-	-	219,675
1510 Investment earnings	414,462	41,530	89,462	38,679	33,509	1,203	618,845
1600 Food service sales	-	4,642,615	-	-	-	-	4,642,615
1712 Admissions	269,652	-	-	-	-	-	269,652
1744 Fees - district events	1,047,220	96	-	-	-	-	1,047,316
1751 Commissions	26,939	82	-	-	-	-	27,021
1762 Fund raising	-	134,242	-	-	-	-	134,242
1790 Extracurricular activities	-	6,318,739	-	-	-	-	6,318,739
1810 Preschool services	-	48,084	-	-	-	-	48,084
1912 Rentals	552,237	5,353	-	43,751	-	-	601,341
1920 Contributions	7,876	2,344,206	-	-	-	32,113	2,384,195
1960 Recovery of prior years' expenditures	21,951	24,652	-	114,454	312,410	121	473,588
1971 Printing services	-	-	-	-	187,570	-	187,570
1972 Services to other funds	-	-	12,240,643	-	2,766,698	-	15,007,341
1980 Fees charged to grants	642,413	-	-	-	-	-	642,413
1990 Miscellaneous	809,925	103,124	-	916,883	52,170	-	1,882,102
1994 Third party billing	546,593	-	-	-	-	-	546,593
Total local sources	109,555,123	13,662,723	59,890,197	2,270,809	3,352,357	33,437	188,764,646
<b>Intermediate Sources</b>							
2101 County school fund	605,741	-	-	-	-	-	605,741
2102 ESD apportionment	5,741,699	106,410	-	-	-	-	5,848,109
2200 Restricted revenue	-	190,161	-	-	-	-	190,161
Total intermediate sources	6,347,440	296,571	-	-	-	-	6,644,011
<b>State Sources</b>							
3101 State school fund	167,737,344	-	-	-	-	-	167,737,344
3102 State school fund match	-	128,074	-	-	-	-	128,074
3103 Common school fund	3,262,020	-	-	-	-	-	3,262,020
3199 Other unrestricted grants-in-aid	1,830,674	-	-	-	-	-	1,830,674
3299 Other restricted grants-in-aid	8,568,370	662,201	-	-	-	-	9,230,571
Total state sources	181,398,408	790,275	-	-	-	-	182,188,683
<b>Federal Sources</b>							
4300 Restricted direct from federal	-	1,501,612	-	-	-	-	1,501,612
4500 Restricted through state	110,813	24,039,424	-	-	-	-	24,150,237
4910 Commodities	-	811,626	-	-	-	-	811,626
Total federal sources	110,813	26,352,662	-	-	-	-	26,463,475
<b>Other Sources</b>							
5110 Proceeds from the sale of bonds	-	-	42,175,000	-	-	-	42,175,000
5120 Proceeds from bond premium	-	-	5,668,811	-	-	-	5,668,811
5200 Transfers in	3,000,000	1,829,710	3,843,859	-	1,735,000	-	10,408,569
Total other sources	3,000,000	1,829,710	51,687,670	-	1,735,000	-	58,252,380
<b>TOTAL REVENUES</b>	<b>\$ 300,411,784</b>	<b>\$ 42,931,941</b>	<b>\$ 111,577,867</b>	<b>\$ 2,270,809</b>	<b>\$ 5,087,357</b>	<b>\$ 33,437</b>	<b>\$ 462,313,195</b>

**BEAVERTON SCHOOL DISTRICT  
GENERAL FUND (100) EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2012**

Instruction	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1110 Elementary programs	\$ 47,506,806	\$ 22,454,923	\$ 193,108	\$ 1,388,859	\$ -	\$ 761	\$ -	\$ 71,544,457
1120 Middle school programs	23,850,006	11,239,768	60,900	582,243	-	505	-	35,733,422
1130 High school programs	30,772,405	14,001,739	599,141	1,492,124	31,060	38,726	-	46,935,195
1210 Talented and gifted programs	280,753	96,466	48,596	136,848	-	-	-	562,663
1220 Restrictive programs	10,298,324	6,545,617	1,099,618	56,839	-	-	-	18,000,398
1250 Resource rooms	6,123,782	3,147,001	-	-	-	-	-	9,270,783
1280 Alternative education	955,086	452,778	1,784,765	59,036	-	-	-	3,251,665
1290 Designated programs	9,683,574	4,913,371	256,779	69,424	-	93,241	-	15,016,389
1460 Summer school programs	79,136	20,767	15,284	756	-	50	-	115,993
Total instruction	129,549,872	62,872,430	4,058,191	3,786,129	31,060	133,283	-	200,430,965
Support services								
2110 Attendance and social work services	1,301,293	987,875	69,307	70,714	-	270	-	2,429,459
2120 Guidance services	5,513,899	2,713,821	25,129	44,038	-	190	-	8,297,077
2130 Health services	1,056,499	522,555	11,957	17,453	-	-	-	1,608,464
2140 Psychological services	1,938,895	841,790	6,722	26,566	-	-	-	2,813,973
2150 Speech pathology and audiology services	2,234,456	990,255	1,839	40,056	-	1,125	-	3,267,731
2190 Service direction - student support services	1,620,120	693,786	236,589	109,440	-	61,284	-	2,721,219
2210 Improvement of instruction services	555,348	239,455	32,953	6,340	-	69,752	-	903,848
2220 Educational media services	3,848,576	2,081,480	64,011	477,584	-	324	-	6,471,975
2230 Assessment and testing	141,934	74,612	9,894	193,296	-	-	-	419,736
2240 Instructional staff development	164,358	842,657	9,626	17,947	-	-	-	1,034,588
2310 Board of education services	-	-	103,341	8,325	-	19,810	-	131,476
2320 Executive administration services	756,477	329,225	130,920	61,598	-	5,818	-	1,284,038
2410 Office of the principal services	13,482,004	6,703,095	118,816	294,282	-	15,964	-	20,614,161
2490 Other support services - school administration	1,038,166	457,483	77,408	8,975	-	360	-	1,582,392
2510 Direction of business support services	136,285	55,057	24,518	7,538	-	3,407	-	226,805
2520 Fiscal services	853,400	429,947	86,591	18,455	-	10,844	-	1,399,237
2540 Operation and maintenance of plant services	8,795,542	5,009,648	7,680,299	1,590,596	368,478	18,435	-	23,462,998
2550 Student transportation services	7,539,264	5,536,011	210,041	2,259,966	91,717	952	-	15,637,951
2570 Internal services	380,229	206,400	560,372	121,205	-	7,572	-	1,275,778
2620 Planning and development services	232,267	98,457	41,500	10,172	-	-	-	382,396
2630 Information services	282,814	128,943	40,220	9,971	-	714	-	462,662
2640 Staff services	1,211,588	575,495	155,926	57,607	-	200	-	2,000,816
2660 Technology services	2,529,951	1,227,097	1,960,479	1,042,132	784,365	1,761	-	7,545,785
Total support services	55,613,365	30,745,144	11,658,458	6,494,256	1,244,560	218,782	-	105,974,565
Facilities acquisition and construction								
4110 Service area direction	204,797	86,289	14,792	5,074	-	1,343	-	312,295
Other uses								
5200 Transfers of funds	-	-	-	-	-	-	5,861,774	5,861,774
<b>TOTAL EXPENDITURES</b>	<b>\$ 185,368,034</b>	<b>\$ 93,703,863</b>	<b>\$ 15,731,441</b>	<b>\$ 10,285,459</b>	<b>\$ 1,275,620</b>	<b>\$ 353,408</b>	<b>\$ 5,861,774</b>	<b>\$ 312,579,599</b>

**BEAVERTON SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2012**

Instruction	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1110 Elementary programs	\$ 63,242	\$ 14,457	\$ 50,940	\$ 905,401	\$ -	\$ -	\$ -	\$ 1,034,040
1120 Middle school programs	113,583	25,491	27,230	1,013,842	-	-	-	1,180,146
1130 High school programs	101,033	19,137	39,900	4,569,605	5,825	2,725	-	4,738,225
1210 Programs for talented & gifted	-	-	-	323	-	-	-	323
1220 Restrictive programs	1,635,781	876,542	534,351	8,187	-	-	-	3,054,861
1250 Resource rooms	812,686	423,581	-	-	-	-	-	1,236,267
1260 Early intervention	92,578	24,168	914	817	-	-	-	118,477
1270 Educationally disadvantaged	3,605,090	1,727,967	157,085	474,714	-	569	-	5,965,425
1280 Alternative education	9,594	2,488	5,731	4,403	-	-	-	22,216
1290 Designated programs	247,088	106,357	66,982	157,622	-	-	-	578,049
1430 Summer School - high school	52,836	13,634	225	-	-	240	-	66,935
1440 Summer School - primary K-3	4,649	1,227	1,200	-	-	-	-	7,076
1490 Other summer school	147,435	39,458	25,355	6,950	-	-	-	219,198
<b>Total instruction</b>	<b>6,885,595</b>	<b>3,274,507</b>	<b>909,913</b>	<b>7,141,864</b>	<b>5,825</b>	<b>3,534</b>	<b>-</b>	<b>18,221,238</b>
<b>Support services</b>								
2110 Attendance and social work services	182,871	103,054	24,714	19,888	-	-	-	330,527
2120 Guidance services	410,774	185,521	3,083	4,108	-	2,000	-	605,486
2130 Health services	3,367	2,961	119,989	-	-	-	-	126,317
2140 Psychological services	142,874	64,577	-	-	-	-	-	207,451
2150 Speech pathology and audiology services	688,060	340,998	-	-	-	-	-	1,029,058
2190 Service direction - student support services	238,855	102,081	683,519	112,287	-	-	-	1,156,742
2210 Improvement of instruction services	561,539	212,183	929,804	33,458	-	-	-	1,736,984
2220 Educational media services	29,086	7,585	25,006	204,221	-	-	-	265,898
2240 Instructional staff development	1,869,427	658,795	141,291	40,616	-	43,130	-	2,753,259
2410 Office of the principal services	607	258	9,062	12,110	6,995	-	-	29,032
2520 Fiscal services	5,937	2,586	-	-	-	641,901	-	650,424
2540 Operation and maintenance of plant services	3,332	1,472	34,138	-	-	-	-	38,942
2550 Student transportation services	-	-	-	-	10,700	-	-	10,700
2570 Internal services	-	-	195,843	34,457	7,495	-	-	237,795
2620 Planning and development services	4,889	723	-	-	-	-	-	5,612
2630 Information services	-	-	-	15,475	-	3,500	-	18,975
2640 Staff services	-	-	-	300	-	3,647	-	3,947
2660 Technology services	8,920	2,121	326,307	348,631	65,172	-	-	751,151
2700 Supplemental retirement program	606,015	98,580	-	-	-	-	-	704,595
<b>Total support services</b>	<b>4,776,553</b>	<b>1,783,495</b>	<b>2,492,756</b>	<b>825,551</b>	<b>90,362</b>	<b>694,178</b>	<b>-</b>	<b>10,662,895</b>
<b>Enterprise and community services</b>								
3110 Service area direction	741,159	354,684	20,772	827,802	-	986	-	1,945,403
3120 Food preparation and dispensing services	2,850,477	1,946,926	90,940	5,254,973	-	10,493	-	10,153,809
3140 Food services - summer school	114,108	30,871	4,856	133,666	-	-	-	283,501
3190 Other food services	-	-	-	71,458	-	-	-	71,458
3360 Welfare activities services	-	-	-	3,998	-	-	-	3,998
3370 Nonpublic school students	31,634	15,576	-	-	-	-	-	47,210
3390 Other community services	2,989	818	6,336	2,364	-	-	-	12,507
3500 Custody and care of children	18,798	17,643	-	-	-	-	-	36,441
<b>Total enterprise and community services</b>	<b>3,759,165</b>	<b>2,366,518</b>	<b>122,904</b>	<b>6,294,261</b>	<b>-</b>	<b>11,479</b>	<b>-</b>	<b>12,554,327</b>
<b>Facilities acquisition and construction</b>								
4150 Building acquisition, construction, and improvement services	87,533	32,379	189,686	6,287	871,771	11,972	-	1,199,628
<b>Other uses</b>								
5200 Transfers of funds	-	-	-	-	-	-	2,985,676	2,985,676
<b>TOTAL EXPENDITURES</b>	<b>\$ 15,508,846</b>	<b>\$ 7,456,899</b>	<b>\$ 3,715,259</b>	<b>\$ 14,267,963</b>	<b>\$ 967,958</b>	<b>\$ 721,163</b>	<b>\$ 2,985,676</b>	<b>\$ 45,623,764</b>

BEAVERTON SCHOOL DISTRICT  
 DEBT SERVICE FUND (300) EXPENDITURE SUMMARY  
 YEAR ENDED JUNE 30, 2012

	Object 300	Object 600	Total
Other Uses			
5110 Debt Service	\$ 281,899	\$ 110,630,150	\$ 110,912,049

**BEAVERTON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND (400) EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2012**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
Support services								
2540 Operation and maintenance of plant services	\$ 3,921	\$ 510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,431
Facilities acquisition and construction								
4110 Service area direction	107,563	36,148	9,009	729	-	1,530	-	154,979
4150 Building acquisition, construction, and improvement services	58	5	512,679	3,887	3,435,056	60,443	-	4,012,128
Total facilities acquisition and construction	107,621	36,153	521,688	4,616	3,435,056	61,973	-	4,167,107
Other uses								
5200 Transfers of funds	-	-	-	-	-	-	1,461,119	1,461,119
<b>TOTAL EXPENDITURES</b>	<b>\$ 111,542</b>	<b>\$ 36,663</b>	<b>\$ 521,688</b>	<b>\$ 4,616</b>	<b>\$ 3,435,056</b>	<b>\$ 61,973</b>	<b>\$ 1,461,119</b>	<b>\$ 5,632,657</b>

**BEAVERTON SCHOOL DISTRICT  
INTERNAL SERVICE FUND (600) EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2012**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
<b>Instruction</b>								
1120 Middle school programs	\$ -	\$ -	\$ -	\$ 581	\$ -	\$ -	-	581
1130 High school programs	-	-	88	-	-	-	-	88
<b>Total instruction</b>	-	-	88	581	-	-	-	669
<b>Support services</b>								
2320 Executive administration services	47,700	17,408	2,668	-	-	-	-	67,776
2540 Operation and maintenance of plant services	-	-	-	10,027	-	-	-	10,027
2550 Student transportation services	4,344	4,314	312	-	-	-	-	8,970
2570 Internal services	32,574	19,323	105,036	30,993	64,224	4,063	-	256,213
2640 Staff services	107,913	55,126	49,330	33	-	-	-	212,402
2690 Other support services	272,723	116,847	334,276	39,034	-	3,310,478	-	4,073,358
<b>Total support services</b>	465,254	213,018	491,622	80,087	64,224	3,314,541	-	4,628,746
<b>Other Uses</b>								
5200 Transfers of funds	-	-	-	-	-	-	100,000	100,000
<b>TOTAL EXPENDITURES</b>	\$ 465,254	\$ 213,018	\$ 491,710	\$ 80,668	\$ 64,224	\$ 3,314,541	\$ 100,000	\$ 4,729,415

**BEAVERTON SCHOOL DISTRICT  
 FIDUCIARY FUND (700) EXPENDITURE SUMMARY (NON-GAAP BASIS)  
 YEAR ENDED JUNE 30, 2012**

	Object 300	Object 400	Total
Enterprise and community services			
3390 Other community services	\$ 38,052	\$ 18,620	\$ 56,672



**BEAVERTON SCHOOL DISTRICT  
SCHEDULE OF PROPERTY TAX TRANSACTIONS  
YEAR ENDED JUNE 30, 2012**

	<u>Tax Year</u>	<u>Uncollected July 1, 2011</u>	<u>Levy as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected June 30, 2012</u>
<b><u>GENERAL FUND</u></b>								
Current	2011-12		\$ 106,121,713	\$ (2,719,868)	\$ 36,020	\$ 160,829	\$ (100,960,020)	\$ 2,638,674
Prior	2010-11	\$ 2,434,190		17,193	113,919	(114,239)	(973,406)	1,477,657
	2009-10	1,012,123	-	10,638	94,216	(59,174)	(220,031)	837,772
	2008-09	507,165	-	39	105,344	(16,627)	(449,556)	146,365
	2007-08	130,193	-	12	32,741	(5,993)	(116,353)	40,600
	2006-07	35,272	-	15	3,177	(3,267)	(8,350)	26,847
	2005-06 & prior	67,225	-	-	8,854	(251)	(14,228)	61,600
	Rounding adjustments	-	-	-	-	(147)	147	-
Total prior		<u>4,186,168</u>	<u>-</u>	<u>27,897</u>	<u>358,251</u>	<u>(199,698)</u>	<u>(1,781,777)</u>	<u>2,590,841</u>
<b>TOTAL GENERAL FUND</b>		<u>\$ 4,186,168</u>	<u>\$ 106,121,713</u>	<u>\$ (2,691,971)</u>	<u>\$ 394,271</u>	<u>\$ (38,869)</u>	<u>\$ (102,741,797)</u>	<u>\$ 5,229,515</u>
<b><u>DEBT SERVICE FUND</u></b>								
Current	2011-12		\$ 49,017,857	\$ (1,256,313)	\$ 16,638	\$ 74,287	\$ (46,633,659)	\$ 1,218,810
Prior	2010-11	\$ 1,085,772		7,669	50,814	(50,957)	(434,188)	659,110
	2009-10	472,089	-	4,962	43,944	(27,601)	(102,630)	390,764
	2008-09	202,123	-	16	41,983	(6,627)	(179,164)	58,331
	2007-08	56,613	-	5	14,237	(2,606)	(50,595)	17,654
	2006-07	11,963	-	5	1,078	(1,108)	(2,832)	9,106
	2005-06 & prior	25,135	-	-	2,654	(5,060)	(4,264)	18,465
	Rounding adjustments	-	-	-	-	23	(23)	-
Total prior		<u>1,853,695</u>	<u>-</u>	<u>12,657</u>	<u>154,710</u>	<u>(93,936)</u>	<u>(773,696)</u>	<u>1,153,430</u>
<b>TOTAL DEBT SERVICE FUND</b>		<u>\$ 1,853,695</u>	<u>\$ 49,017,857</u>	<u>\$ (1,243,656)</u>	<u>\$ 171,348</u>	<u>\$ (19,649)</u>	<u>\$ (47,407,355)</u>	<u>\$ 2,372,240</u>

**BEAVERTON SCHOOL DISTRICT  
 SUPPLEMENTAL INFORMATION AS REQUIRED  
 BY THE OREGON DEPARTMENT OF EDUCATION  
 YEAR ENDED JUNE 30, 2012**

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

	Objects 325 & 326
Function 2540	\$ 4,212,849
Function 2550	-

**B Replacement of Equipment - General Fund:**

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

Exclude these functions:

1113,1122 & 1132 Co-curricular Activities  
 1140 Pre-Kindergarten  
 1300 Continuing Education  
 1400 Summer School

Exclude these functions:

2550 Pupil Transportation  
 3100 Food Service  
 3300 Community Services  
 4150 Construction

\$ -

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# Statistical Section



Statistical Section





## STATISTICAL SECTION OVERVIEW

This section provides further details as a context for a better understanding of the financial statements.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	109
Revenue Capacity These schedules contain information to help the reader assess the Beaverton School District's most significant local revenue sources, state school fund and property taxes.	116
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the ability to issue additional debt in the future.	120
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	123
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	126

Sources: The information in these schedules is derived from the comprehensive annual financial reports for fiscal years ended June 30, 2002-11, unless otherwise noted. Beaverton School District implemented GASB Statement 34 in fiscal year 2002 and implemented GASB Statement 44 in Fiscal Year 2006.

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**BEAVERTON SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Invested in capital assets, net of related debt	\$ 210,353,998	\$ 188,502,503	\$ 168,112,175	\$ 152,810,342	\$ 129,859,453	\$ 113,625,361	\$ 95,062,500	\$ 65,783,381	\$ 50,166,323	\$ 43,893,392
Restricted	6,435,958	5,433,174	7,007,695	2,403,428	5,934,773	5,877,081	6,562,852	5,351,360	10,204,317	7,905,625
Unrestricted	(12,888,743)	5,544,039	17,131,784	15,908,625	23,913,941	39,758,965	52,748,376	69,831,853	77,963,210	36,658,675
Total primary government net assets	\$ 203,901,213	\$ 199,479,716	\$ 192,251,654	\$ 171,122,395	\$ 159,708,167	\$ 159,261,407	\$ 154,373,728	\$ 140,966,594	\$ 138,333,850	\$ 88,457,692

**Note:** Due GASB No. 54 fiscal year 2010 balances have been restated.



**BEAVERTON SCHOOL DISTRICT  
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE  
LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
Governmental activities:										
Regular programs	\$ 165,967,152	\$ 155,823,545	\$ 147,327,559	\$ 140,652,507	\$ 139,998,945	\$ 131,244,534	\$ 127,935,548	\$ 117,748,753	\$ 106,719,154	\$ 108,131,818
Summer school programs	58,727,067	58,135,083	55,074,926	52,117,226	53,781,655	46,411,445	43,377,052	39,227,850	32,824,283	31,581,346
Students support services	424,405	462,055	321,879	779,413	705,112	449,093	343,300	242,194	217,154	289,131
Instructional staff support	25,290,719	24,318,965	23,424,865	22,610,312	22,499,120	19,532,229	17,613,338	16,966,790	14,194,868	14,964,633
General administration support	14,046,573	16,324,138	15,908,765	20,347,527	19,634,716	19,224,287	15,404,364	10,952,671	9,011,823	9,222,690
School administration	1,453,474	1,527,173	1,563,192	1,832,985	1,424,567	1,368,558	1,356,456	1,246,810	1,201,086	1,140,662
Business support services	22,895,754	22,373,286	22,098,423	23,114,665	23,208,163	21,364,187	18,740,016	16,693,789	15,321,028	14,966,199
Central activities support	43,878,022	44,761,271	45,919,247	45,243,492	44,903,541	39,716,079	37,829,661	36,230,408	31,971,889	32,576,006
Supplemental retirement	15,304,425	16,137,172	14,583,749	14,509,009	14,976,455	12,136,465	11,531,533	9,188,418	7,196,213	6,399,144
Nutrition services	712,529	85,307	82,494	179,037	-	487,566	1,366,735	922,885	1,476,534	1,319,409
Community services	12,620,976	12,590,877	12,178,818	11,898,361	11,984,452	10,878,879	10,171,307	9,989,142	9,537,845	9,179,890
Custody and care of children services	67,660	140,908	120,909	130,491	112,324	106,333	139,645	126,210	159,111	111,736
Facilities Services	37,544	37,083	90,857	86,772	87,337	80,725	79,169	65,708	65,033	53,281
Interest on long-term debt	-	1,332,465	1,100,757	585,880	-	-	-	-	-	-
Total primary government expenses	24,764,671	24,552,195	26,185,245	24,991,499	25,316,093	22,701,185	23,267,733	21,288,330	12,806,272	13,618,296
	386,190,971	378,601,523	365,981,685	359,079,176	358,632,480	325,701,565	309,155,857	280,889,958	242,702,293	243,554,241
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Instruction	9,571,654	9,341,231	8,222,022	1,014,574	1,108,135	1,361,346	1,085,648	1,540,343	1,411,263	1,566,076
Support services	821,016	841,385	1,405,269	1,791,522	1,083,008	624,570	89,677	81,664	333,172	433,233
Enterprise and community services	4,690,877	4,736,978	4,894,440	5,054,123	5,332,832	5,159,982	5,233,973	5,523,185	5,358,166	5,253,832
Operating grants and contributions	28,815,557	45,694,904	41,722,109	30,898,351	22,888,821	20,058,967	20,474,626	21,629,614	18,325,139	14,293,220
Capital grants and contributions	-	560,751	1,384,570	5,933,674	993,093	3,085,597	861,888	83,783	945,862	622,404
Total primary government program revenues	43,899,104	61,175,249	57,628,410	44,692,244	31,405,889	30,290,462	27,745,812	28,858,589	26,373,602	22,168,765
<b>Net (Expense)/Revenue</b>										
Total primary government net expense	\$ (342,291,867)	\$ (317,426,274)	\$ (308,353,275)	\$ (314,386,932)	\$ (327,226,591)	\$ (295,411,103)	\$ (281,410,045)	\$ (252,031,369)	\$ (216,328,691)	\$ (221,385,476)

**BEAVERTON SCHOOL DISTRICT  
GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS  
LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Net (Expense)/Revenue</b>										
Total primary government net expense	\$ (342,291,867)	\$ (317,426,274)	\$ (308,353,275)	\$ (314,386,932)	\$ (327,226,591)	\$ (295,411,103)	\$ (281,410,045)	\$ (252,031,369)	\$ (216,328,691)	\$ (221,385,476)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	104,257,435	100,540,188	97,635,238	94,730,145	89,855,636	85,231,015	81,140,182	76,679,466	73,043,378	70,585,644
Local option taxes levied for general purposes	1,233	32	10,757	39,316	54,801	263,290	21,111,336	290,906	17,951,531	-
Property taxes levied for debt service	48,141,562	44,848,328	45,541,764	37,766,753	39,095,179	28,975,739	30,785,798	31,022,313	28,154,398	28,012,647
Construction excise tax	1,157,042	1,180,614	1,343,893	1,113,898	313,311	-	-	-	-	-
State school fund	167,737,344	157,658,272	164,168,392	171,866,019	173,257,834	162,075,476	141,588,593	130,056,624	138,912,496	110,557,301
Common school fund	3,262,020	3,419,944	3,487,822	2,833,379	3,757,889	3,247,263	2,877,013	2,535,781	831,259	2,000,775
Unrestricted state and local sources	17,833,330	11,638,640	9,902,461	12,158,536	10,433,342	7,932,886	6,894,581	6,155,175	4,708,987	3,170,979
Earnings on investments	617,642	790,559	614,622	3,444,218	9,631,356	1,424,131	6,320,153	5,212,090	1,275,197	1,722,908
Miscellaneous	3,705,756	4,577,759	4,737,257	1,848,896	1,274,003	11,148,982	4,099,523	2,711,758	1,496,522	2,528,506
Total primary government	346,713,364	324,654,336	327,442,206	325,801,160	327,673,351	300,298,782	294,817,179	254,664,113	266,373,768	218,578,760
<b>Change in Net Assets</b>										
Total primary government	\$ 4,421,497	\$ 7,228,062	\$ 19,088,931	\$ 11,414,228	\$ 446,760	\$ 4,887,679	\$ 13,407,134	\$ 2,632,744	\$ 50,045,077	\$ (2,806,716)

**BEAVERTON SCHOOL DISTRICT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Unreserved	\$ -	\$ -	\$ -	\$ 17,182,975	\$ 9,708,337	\$ 16,311,004	\$ 26,750,246	\$ 34,874,198	\$ 42,781,430	\$ 11,501,177
Committed	1,612,745	1,362,113	1,688,104	-	-	-	-	-	-	-
Unassigned	7,989,042	20,156,857	26,486,138	-	-	-	-	-	-	-
Total general fund	<u>\$ 9,601,787</u>	<u>\$ 21,518,970</u>	<u>\$ 26,486,138</u>	<u>\$ 17,182,975</u>	<u>\$ 9,708,337</u>	<u>\$ 16,311,004</u>	<u>\$ 26,750,246</u>	<u>\$ 34,874,198</u>	<u>\$ 42,781,430</u>	<u>\$ 11,501,177</u>
All Other Governmental Funds										
Reserved for inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,032	\$ 178,613	\$ 154,761	\$ 103,329
Unreserved, reported in:										
Debt service fund	-	-	-	2,403,428	5,934,773	5,877,081	6,562,852	5,351,360	10,204,317	10,296,738
Capital projects funds	-	-	-	72,864,172	80,339,282	150,332,989	13,016,390	50,922,847	61,963,592	28,748,170
Special revenue funds	-	-	-	13,812,287	20,345,523	26,640,016	23,150,903	21,948,289	23,406,526	15,440,442
Non-spendable	363,240	395,505	383,175	-	-	-	-	-	-	-
Restricted	21,458,042	23,776,761	36,964,939	-	-	-	-	-	-	-
Committed	8,130,111	11,417,612	10,165,139	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 29,951,393</u>	<u>\$ 35,589,878</u>	<u>\$ 49,201,357</u>	<u>\$ 89,079,887</u>	<u>\$ 106,619,578</u>	<u>\$ 182,850,086</u>	<u>\$ 42,941,177</u>	<u>\$ 78,401,109</u>	<u>\$ 95,729,196</u>	<u>\$ 54,588,679</u>

**Note:** GASB 54 was implemented in fiscal year 2011. Fiscal year 2010 balances were restated.

**BEAVERTON SCHOOL DISTRICT  
GOVERNMENTAL FUNDS REVENUES  
LAST TEN FISCAL YEARS**

*(modified accrual basis of accounting)*

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Federal sources:										
Federal grants	\$ 18,209,732	\$ 36,055,519	\$ 32,479,021	\$ 22,966,422	\$ 15,402,495	\$ 13,816,650	\$ 14,641,622	\$ 13,762,221	\$ 11,205,537	\$ 8,498,299
Food services	8,253,743	7,890,362	7,315,965	6,476,041	5,947,121	5,476,602	5,061,998	4,808,336	4,333,519	3,854,996
Total federal sources	<u>26,463,475</u>	<u>43,945,881</u>	<u>39,794,986</u>	<u>29,442,463</u>	<u>21,349,616</u>	<u>19,293,252</u>	<u>19,703,620</u>	<u>18,570,557</u>	<u>15,539,056</u>	<u>12,353,295</u>
State and intermediate sources:										
State school support	178,776,160	164,851,674	170,175,911	182,178,041	176,212,759	166,196,365	142,052,184	129,714,366	138,603,657	110,450,915
Common school fund	3,262,020	126,639	124,261	2,833,379	3,757,889	3,247,263	2,877,013	2,535,780	831,259	2,000,775
Nutrition services	150,503	150,503	152,866	126,938	133,309	133,309	131,728	133,102	132,775	136,100
Other	6,644,011	8,148,791	8,490,207	7,653,250	8,287,664	6,764,285	5,201,625	5,487,010	4,260,689	2,374,423
Total state and intermediate sources	<u>188,832,694</u>	<u>173,277,607</u>	<u>178,943,245</u>	<u>192,791,608</u>	<u>188,391,621</u>	<u>176,341,222</u>	<u>150,262,550</u>	<u>137,870,258</u>	<u>143,828,380</u>	<u>114,962,213</u>
Local sources:										
Ad valorem taxes	150,618,996	145,659,724	142,849,247	131,218,334	128,162,210	114,187,597	113,729,273	110,140,999	103,442,033	101,791,357
Local option levy	1,233	32	10,757	39,316	54,801	263,290	21,111,336	-	17,951,530	-
Food service sales	4,642,615	4,690,790	4,804,659	4,952,460	5,256,072	5,155,080	5,155,262	5,458,185	5,298,164	5,201,155
Interest and other income	26,936,013	25,942,763	25,114,830	9,510,706	15,141,413	14,208,913	21,743,467	9,444,129	5,387,212	3,575,644
Other revenues	51,023,806	5,944,942	4,136,871	11,021,749	11,276,968	17,071,530	1,474,718	1,687,007	1,329,671	2,766,078
Total local sources	<u>233,222,663</u>	<u>182,238,251</u>	<u>176,916,364</u>	<u>156,742,565</u>	<u>159,891,464</u>	<u>150,886,410</u>	<u>163,214,056</u>	<u>126,730,320</u>	<u>133,408,610</u>	<u>113,334,234</u>
Total revenues	<u>\$ 448,518,832</u>	<u>\$ 399,461,739</u>	<u>\$ 395,654,595</u>	<u>\$ 378,976,636</u>	<u>\$ 369,632,701</u>	<u>\$ 346,520,884</u>	<u>\$ 333,180,226</u>	<u>\$ 283,171,135</u>	<u>\$ 292,776,046</u>	<u>\$ 240,649,742</u>

**BEAVERTON SCHOOL DISTRICT  
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO  
LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Instruction	\$ 218,652,203	\$ 209,144,733	\$ 196,896,644	\$ 188,542,067	\$ 188,329,573	\$ 176,790,381	\$ 166,708,094	\$ 148,860,060	\$ 131,333,468	\$ 132,760,466
Pupil personnel services	24,593,504	23,722,270	22,768,827	22,134,153	21,848,902	19,387,314	17,327,799	16,934,964	14,186,742	14,938,329
Instructional media services	6,737,873	7,052,598	7,046,696	7,172,032	7,146,052	7,254,632	6,392,841	6,260,522	5,671,181	5,000,170
Instruction and curriculum development services	3,060,568	4,933,657	4,825,938	7,567,589	8,842,212	9,353,046	5,362,684	3,042,110	2,299,282	2,399,644
Instructional staff training	3,787,847	3,934,336	3,630,603	5,125,872	3,125,866	2,553,112	3,418,579	1,631,324	977,351	1,661,743
Board of education	131,476	177,570	105,529	275,864	184,538	172,757	124,018	133,601	143,304	196,317
General administration	1,284,038	1,317,619	1,420,229	1,522,419	1,203,654	1,196,802	1,215,448	1,111,301	953,862	942,178
School administration	22,225,585	21,808,208	21,439,584	22,682,452	22,462,904	21,228,944	18,406,389	16,644,872	15,288,210	14,904,928
Fiscal services	2,276,466	2,499,882	2,631,837	2,948,368	2,336,876	2,685,069	1,921,401	1,866,135	1,858,116	1,962,240
Central services	12,684,917	12,809,288	14,755,944	15,294,568	13,927,923	10,898,286	10,746,320	10,168,642	8,523,260	7,787,758
Pupil transportation services	15,648,651	17,251,379	15,049,227	17,079,625	17,112,898	15,326,487	13,195,270	12,064,717	11,045,645	11,353,341
Operation and maintenance of plant	23,506,371	22,836,444	23,201,941	23,507,619	23,653,905	22,377,493	22,959,195	20,545,643	16,500,476	15,869,968
Supplemental retirement	704,595	85,019	-	-	-	500,000	1,160,000	901,565	2,000,000	2,000,000
Community services	12,554,327	12,572,108	12,235,486	12,010,508	12,047,652	11,170,622	10,520,259	10,077,303	9,730,906	9,191,452
Capital outlay	5,679,030	15,507,726	42,237,995	82,949,169	78,045,230	21,846,308	54,214,334	20,142,844	3,031,221	4,832,961
Facilities acquisition/construction	-	-	-	-	-	-	4,328	-	22,646,732	40,807,550
Other capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service	38,323,249	33,994,798	29,744,444	27,335,773	22,480,622	22,434,588	20,145,000	22,395,000	15,590,000	14,305,000
Principal	24,746,840	26,637,751	28,548,173	26,076,306	29,254,294	21,105,620	21,545,175	14,229,248	13,053,849	14,366,111
Interest	281,899	-	-	-	-	-	272,879	2,156,265	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	47,560,061	-	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 464,439,500</u>	<u>\$ 416,285,386</u>	<u>\$ 426,620,290</u>	<u>\$ 462,224,384</u>	<u>\$ 452,003,101</u>	<u>\$ 366,281,461</u>	<u>\$ 375,640,014</u>	<u>\$ 309,166,117</u>	<u>\$ 274,833,605</u>	<u>\$ 295,280,155</u>
Expenditures for capital assets	\$ 6,305,864	\$ 14,370,060	\$ 41,748,748	\$ 86,305,084	\$ 79,848,844	\$ 23,776,623	\$ 56,029,870	\$ 21,873,413	\$ 25,129,119	\$ 45,177,340
Debt service as a percentage of noncapital expenditures	13.83%	15.09%	15.15%	14.21%	13.90%	12.71%	13.13%	13.50%	11.47%	11.46%

**BEAVERTON SCHOOL DISTRICT  
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES,  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Excess of revenues over (under) expenditures</b>	\$ (16,204,418)	\$ (18,667,758)	\$ (30,968,573)	\$ (83,247,748)	\$ (84,505,651)	\$ (23,448,224)	\$ (42,459,788)	\$ (25,994,981)	\$ 17,942,441	\$ (54,630,413)
<b>Other Financing Sources (Uses)</b>										
General long-term debt issued	-	-	-	-	-	-	-	332,627,545	56,027,248	-
Transfers in	6,929,535	4,377,445	6,412,278	18,422,773	11,063,733	6,484,832	9,855,761	8,734,822	12,677,389	2,443,913
Transfers out	(8,564,535)	(6,132,445)	(8,062,278)	(19,622,773)	(12,083,733)	(7,684,832)	(11,255,761)	(10,134,822)	(14,057,389)	(2,423,913)
Capital leases	-	1,844,111	-	2,837,449	2,692,476	2,536,141	-	-	-	-
Issuance of debt	-	-	2,878	65,460,000	-	149,090,000	-	-	-	-
PERS UAL lump sum payment	-	-	-	-	-	-	-	(188,467,154)	-	-
Premium on long-term debt issued	-	-	-	3,355,265	-	2,491,750	-	-	-	-
Refunding bonds issued	42,175,000	-	-	-	-	-	49,470,000	-	-	-
Bond premium	5,668,811	-	-	-	-	-	3,342,941	-	-	-
Bond refunding principal	(44,210,000)	-	-	-	-	-	(49,040,000)	(133,275,000)	-	-
Bond refunding interest	(3,350,061)	-	-	-	-	-	(3,497,037)	(8,725,729)	-	-
<b>Total other financing sources (uses)</b>	(1,351,250)	89,111	(1,647,122)	70,452,714	1,672,476	152,917,891	(1,124,096)	759,662	54,647,248	20,000
<b>Net change in fund balances</b>	\$ (17,555,668)	\$ (18,578,647)	\$ (32,615,695)	\$ (12,795,034)	\$ (82,833,175)	\$ 129,469,667	\$ (43,583,884)	\$ (25,235,319)	\$ 72,589,689	\$ (54,610,413)

**BEAVERTON SCHOOL DISTRICT**  
**ASSESSED VALUE AND REAL MARKET VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(in thousands of dollars)*

Fiscal Year	Assessed Value		Total Taxable Value	Total Direct Rate <sup>a</sup>	Real Market Value		Total Real Market Value	Assessed Value as a percentage of RMV
	Residential Property	Personal Property			Residential Property	Personal Property		
2012	\$ 21,897,521,030	\$ 719,492,406	\$ 22,617,013,436	\$ 6.860	\$ 29,322,657,487	\$ 719,492,406	\$ 30,042,149,893	75.28 %
2011	21,269,293,890	698,324,971	21,967,618,861	6.784	30,622,355,726	698,324,971	31,320,680,697	70.14
2010	20,647,926,140	694,175,279	21,342,101,419	6.879	32,405,737,871	694,175,279	33,099,913,150	64.48
2009	19,879,698,122	756,844,311	20,636,542,433	6.564	34,596,844,797	756,844,311	35,353,689,108	58.37
2008	18,840,746,410	714,828,590	19,555,575,000	6.736	33,577,338,341	714,828,590	34,292,166,931	57.03
2007	17,890,649,550	677,600,693	18,568,250,243	6.290	30,455,125,534	677,600,693	31,132,726,227	59.64
2006	16,966,445,698	656,320,613	17,622,766,311	7.976	24,457,151,531	656,328,649	25,113,480,180	70.17
2005	16,072,163,801	676,100,709	16,748,264,510	6.597	22,023,686,581	676,100,709	22,699,787,290	73.78
2004	15,278,975,133	705,947,091	15,984,922,224	8.010	20,836,937,638	705,953,664	21,542,891,302	74.20
2003	14,583,452,321	804,238,376	15,387,690,697	6.558	19,399,697,246	804,238,819	20,203,936,065	76.16

<sup>a</sup> Per \$1,000 of assessed value.

Source: Washington County Dept. of Assessment & Taxation

**BEAVERTON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

*(rate per \$1,000 of assessed value)*

**Overlapping Rates**

Fiscal Year	District Direct Rates			Total	Overlapping Rates												
	General Purposes	Local Option	Bonds		Portland Community College	City of Hillsboro	City of Portland	City of Tigard	Tualatin Hills Park & Recreation	Tualatin Valley Fire & Rescue	City of Beaverton	Washington County	Metro Service District	Tri-Met	Port of Portland	Multnomah County	NW Regional ESD
2012	\$ 4.693	\$ -	\$ 2.167	\$ 6.860	\$ 0.598	\$ 6.464	\$ 7.688	\$ 3.795	\$ 1.739	\$ 1.930	\$ 4.179	\$ 2.974	\$ 0.315	\$ 0.058	\$ 0.070	\$ 5.440	\$ 0.154
2011	4.693	-	2.091	6.784	0.636	5.387	7.808	2.722	1.743	1.883	4.203	2.980	0.409	0.088	0.070	5.385	0.154
2010	4.693	-	2.186	6.879	0.633	5.387	7.824	2.727	1.734	1.895	4.199	2.984	0.437	0.086	0.070	5.403	0.154
2009	4.693	-	1.871	6.564	0.503	5.387	7.392	2.688	1.429	1.843	4.115	2.984	0.398	0.080	0.070	5.394	0.154
2008	4.693	-	2.043	6.736	0.505	4.767	7.110	2.739	1.434	1.869	4.184	3.033	0.429	0.086	0.070	5.233	0.154
2007	4.693	-	1.597	6.290	0.489	4.767	7.813	2.727	1.443	1.819	4.212	2.449	0.278	0.097	0.070	5.295	0.154
2006	4.693	1.500	1.783	7.976	0.495	4.767	7.918	2.715	1.451	1.822	4.014	2.840	0.284	0.119	0.070	5.307	0.154
2005	4.693	-	1.904	6.597	0.510	4.767	7.979	2.698	1.455	1.826	4.104	2.873	0.284	0.110	0.070	5.279	0.154
2004	4.693	1.500	1.817	8.010	0.512	4.767	8.189	2.678	1.464	1.827	3.974	2.896	0.290	0.108	0.070	5.272	0.154
2003	4.693	-	1.865	6.558	0.494	4.767	6.966	2.901	1.462	1.821	3.607	2.915	0.284	0.124	0.070	5.174	0.154

The permanent and local option 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 general election in even numbered years. Rates for debt service are set based on each year's requirements.

**Source:** Washington Co. and Multnomah Co. Departments of Assessment and Taxation.



**BEAVERTON SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS PRIOR**

<u>Taxpayer</u>	June 2012			June 2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Intel	\$ 1,316,340,035	1	5.82 %			
Nike, Inc.	437,733,767	2	1.94	\$ 328,862,013	1	2.13 %
Pacific Realty Associates	299,183,240	5	1.32			
Genentech Inc.	239,110,040	7	1.06			
Maxim Integrated Products, Inc.	133,369,640	9	0.59	92,671,770	8	0.60
Tektronix, Inc.	132,546,208	10	0.59	121,508,904	4	0.79
PS Business Parks LP				140,955,094	3	0.92
Amberjack Ltd.				102,425,811	6	0.67
ERP Operating LP				100,428,960	7	0.65
PPR Washington Square LLC				66,117,873	10	0.43
<u>Public Utilities</u>						
Portland General Electric Co.	405,597,504	3	1.79	113,712,250	5	0.74
Frontier Communications (formerly Verizon)	350,700,000	4	1.55	178,778,864	2	1.16
Northwest Natural Gas	279,691,970	6	1.24			
Comcast Corporation	223,356,000	8	0.99	74,651,000	9	0.49
Subtotal of Ten Largest Taxpayers	3,817,628,404		16.88	1,320,112,539		8.58
All Other Taxpayers	18,799,385,032		83.12	14,067,578,158		91.42
Total Assessed Value of Tax District	\$ 22,617,013,436		100.00 %	\$ 15,387,690,697		100.00 %

Source: Washington County Department of Assessment & Taxation

**BEAVERTON SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 155,139,570	\$ 147,593,679	95.14 %	\$ 2,555,473	\$ 150,149,152	96.78 %
2011	148,921,305	140,983,744	94.67	4,076,674	145,060,418	97.41
2010	146,696,578	138,507,814	94.42	3,491,842	141,999,656	96.80
2009	135,514,754	127,776,537	94.29	2,746,675	130,523,212	96.32
2008	131,816,688	125,156,223	94.95	2,532,422	127,688,645	96.87
2007	117,082,726	111,488,243	95.22	2,499,575	113,987,818	97.36
2006	136,250,808	129,582,128	95.11	3,354,729	132,936,857	97.57
2005	110,578,642	104,969,221	94.93	2,436,379	107,405,600	97.13
2004	122,925,379	116,177,565	94.51	2,572,482	118,750,047	96.60
2003	101,039,286	95,475,768	94.49	2,299,073	97,774,841	96.77

(1) Amounts are based upon the tax collection year July 1 to June 30.

Source: Washington County Department of Assessment and Taxation and Beaverton School District financial records.

**BEAVERTON SCHOOL DISTRICT  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**  
*(dollars in thousands, except per capita)*

Fiscal Year	General				FFC		Un-		Capital			Net General Bonded Debt			Total Debt			
	Obligation	Bonds	Obligation	Bonds	Obligation	Bonds	amortized	Premium	Leases	Leases	Value of Property	As a Percentage of Actual	Per Capita <sup>a</sup>	General Bonded Debt	Primary Government	As Percentage of Taxable Value	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
2012	\$ 307,620	\$ 172,345	\$ 21,030	\$ 13,948	\$ 2,212	\$ 321,568	0.000011	%	\$ 1,249	\$ 517,155	0.0023	%	n/a	\$ 2,008				
2011	341,575	175,870	22,040	11,186	4,080	352,761	0.000011		1,384	554,751	0.0025	%	n/a	\$ 2,176				
2010	370,250	178,815	22,595	13,007	4,056	383,257	0.000012		1,519	588,722	0.0028		2,333					
2009	395,935	181,225	22,650	14,828	5,650	410,763	0.000012		1,655	620,288	0.0030		2,499					
2008	377,140	183,135	-	13,137	4,223	390,277	0.000011		1,565	577,635	0.0030		2,316					
2007	397,880	184,025	-	14,616	2,536	412,496	0.000013		1,685	599,057	0.0032		2,447					
2006	267,395	187,700	-	13,597	-	280,992	0.000011		1,195	468,692	0.0027		1,994					
2005	284,875	189,935	-	10,789	-	295,664	0.000013		1,283	485,599	0.0029		2,107					
2004	308,215	-	-	1,425	-	309,640	0.000014		1,365	309,640	0.0019		1,365					
2003	269,025	-	-	250	-	269,275	0.000013		1,205	269,275	0.0017		1,205					

<sup>a</sup> 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.

n/a - Information not available as of printing.

**BEAVERTON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2012**

<u>Governmental Unit</u>	Net Property-tax Backed Debt Outstanding	Percent Within School District	Estimated Share of Direct and Overlapping Debt
Beaverton School District	\$ 500,995,000	100.00 %	\$ 500,995,000
Tualatin Hills Park and Recreation District	105,790,000	96.98	102,590,381
Tualatin Valley Fire and Rescue	47,470,000	51.44	24,416,717
Washington County	14,325,000	47.19	6,759,394
Portland Community College	191,375,000	19.96	38,199,407
City of Tigard	30,735,000	17.37	5,339,530
Tri-Met	9,800,000	16.08	1,575,419
Metro	273,485,000	15.99	43,740,917
City of Hillsboro	8,510,000	12.54	1,066,805
Multnomah County	89,000,000	0.15	137,594
City of Portland	149,410,000	0.11	167,040
Subtotal, overlapping debt			223,993,204
<b>Total direct and overlapping debt</b>			<b>\$ 724,988,204</b>

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited-tax CO and less Self-supporting Full Faith & Credit debt.

Overlapping Debt is calculated by using Net Property-tax Backed Debt times Percent Overlapping that are provided by Oregon State Treasury, Debt Management Division.

**Source:** State of Oregon - Office of the Treasurer

**BEAVERTON SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**  
*(dollars in thousands)*

**Legal Debt Margin Calculation for Fiscal Year 2012**

Real Market Value	\$ 30,042,149,893
Debt limit (7.95% of real market value <sup>1</sup> )	2,388,350,916
Debt applicable to limit	<u>307,620,000</u>
Legal debt margin	<u>\$ 2,080,730,916</u>

Fiscal Year	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2012	\$ 30,042,149,893	\$ 2,388,350,916	\$ 27,653,798,977	7.95 %
2011	2,489,994,115	341,575,000	2,148,419,115	13.72
2010	2,631,443,095	370,250,000	2,261,193,095	14.07
2009	2,810,618,284	395,935,000	2,414,683,284	14.09
2008	2,726,227,271	377,140,000	2,349,087,271	13.83
2007	2,475,051,735	397,880,000	2,077,171,735	16.08
2006	1,996,521,674	267,395,000	1,729,126,674	13.39
2005	1,804,633,090	284,875,000	1,519,758,090	15.79
2004	1,712,659,859	308,215,000	1,404,444,859	18.00
2003	1,606,212,917	269,025,000	1,337,187,917	16.75

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

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

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

Allowable Percentage of Real Market Value:

<sup>A</sup> Kindergarten through eighth grade, 9 x .0055	4.95%
<sup>B</sup> Ninth through twelfth grade, 4 x .0075	<u>3.00%</u>
Allowable Percentage	<u><u>7.95%</u></u>

**BEAVERTON SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

Calendar Year	Population <sup>a</sup> <i>Estimated</i>	Personal		Unemployment Rate <sup>c</sup> <i>(Washington County)</i>
		Income <sup>b</sup> <i>(thousands of dollars)</i>	Per Capita Personal Income	
2012	257,562	n/a	n/a	n/a
2011	254,914	n/a	n/a	7.7 %
2010	252,293	\$ 21,586,715	\$ 40,606	9.1
2009	248,264	21,205,286	39,465	9.1
2008	249,399	21,185,612	40,188	9.3
2007	244,767	19,945,179	38,371	5.2
2006	235,100	18,607,666	36,259	4.3
2005	230,500	17,337,966	34,626	4.4
2004	226,900	16,120,965	33,069	5.2
2003	223,500	15,418,518	32,140	6.2

**Notes:**

n/a - Information not available as of printing.

<sup>a</sup> Bureau of Economic and Business Research and BSD estimates based on PSU Population Research Center data.

<sup>b</sup> U.S. Department of Commerce, Bureau of Economic Analysis.

<sup>c</sup> Oregon Labor Market, Labor Force Data for Washington County. Not seasonally adjusted.

**BEAVERTON SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS FOR THE  
PORTLAND METRO AREA  
CURRENT AND NINE YEARS PRIOR**

<u>Employer</u>	December 31, 2011			December 31, 2002		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Ten Largest Employers						
Intel Corp.	15,636	1	1.42 %	15,000	1	1.49 %
Providence Health System	14,089	2	1.28	12,800	3	1.27
U.S. Federal Government	13,900	3	1.26			
Oregon Health & Science University	12,000	4	1.09	10,100	4	1.00
Fred Meyer Stores	9,858	5	0.89	13,325	2	1.32
Legacy Health System	9,732	6	0.88	7,158	5	0.71
Kaiser Foundation Health Plan of the Northwest	9,039	7	0.82	7,093	6	0.70
City of Portland	8,876	8	0.80	5,000	9	0.50
Nike Inc.	7,000	9	0.63			
Portland School District	6,855	10	0.62			
Safeway Inc., Portland Division				6,000	7	0.59
Multnomah County				5,500	8	0.54
U.S. Bank				4,242	10	0.42
Subtotal of Ten Largest Employers	106,985		9.69	86,218		8.54
All Other Employers	996,951		90.31	923,043		91.46
<b>Total Portland PMSA<sup>1</sup> Employment</b>	<b>1,103,936</b>		<b>100.00 %</b>	<b>1,009,261</b>		<b>100.00 %</b>

Portland MSA is the Portland-Vancouver-Hillsboro Metropolitan Statistical Area which includes Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon, as well as Clark and Skamania counties in Washington.

Source: Portland Business Journal Book of Lists and Oregon Employment Department Labor Market Information System (OLMIS)

**BEAVERTON SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	Full-time Equivalent Employees as of June 30,										% Change 2011 to 2012		
	2012 Salary Range	2012	2011	2010	2009	2008	2007	2006	2005	2004		2003	
<b>Instruction</b>													
Certified	\$ 39,398	\$ 74,010	1,578.05	1,582.68	1,572.87	1,590.00	1,611.53	1,568.92	1,548.12	1,497.08	1,397.15	1,405.42	(0.29) %
Support	24,253	50,274	77.65	76.30	78.03	85.60	92.31	94.00	79.34	74.16	65.99	71.62	1.77
<b>Special Programs</b>													
Certified	39,398	74,010	397.72	436.59	435.50	420.10	436.05	405.39	372.76	374.10	321.07	305.82	(8.90)
Support	24,253	63,398	259.69	256.25	278.56	263.54	268.64	241.62	248.79	231.25	198.04	200.34	1.34
Administration	94,358	182,098	1.00	1.00	1.00	3.00	3.00	3.00	1.95	1.00	0.62	2.40	-
<b>Student Support Services</b>													
Certified	39,398	74,010	183.67	188.86	196.46	192.22	184.11	178.51	161.48	155.69	138.06	149.09	(2.75)
Support	22,256	110,056	76.72	76.00	69.22	70.96	68.70	65.53	62.02	58.46	56.33	55.63	0.95
Administration	94,358	182,098	2.97	3.47	5.00	3.88	3.94	4.00	3.00	2.78	2.80	2.92	(14.42)
<b>Instructional Staff Support</b>													
Certified	39,398	74,010	71.82	101.09	99.01	146.59	122.66	123.74	96.63	61.53	58.29	64.00	(28.96)
Support	24,253	58,094	32.82	32.80	36.36	36.74	37.09	33.93	32.14	32.09	31.35	36.38	0.05
Administration	94,358	182,098	2.00	2.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.60	-
<b>General Administration Support</b>													
Support	24,253	135,764	5.03	5.00	5.17	6.00	5.45	5.09	4.81	4.36	3.00	3.00	0.50
Administration	94,358	182,098	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.84	2.87	4.13	-
<b>School Administration</b>													
Certified	39,398	74,010	12.93	10.86	10.38	15.05	18.42	14.67	6.00	7.40	5.50	4.00	19.08
Support	24,253	58,094	104.35	106.86	104.61	106.25	103.23	99.35	93.78	92.90	88.25	84.63	(2.35)
Administration	94,358	182,098	89.30	91.40	91.38	96.73	95.42	90.81	85.90	83.11	82.43	82.17	(2.30)
<b>Business Support Services</b>													
<b>General Business</b>													
Support	24,253	85,467	16.34	18.09	18.45	18.34	17.80	16.44	15.88	15.76	15.83	16.40	(9.66)
Administration	94,358	182,098	1.00	1.00	1.43	2.00	2.00	2.00	1.88	1.91	2.00	2.00	-
<b>Facilities</b>													
Support	22,402	85,467	206.19	212.52	213.67	209.38	200.21	201.91	195.79	193.96	186.24	185.78	(2.98)
Administration	94,358	182,098	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.54	-
<b>Transportation</b>													
Support	24,253	85,467	176.72	180.72	179.98	194.33	190.31	178.80	177.84	166.41	163.78	168.14	(2.21)
Administration	94,358	182,098	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.90	1.00	-
<b>Other Administration Support</b>													
Support	31,013	73,570	9.67	10.00	9.75	10.52	10.63	11.99	10.61	9.97	10.14	10.92	(3.30)
<b>Central Support Services</b>													
Certified	39,398	74,010	5.29	5.30	4.49	5.50	5.50	5.75	6.92	6.12	5.77	5.69	(0.19)
Support	24,253	88,878	60.87	66.87	68.44	69.80	64.14	57.82	54.38	52.20	47.44	47.28	(8.97)
Administration	94,358	182,098	6.51	7.00	7.90	8.00	7.96	7.11	6.62	7.00	7.02	8.00	(7.00)
<b>Food Services</b>													
Support	20,280	50,690	103.01	103.55	103.19	99.15	94.90	96.74	93.10	91.63	93.01	95.36	(0.52)
Administration	94,358	182,098	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.49	1.00	1.00	-
<b>Community Services &amp; Custody and Care of Children Services</b>													
Certified	39,398	74,010	0.53	0.54	0.53	0.54	0.54	0.54	0.64	1.04	0.94	1.14	(1.40)
Support	22,256	88,878	1.69	1.55	2.49	1.25	1.25	1.26	1.26	1.26	1.25	0.97	9.37
<b>Facilities Acquisition and Construction</b>													
Support	57,242	85,467	3.14	10.49	14.20	15.62	15.60	6.47	5.18	4.65	3.76	4.47	(70.07)
Administration	94,358	182,098	1.00	1.81	2.00	2.00	1.92	1.71	1.00	1.00	-	-	(44.71)
<b>Total</b>			3,493.68	3,596.78	3,619.24	3,682.25	3,672.50	3,525.27	3,376.10	3,236.54	2,994.82	3,025.82	
			<b>Number of Teachers</b>										
<b>Bachelor's Salary Range</b>	\$ 36,398	\$ 68,187	382.50										
<b>Master's Salary Range</b>	\$ 39,516	\$ 74,010	1867.50										
<b>Average Teacher Salary</b>	\$ 57,451												

**Notes:**  
 Full-time certified employees of the district are employed for 193 days at eight hours per day or 1,544 hours per year. Total work hours by certified employees are divided by 1,544 to obtain full-time-equivalent employment.  
 Full-time equivalent employment for all other positions is determined based on 2,080 hours per year (52 weeks, five days at eight hours).  
 The data presented has been updated to reflect actuals. In prior years, the data presented was budgeted information.  
 Source: Beaverton School District records.



**BEAVERTON SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost per Student		Expenditures <sup>b</sup>	Cost per Student	Percentage Change		Certified Staff <sup>c</sup>	Student-Certified Staff Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals	
			per Student	per Student			Change	Change			Free or Reduced-Price	Meals
2012	39,054	\$ 347,848,421	\$ 8,907	\$ 11,892	\$ 464,439,500	\$ 11,892	10.88 %	2,250	17.36	40.6 %		
2011	38,814	340,145,111	8,763	10,725	416,285,386	10,725	(4.24)	2,326	16.69	39.8		
2010	38,090	326,089,678	8,561	11,200	426,620,290	11,200	(8.82)	2,319	16.43	38.8		
2009	37,613	325,688,733	8,659	12,284	462,049,981	12,284	2.70	2,370	16.44	35.8		
2008	37,789	322,222,955	8,527	11,961	452,003,101	11,961	23.07	2,379	15.95	32.8		
2007	37,687	300,894,945	7,984	9,719	366,281,461	9,719	(5.18)	2,298	16.64	31.7		
2006	36,646	279,458,298	7,626	10,251	375,640,014	10,251	19.74	2,193	17.10	30.0		
2005	36,116	250,242,760	6,929	8,560	309,166,117	8,560	10.04	2,103	17.91	31.0		
2004	35,328	220,511,803	6,242	7,779	274,833,605	7,779	(6.95)	1,927	18.95	28.0		
2003	35,320	220,968,533	6,256	8,360	295,280,155	8,360	6.11	1,935	18.75	24.0		

**Notes:**

<sup>a</sup>Operating expenditures are all governmental fund expenditures less debt service and capital outlays.

<sup>b</sup>Expenses include capital projects and debt service activity.

<sup>c</sup>Includes classroom, music, physical education, special education teachers, counselors and librarians.  
n/a - Information not available as of printing.

**Source:** Beaverton School District records.

**BEAVERTON SCHOOL DISTRICT  
CAPITAL ASSET INFORMATION  
LAST TEN FISCAL YEARS**

	Fiscal Year										Average Age of Buildings (in years)	
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003		
<b><u>Schools</u></b>												
<b><u>Elementary</u></b>												
Buildings	33	33	33	32	32	32	31	31	31	30	43	
Square feet	2,012,047	2,012,047	2,012,047	1,865,333	1,874,720	1,874,720	1,768,674	1,768,674	1,768,674	1,658,392		
Capacity	21,207	21,225	21,140	19,849	19,162	18,954	17,809	17,548	17,587	17,772		
Enrollment	17,917	17,818	17,445	17,801	17,693	17,572	16,968	16,647	16,177	16,280		
Percent used	84%	84%	83%	90%	92%	93%	95%	95%	92%	92%		
<b><u>Middle</u></b>												
Buildings	9	9	9	9	8	8	8	8	8	8	37	
Square feet	1,092,123	1,092,123	1,092,123	1,088,018	1,024,714	1,038,458	1,038,458	1,038,458	1,038,458	1,038,458		
Capacity	9,060	9,053	9,031	8,829	8,176	8,110	8,121	8,072	8,219	8,268		
Enrollment	8,734	8,567	8,405	8,124	8,265	8,293	8,221	8,359	8,346	8,394		
Percent used	96%	95%	93%	92%	101%	102%	101%	104%	102%	102%		
<b><u>High</u></b>												
Buildings	8	8	8	8	7	7	7	7	7	7	50	
Square feet	1,589,523	1,589,523	1,589,141	1,469,139	1,435,263	1,435,263	1,435,263	1,435,263	1,435,263	1,435,263		
Capacity	11,568	11,548	11,545	11,184	10,696	10,515	10,350	10,293	10,208	10,173		
Enrollment	11,340	11,311	11,055	11,688	11,831	11,822	11,457	11,110	10,805	10,613		
Percent used	98%	98%	96%	105%	111%	112%	111%	108%	106%	104%		
<b><u>Other</u></b>												
Buildings	2	2	2	3	3	3	3	3	3	3	27	
Square feet	40,607	40,607	40,607	50,607	50,607	50,607	50,607	50,607	50,607	50,607		
<b><u>Administrative</u></b>												
Buildings	1	1	1	1	1	1	1	1	1	1	40	
Square feet	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000		
<b><u>Transportation</u></b>												
Garages/Buildings	4	4	4	4	4	4	4	3	1	1	35	
Buses	317	317	300	320	320	303	283	271	252	249		

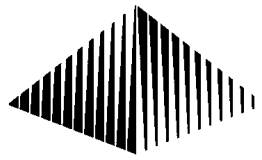
Source: Beaverton School District Annual District Statistics.

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# Single Audit Section







## GROVE, MUELLER & SWANK, P.C.

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### ***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***

School Board  
Beaverton School District  
Washington County, Oregon  
Beaverton, Oregon

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Beaverton School District, Washington County, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the Beaverton School District's basic financial statements and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control over Financial Reporting**

Management of Beaverton School District is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered Beaverton School District's 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 Beaverton School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Beaverton School District's internal control over financial reporting.

*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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

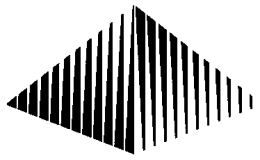
We noted certain matters that we reported to management of Beaverton School District, in a separate letter dated November 14, 2012.

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



CERTIFIED PUBLIC ACCOUNTANTS

November 14, 2012



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133***

School Board  
Beaverton School District  
Washington County, Oregon  
Beaverton, Oregon

#### **Compliance**

We have audited Beaverton School District, Washington County, Oregon's (the District) 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 District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on are applicable to each of its major federal programs for the year ended June 30, 2012.



### *Internal Control Over Compliance*

Management of Beaverton School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 the District's internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

  
CERTIFIED PUBLIC ACCOUNTANTS

November 14, 2012

**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS  
SPECIAL PROGRAMS FUND  
YEAR ENDED JUNE 30, 2012**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Period Covered</u>	<u>Grant Amount</u>	<u>2011-12 Revenue and Expenditures</u>
<b>U.S. Department of Education</b>					
Direct:					
Fund for the Improvement of Education	84.215L	S215L070415	10/01/07 - 09/30/12	\$ 4,086,818	\$ 459,434
	84.215X	U215X080121	07/01/08 - 09/30/11	999,382	27,128
					<u>486,562</u>
Title VII - Indian Education	84.060	S060A122500	07/01/11 - 06/30/12	38,689	38,689
Investing in Innovation (i3) (SFSF) - ARRA	84.396C	U396C100900	10/1/10 - 09/30/15	4,041,659	933,723
<b>Total Direct:</b>					<u><u>1,458,974</u></u>
Passed through Oregon Department of Education:					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	84.010	22571	07/01/11 - 09/30/12	5,661,663	5,184,517
	84.010	19361	07/01/10 - 06/30/12	6,315,071	754,327
	84.010	24396	09/01/11 - 06/30/13	58,400	54,263
					<u>5,993,107</u>
Title I Grants to Local Educational Agencies - ARRA	84.389	15603	02/17/09 - 08/31/11	4,719,171	11,396
Title I, Part A Cluster Total					<u>6,004,503</u>
Title IC - Migrant Education - State Grant Program					
	84.011	19269	07/01/10 - 06/30/12	195,186	74,412
	84.011	22177	07/01/11 - 09/30/12	198,563	165,720
	84.011	19250	07/01/10 - 09/30/11	17,565	17,565
	84.011	22196	07/01/11 - 09/30/12	18,852	6,761
	84.011	24583	01/01/12 - 06/30/12	3,000	3,000
	84.011	24742	05/01/12 - 09/30/12	56,505	14,473
	84.011	21613	05/01/11 - 09/30/11	17,018	11,019
					<u>292,950</u>
Title IIA - Improving Teacher Quality State Grants					
	84.367	19564	07/01/10 - 06/30/12	1,141,307	284,775
	84.367	22753	07/01/11 - 09/30/12	855,362	663,824
	84.367	24575	09/01/11 - 06/30/12	23,000	28,738
	84.367	20548	09/14/10 - 08/31/11	10,000	882
					<u>978,219</u>
Title III - English Language Acquisition Grants					
	84.365	20151	07/01/10 - 09/30/11	713,060	179,080
	84.365	22952	07/01/11 - 09/30/12	730,395	546,344
					<u>725,424</u>
Title IV - Safe and Drug-Free Schools and Communities					
State Grants					
	84.186	16999	07/01/09 - 09/30/11	114,173	34
	84.186	16999	07/01/09 - 09/30/11	114,173	1,940
					<u>1,974</u>
Title IVB - 21st Century Community Learning Centers					
	84.287	19313	07/01/10 - 09/30/11	158,885	10,016
					<u>10,016</u>
Career and Technical Education - Basic Grants to States					
	84.048	19136	07/01/10 - 09/30/11	304,518	11,674
	84.048	22115	07/01/11 - 09/30/12	279,148	275,911
					<u>287,585</u>
Education Jobs Fund - ARRA					
	84.410	20732	08/10/10 - 09/30/12	7,609,986	110,813
Educational Technology State Grants Cluster					
Education Technology State Grants, ARRA					
	84.386	18348	12/01/09 - 09/30/12	275,000	2,221
	84.386	22231	06/01/11 - 09/30/12	237,500	188,628
Educational Technology State Grants Cluster Total					<u>190,849</u>
Education of Homeless Children and Youth Cluster					
Education of Homeless Children and Youth, ARRA					
	84.387	15498	02/17/09 - 09/30/11	63,504	682

**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS**  
**SPECIAL PROGRAMS FUND**  
**YEAR ENDED JUNE 30, 2012**

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Period Covered</b>	<b>Grant Amount</b>	<b>2011-12 Revenue and Expenditures</b>
School Improvement Grants Cluster					
School Improvement 1003-G Year 1	84.377	22313	06/01/11 - 09/30/12	\$ 450,000	\$ 311,679
Special Education Cluster (IDEA)					
Special Education Grants to States	84.027	20250	07/01/10 - 09/30/12	5,933,373	1,052,805
	84.027	23534	07/01/11 - 09/30/13	6,634,650	6,315,578
	84.027	23743	10/01/11 - 09/30/12	21,218	-
	84.027	23035	08/01/11 - 06/30/12	14,463	14,463
	84.027	21255	10/01/10 - 09/30/11	21,218	12,391
	84.027	24004	09/01/11 - 06/30/12	9,000	9,000
	84.027	21745	07/01/09 - 09/30/11	52,537	52,537
	84.173	24148	07/01/11 - 09/30/13	27,246	2,795
	84.173	21922	07/01/10 - 09/30/12	22,537	22,537
	84.173	21745	07/01/09 - 09/30/11	6,693	6,693
					<u>7,488,799</u>
Passed through Northwest Regional ESD					
Special Education Grants to States	84.027	N/A	09/01/11 - 06/30/12	9,155	9,155
Special Education Grants to States-ARRA	84.391	15138	07/01/09 - 09/30/11	7,297,616	13,231
Special Education Cluster (IDEA) Total					<u>7,511,185</u>
Tech-Prep Education	84.243	19136	07/01/10 - 09/30/11	35,915	974
Passed through University of Oregon					
MSIP Intervention U of O	84.305	224001B	09/01/11 - 08/31/12	131,961	110,093
MSIP Intervention U of O	84.305	224001B	09/01/10 - 08/31/11	151,960	32,965
					<u>143,058</u>
<b>Total U.S. Department of Education</b>					<u><u>18,028,885</u></u>
<b>U.S. Department of Health &amp; Human Services</b>					
Passed through Oregon Department of Education:					
CCDF Cluster					
Quality Improvement	93.575	23995	07/01/11 - 06/30/12	10,000	10,000
Consortia Development	93.575	24637	02/01/12 - 06/30/12	149	133
Federally Mandated Crib Replacement	93.575	24705	03/01/12 - 06/30/12	1,303	1,022
					<u>11,155</u>
Passed through Oregon Employment Department:					
CCDF Cluster					
Child Care and Development Block Grant	93.575	#CCD 095063	07/01/11 - 06/30/13	115,000	74,255
CCDF Clutster Total					<u>85,410</u>
<b>Total U.S. Department of Health &amp; Human Services</b>					<u><u>85,410</u></u>
<b>U.S. Department of Transportation</b>					
Passed through Oregon Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	HU-09-10-14	10/01/10 - 09/30/11	50,700	19,315
Highway Planning and Construction	20.205	HU-10-10-14	10/01/11 - 09/30/12	46,400	18,993
					<u>38,308</u>
<b>Total U.S. Department of Transportation</b>					<u><u>38,308</u></u>

**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS  
SPECIAL PROGRAMS FUND  
YEAR ENDED JUNE 30, 2012**

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Period Covered</b>	<b>Grant Amount</b>	<b>2011-12 Revenue and Expenditures</b>
<b>U.S. Department of Agriculture:</b>					
Passed through Oregon Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	N/A	07/01/11-06/30/12	\$ 1,427,960	\$ 1,427,960
National School Lunch Program	10.555	N/A	07/01/11-06/30/12	5,555,583	6,367,209
Summer Food Service Program for Children	10.559	N/A	07/01/11-06/30/12	359,555	359,555
Child Nutrition Cluster Total					<u>8,154,724</u>
Food and Nutrition					
Child Care - Food Program	10.558	N/A	07/01/11-06/30/12	99,019	99,019
Fresh Fruits and Vegetable - Vose	10.582	23260	07/01/11 - 09/30/11	1,811	1,811
Fresh Fruits and Vegetable - Vose	10.582	24464	10/01/11 - 09/30/12	31,689	29,212
Fresh Fruits and Vegetable - William Walker	10.582	23295	07/01/11 - 09/30/11	1,770	1,770
Fresh Fruits and Vegetable - William Walker	10.582	24427	10/01/11 - 09/30/12	27,030	24,336
					<u>57,129</u>
<b>Total U.S. Department of Agriculture</b>					<u><u>8,310,872</u></u>
<b>FEDERAL GRANTS</b>					<u><u>26,463,475</u></u>
<b>State and local awards:</b>					
State Farm YAB Grant (Terra Nova)	N/A	N/A	07/01/11 - open	64,080	36,244
Washington County: After School Programs (4 schools)	N/A	N/A	07/01/11 - 06/30/12	33,194	21,537
Regional Data Warehouse Sustainability Phase 2	N/A	22090	03/01/11 - open	78,595	13,549
Nike Year 4	N/A	N/A	07/01/10 - 09/21/11	600,000	49,576
Confucious Classroom	N/A	N/A	07/01/11 - open	10,000	4,796
Oregon First Robotics (OEII GF 13 - Sci & Tech)	99.998	23981	09/01/11 - 06/30/12	2,700	2,700
New Educator Mentoring (OEII General Fund 13 - GIA)	99.998	23509	09/01/11 - 06/30/12	453,000	453,000
Regional Data Warehouse Sustainability	N/A	19208	07/01/10 - open	40,664	3,200
WA County ESD - E-Rate	N/A	N/A	Not Restricted	804,485	-
SB622 - Tech	N/A	N/A	06/13/01 - Open	833,340	18,544
Regional Data Warehouse - ETL Support	N/A	12158	03/01/08 - open	73,414	-
Regional Data Warehouse #2	N/A	15091	04/16/09 - open	1,527	-
Macy's District Grant	N/A	N/A	07/01/11 - open	2,500	-
Project EVI (AHP)	N/A	N/A	07/01/11 - 06/30/12	4,932	-
Pepsi Refresh Grant	N/A	N/A	07/01/11 - 06/30/12	5,000	4,995
BVT Together Youth Enhancement	N/A	N/A	09/01/08 - open	21,782	-
Lowe's Grant	N/A	N/A	07/01/11 - 06/30/12	3,110	3,110
Outward Bound: Expeditionary Learning	N/A	N/A	07/01/06 - 08/31/11	92,460	6,400
Intel : Science Fair	N/A	N/A	07/01/09 - 06/30/12	8,140	254
Intel : Science Fair	N/A	N/A	07/01/10 - 06/30/12	7,540	4,224
Arts for Learning Matching Funds	N/A	N/A	10/01/10 - 09/30/15		229,181
BEF: Mt View Extended Day	N/A	N/A	07/01/11 - 06/30/12	5,000	4,996
BEF: Stoller Extended Day	N/A	N/A	07/01/11 - 06/30/12	3,500	2,665
BEF: Cedar Park Extended Day	N/A	N/A	07/01/11 - 06/30/12	3,500	-
BEF: Raleigh Hills Summer	N/A	N/A	06/01/12 - 09/30/12	9,480	-
BEF: Meadow Park Extended Day	N/A	N/A	07/01/11 - 06/30/12	5,000	4,162
BEF: Five Oaks Extended Day	N/A	N/A	07/01/11 - 06/30/12	5,000	4,633
BEF: Beaver Acres Summer	N/A	N/A	06/01/12 - 09/30/12	4,890	-
OYCC Grant 0698 (Terra Nova)	N/A	N/A	08/18/11 - 06/30/12	15,800	11,478
Kaiser: Child Healthcare Program	N/A	N/A	06/01/09 - open	20,000	6,328
Washington Mutual: ESL Parental Involvement	N/A	N/A	11/17/03 - open	35,000	-
OYCC 2011 Summer Conservation Corps Grant	N/A	GRNT0695	06/01/11 - 10/14/11	11,111	9,177
CEYP "Tax Credit" Donations	N/A	N/A	10/01/02 - open	114,300	3,896
OCF Environmental Education Program	N/A	N/A	07/01/11-opem	25,000	10,247
Healthy Kids Program	N/A	N/A	07/01/11 - 06/30/12	120,000	119,989
Aspire Oregon	N/A	N/A	01/14/11 - 08/14/11	4,000	-
BEF: HW Club Cedar Mill	N/A	N/A	07/01/11 - 06/30/12	5,000	3,634
2005 Strategic Investment	N/A	N/A	02/11/05 - open	228,660	-
Intel	N/A	N/A	07/01/11 - 06/30/12	10,945	7,579
BEF: Kinnaman Summer School	N/A	N/A	06/01/11 - 09/30/11	10,000	10,000

**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS  
SPECIAL PROGRAMS FUND  
YEAR ENDED JUNE 30, 2012**

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Period Covered</b>	<b>Grant Amount</b>	<b>2011-12 Revenue and Expenditures</b>
Washington County: Community Learning Center Evaluation	N/A	N/A	07/01/10 - 06/30/12	\$ 2,000	\$ 2,000
BEF: Aloha High School Learning Team Summit	N/A	N/A	07/01/11 - 06/30/12	10,000	8,042
Fuel Up to Play Dairy Grant	N/A	N/A	07/01/11 - open	2,950	2,779
Reser Family Clothes Closet	N/A	N/A	07/01/11 - 06/30/12	9,500	9,500
MACC PEG-PCN Program	N/A	N/A	01/20/10 - open	50,146	2,945
BEF: Bonny Slope HW Club	N/A	N/A	07/01/11 - 06/30/12	5,000	4,608
BEF: Conestoga Extended Day	N/A	N/A	07/01/11 - 06/30/12	3,500	2,744
BEF: Springville Summer	N/A	N/A	07/01/11 - 06/30/12	9,853	1,665
BEF: McKay Water Wolf Camp	N/A	N/A	06/01/12 - 09/30/12	10,000	-
Washington Mutual: Spanish-Speaking Community Liason	N/A	N/A	11/30/05 - open	15,000	-
OYCC 2012 Summer Conservation Corps Grant	N/A	GRNT0803	06/01/12 - 10/15/12	11,111	1,735
MACC: Router Upgrade/PCN	N/A	N/A	07/01/08 - open	90,787	7,804
Washington County: Youth Summit	N/A	N/A	12/01/11 - 06/30/12	7,750	4,299
Nike Year 5	N/A	N/A	07/01/11 - 06/30/12	799,948	732,260
Nike Autism Consultants	N/A	N/A	07/01/11 - open	10,000	107
Washington Mutual: ELL Learning Communities	N/A	N/A	10/05/04 - open	25,000	5,025
MACC: Router Upgrades	N/A	N/A	12/06/07 - open	39,205	21,037
WAC ASIST Training	N/A	N/A	07/01/11 - 06/30/12	1,000	1,000
Intel: Lead the Way Health and Science High School	N/A	N/A	11/17/10 - 06/30/11	14,960	1,897
Washington County: Family Resource Center	N/A	N/A	07/01/11 - 06/30/12	73,975	68,894
Fuel Up to Play Dairy Grant - Conestoga	N/A	N/A	07/01/11 - open	3,000	2,571
BEF: Art Literacy	N/A	N/A	07/01/11 - 06/30/12	37,697	37,697
NWRESO: Reeves Consortium	N/A	N/A	09/01/11 - 06/30/12	60,645	60,645
BEF: Greenway Math Counts	N/A	N/A	07/01/11 - 06/30/12	5,000	5,000
BEF: Springville Literacy Learning	N/A	N/A	06/01/11 - 09/30/11	8,276	7,076
BEF: Raleigh Hills Targeting with Technology	N/A	N/A	06/01/11 - 09/30/11	6,854	6,854
BEF: Highland Park Extended Day	N/A	N/A	07/01/11 - 06/30/12	5,000	4,967
BEF: Whitford Extended Day	N/A	N/A	07/01/11 - 06/30/12	5,000	3,097
BEF: McKay Wolf Camp	N/A	N/A	06/01/11 - 09/30/11	9,870	7,392
<b>Total State and local projects/grants</b>					<b>2,063,735</b>
<b>TOTAL Federal, State and Local Awards</b>					<b>\$ 28,527,210</b>

**Notes:**

1. This schedule is presented on the modified accrual basis of accounting.
2. Donated commodities are valued at their estimated fair value

**BEAVERTON SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS**  
**YEAR ENDED JUNE 30, 2012**

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**PURPOSE OF THE SCHEDULE**

The accompanying Schedule of Expenditures of Federal, State and Local Awards (the "Schedule") is a supplementary schedule to the District financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present the financial position, changes in fund balances, or the operating funds' revenues, expenditures and changes in position of the District.

**SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

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*.

**FEDERAL FINANCIAL ASSISTANCE**

Pursuant to the Single Audit Act Amendments of 1996 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

**MAJOR PROGRAMS**

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

**REPORTING ENTITY**

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2012.

**REVENUE AND EXPENDITURE RECOGNITION**

The receipt and expenditure of federal awards are accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available. Expenditures are recorded when the liability is incurred.

**BEAVERTON SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2012**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

84.027, 84.391 & 84.173	Special Education Cluster (IDEA/ARRA)
84.318 & 84.386	Education Technology State Grants Cluster
84.365	English Language Acquisition Grants
84.396	Investing in Innovation (i3) Fund (ARRA)
84.410	Education Jobs Fund (ARRA)
84.215	Funds for the Improvement of Education

Dollar threshold used to distinguish between type A and type B programs:	\$793,904
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Auditee qualified as low-risk auditee?	Yes
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**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

# Compliance Section



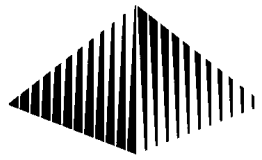




**INDEPENDENT AUDITOR'S REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**

Oregon Administrative Rules 162-10-000 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy; enumerate the financial statements, schedules, and comments and disclosures required in all audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required independent auditor's report and comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

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## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Board of Directors  
Beaverton School District  
Beaverton, Oregon

We have audited the basic financial statements of Beaverton School District, Washington County, Oregon as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether Beaverton 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 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.

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 District 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 that in testing teacher experience reported to the Oregon Department of Education, one teacher in 25 tested was reported in error. The District reported one year less experience for out of state experience than actual. The error has been corrected with the Department of Education.

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaverton School District (the District) as of and for the year ended June 30, 2012 in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.


Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain matters that we reported to management of Beaverton School District, Washington County, Oregon, in a separate letter dated November 14, 2012.

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

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
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Charles A. Swank, A Shareholder  
November 14, 2012