



Corvallis
SCHOOL DISTRICT

NOTICE

NOTICE IS HEREBY GIVEN of a meeting of the Corvallis School District Board of Directors.

Date & Time	Meeting Type	Location	Agenda
Monday, January 13, 2014 6:30 PM	Regular	District Office Board Room, 1555 SW 35th Street, Corvallis, OR 97333	See attached.

Accessibility: *To request accommodations for board meetings, please contact Kim Nelson at 541-757-5841 or kim.nelson@corvallis.k12.or.us at least 48 hours before the meeting.*

If you would like to watch live-streaming of the School Board meeting, please navigate to the District's YouTube channel: <https://www.youtube.com/channel/UC9Jtp5dmilZl9kySBJbVQ?>
A recording of the meeting will also be posted to that channel.

POSTED: Corvallis School District Administration Building
Hans Boyle, Education Editor, Gazette Times (Via Email)

For more information, please contact Kim Nelson at 541-757-5841 or at kimberly.nelson@corvallis.k12.or.us



Corvallis

SCHOOL DISTRICT

Monday, January 13, 2014
6:30 PM

AGENDA
Regular Meeting of the
BOARD OF DIRECTORS
Corvallis School District 509J

Meeting Details: Monday, January 13, 2014, 6:30 PM in the District Office Board Room,
1555 SW 35th Street, Corvallis, OR 97333.

If you would like to watch live-streaming of the School Board meeting, please navigate to the District's YouTube channel: <https://www.youtube.com/channel/UC9Jtpte5dmilZI9kySBJbVQ?> A recording of the meeting will also be posted to that channel.

- I. CALL TO ORDER AND ROLL CALL
- II. PLEDGE OF ALLEGIANCE
- III. SCHOOL BOARD RECOGNITION
- IV. COMMITTEE/BOARD MEMBER ITEMS
- V. SUPERINTENDENT'S REPORT
- VI. PUBLIC TESTIMONY - GENERAL TOPICS
- VII. STAFF TESTIMONY
- VIII. MUDDY CREEK CHARTER SCHOOL - CHARTER RENEWAL
 - VIII.A. Public Testimony
 - VIII.B. Board Vote

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 13, 2014

FOR ACTION

SUBJECT: Muddy Creek Charter School Contract Renewal Recommendation

Issue:

The current contract between Corvallis School District 509J and Inavale Community Partners Incorporated, doing business as Muddy Creek Charter School (MCCS) expires as of June 30, 2014.

The Corvallis School District recommends that the School Board renew this contract for a period of five years, July 1, 2014—June 30, 2019, and that this action be taken at the January 13, 2014 School Board meeting.

Pending the adoption of a renewed contract with MCCA, the district will be entering into negotiations with MCCS regarding the current charter and lease agreement that will expire on June 30, 2014. Board approval is required for the final contract.

Motion Requested:

I move that the Board approve renewal of the Muddy Creek Charter School contract for a period of five years, July 1, 2014—June 30, 2019, and authorize staff to enter into negotiations as outlined in the district report.

CONTACT PERSON(S): Kevin Bogatin

Corvallis School District
Contract Renewal Recommendation
Muddy Creek Charter School
January 13, 2014
Kevin Bogatin, Assistant Superintendent

District Recommendation

The Corvallis School District recommends that the school board renew the Muddy Creek Charter School contract for a period of five years, July 1, 2014 – June 30, 2019 and that this action be taken at the January 13, 2014 school board meeting.

Pending the adoption of a renewed contract with MCCS the district will be entering into negotiations with MCCS regarding the current charter and lease agreement that will expire on June 30, 2014.

Rationale:

Academic Performance

The school received a Level 4 rating when compared to all schools statewide in 2012-13. A Level 4 means the school falls between the 44% and 90% of schools. This year the state also compared schools to others with similar student demographics in 2012-13 and the school received a “Below average” rating. “Below average” means the school falls into the bottom third of comparison schools. Since the last renewal MCCS has been rated “Outstanding” in 2011 and 2012. The school takes these results seriously and is committed to obtaining and maintaining previous achievement outcomes. The school has developed an Improvement Plan for 2014 and will work with the district to obtain improved results in the 2013-14 school year.

Section 8 of the MCCS contract addresses the annual evaluation of student performance. 8.1 states, “The Charter School shall ensure that its students participating in the statewide assessments achieve at or above students in the same grade level as district students participating in the statewide assessment.” This is the first year that MCCS has not met this academic standard. Section 8.3 describes what will occur if the school does not meet the standard outlined in 8.1 for two consecutive years. The district is expecting a return to previous performance outcomes, however MCCS could be terminated for failure to meet the requirements for student performance as outlined in the charter agreement.

School Report Card Rating – Level 4

MCCSW Reading Achievement (Meet or Exceed)				
2008-2009	2009-2010	2010-11	2011-12	2012-13
93.1%	96.55%	96.67%	86.67%	75%
District Reading Achievement				
	86.8%	74.9%	84.6%	83.3%

Academic Performance – continued

MCCS Mathematics Achievement (Meet or Exceed)

2008-2009	2009-2010	2010-11	2011-12	2012-13
89.66%	89.66%	63.33%	76.67%	70%

District Mathematics Achievement

86.8%	74.9%	74.9%	74.1%
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MCCS Science Achievement (Meet or Exceed)

2008-2009	2009-2010	2010-11	2011-12	2012-13
83%	>95%	90%	90%	69.2%

District Science Achievement

75.1%	80.6%	76.3%	72.9%
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Writing Achievement (Meet or Exceed)

2008-2009	2009-2010	* The state suspended the statewide writing assessment for Grade 4 in 2011.
10%	51%.	

In addition to achievement on state assessments, MCCS has continued to provide students with an environmentally based educational program that provides field based learning experiences and partnership learning opportunities with community agencies.

Enrollment

MCCS has seen a steady increase in enrollment since opening up to its contractual cap of 90 full-time equivalent (FTE) students in Grades K-5. In March of 2013 the Corvallis School Board agreed to a one-year cap increase to 100 full-time equivalent students for the 2013-14 school year. Currently kindergarten students count as .5 FTE for this calculation. In the new agreement MCCS has requested a permanent cap extension of 110 full-time equivalent students. We will discuss the implications of full-day kindergarten during contract negotiations. The district is in support of the requested cap increase that will not include an impact on grade expansion.

Enrollment (Cap = 90 students ** Expanded to 100 students for 2013-14)

2008-2009	2009-2010	2010-2011	2011-12	2012-13	*2013-14
63	65	73	80	99	106

* One year cap extension to 100 students – Kindergarten students count as .5 FTE

Attendance

In 2012-13 ODE changed its state reporting of attendance from a yearly attendance rate to the metric “Students attending 90% or more of enrolled days.” MCCS rate in 2012-13 with this new metric was 68%. In the table below I have included three other district schools for comparison. The current charter agreement does not include attendance specific language, however it appears that there is a correlation between academic performance and attendance when examining 2012-13 data. MCCS has included attendance goals in this year’s School Improvement Plan and is working to improve their attendance rate for 2013-14.

Original ODE AYP Target Rate = 92%

2008-2009	2009-2010	2011-12
93.1%	93.6%	94.1%

2012-13 Students attending 90% or more of enrolled days

MCCS	Garfield Elementary	Lincoln Elementary	Franklin School
68%	84%	88%	93%

Financial Performance

MCCS is required to submit reports to the district according to the timeline established in the charter. These reports include monthly financial reports and the annual audit required in the contract. MCCS has done an excellent job the past three years in providing these required documents to the district. This year the annual audit was conducted in June 2013 and the annual audit report was submitted to the district by the September 30, 2013 deadline. The audit report revealed that at the end of the fiscal year ending June 30, 2013 MCCS had unrestricted net assets of \$170,178. MCCS total net position increased \$92, 948 during the previous fiscal year. There were no deficiencies noted in the audit report.

Funding for MCCS is outlines in Section 9.2.2(b), “Funding related to K-5 students shall be 80 percent of the amount of the District’s General Purpose Grant per ADMw as calculated under ORS 327.013, or the minimum under State law, whichever is greater.” Neither the district nor MCCS are recommending changes to percentage of ADMw funding in this contract term.

Facilities

Through a separate lease agreement document, MCCS rents the former Inavale School facility from the district for \$1 per year. This lease agreement expires on June 30, 2014. There is no automatic renewal option for this lease and the district was clear during the last contract negotiations that the district was not interested in a continued lease/tenant agreement for the Inavale site. MCCS and the district are working cooperatively to construct a building “purchase” transaction that would maintain the deed restrictions placed on the land by the current land owners. The district has agreed to be financially responsible for upholding the deed restrictions in the event MCCS ceases to operate out of the Inavale School building. A separate purchase contract is currently being developed and discussed and will be in place by April 2014.

The current lease agreement ended the previous repairs and maintenance accounts that were part of the original Inavale lease agreement. In the 2011 lease agreement M CCS agreed to accept the premises “AS IS” and the district would no longer assume any repair or maintenance obligations. A capital reserve account that was created during the original lease with the agreement that expenses above \$5000 would be reimbursed to M CCS until the account was exhausted. The current balance in the capital reserve account is \$00.00.

Human Resources

All regular classroom teachers have an active license on file with the district and meet all state and federal requirements. M CCS exceeds the statute requirement that 50% of the teachers be licensed by the State.

During the 2012-13 school year M CCS hired a physical education teacher that was not reported to the state in the annual ODE winter staffing report. M CCS has worked cooperatively with the district to correct any issues and is committed to providing timely reports and notice to human resources or other district departments.

While ODE allows only 50% of teachers to be licensed by the state, federal law requires all teachers in specific content areas to be “Highly Qualified.” We will work with M CCS in this new charter agreement to put assurances in place to maintain the district’s current status of 100% of staff being “Highly Qualified.”

Leadership

In March, 2010 Dan Hays was hired as the Executive Director of M CCS. Dan is the third Executive Director at M CCS since opening in the fall of 2008. Under Mr. Hayes direction the district M CCS has improved its operational efficiency and has developed positive and effective relationships with district staff. We look forward to our continued relationship with Mr. Hayes and the rest of the M CCS staff, parents, and board.

CHARTER SCHOOL CONTRACT



CORVALLIS SCHOOL DISTRICT 509J

AND

**INAVALE COMMUNITY PARTNERS
INCORPORATED
DBA**

MUDDY CREEK CHARTER SCHOOL



July 1, 2011—June 30, 2014

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CHARTER SCHOOL CONTRACT

THIS CONTRACT, dated this ____ day of May, 2011, is made and entered into by and between the **CORVALLIS SCHOOL DISTRICT 509J** (“District”) and **INVALE COMMUNITY PARTNERS INCORPORATED dba MUDDY CREEK CHARTER SCHOOL (MCCS)**, an Oregon nonprofit corporation (“Corporation” or “Charter School”).

RECITALS

WHEREAS, ORS Chapter 338 provides for the creation and operation of charter schools for certain purposes enumerated in that chapter; and

WHEREAS, the District and the Charter School entered into a contract to allow the Muddy Creek Charter School to operate as a charter school in the District on November 5, 2007; and

WHEREAS, the Charter School requested in writing by the dates required in the charter school contract to renew the charter school contract; and

WHEREAS, the District held a public hearing on the renewal of the Charter School on November 8, 2010; and

WHEREAS, this contract between the Charter School and the District will constitute the full and complete agreement between the parties regarding the governance and operation of the Charter School; and

WHEREAS, the parties desire that the Corporation be authorized to operate the Charter School and conduct its affairs in accordance with the terms of this Contract, District Board Policy LBE, and ORS Chapter 338.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual understandings, releases, covenants, and payments herein described, the parties agree as follows:

AGREEMENT

1. **Grant of the Charter.** The Corporation is granted, in accordance with ORS Chapter 338 and the terms and conditions of this Contract, a charter to operate the Charter School as described herein.
2. **Conditions Precedent to Operation of Charter School.** In order for the Corporation to operate the Charter School during the school years 2011-2014 the following conditions shall be met:
 - 2.1 By July 31, 2011 the Corporation shall provide proof to the District that the Corporation has entered into an agreement to purchase, lease, rent, or otherwise secure a facility for the Charter School to operate within the district boundaries.

- 2.2 Before the first day of classes for students at the Charter School facility, the Corporation shall secure the appropriate and necessary occupancy and safety permits for the facility and deliver proof of these permits to the District.
 - 2.3 By the date set forth in Section 2.1 the Corporation shall secure insurance in accordance with Section 13.1 and deliver proof of that insurance to the District.
 - 2.4 By the date set forth in Section 2.1 the Corporation shall prepare and deliver to the District a revised 2011-2012 budget, which accounts for the costs associated with the facility and required insurance policies and demonstrates financial stability using the most current State School Fund Grant estimate and enrollment projections.
 - 2.5 By the date set forth in Section 2.1 the Corporation shall provide to the District evidence of compliance with Section 12.1 on Staff Qualifications.
3. **Effective Date.** As soon as all conditions precedent in Section 2.1 through 2.4 are met, this Contract shall commence; the expiration date of the initial term shall be June 30, 2014.
4. **Renewal.** During the third year of the term of this contract, the Charter School may request a renewal of the charter for a minimum of five years and no more than ten years (ORS 338.065(3)(c)). The request for a renewal may be submitted to the District at any time after October 1, 2013. The request will state the requested length of the renewal term.
5. **Grade Range, Educational Program, Curriculum, and Student Assessment.**
 - 5.1 **Age and Grade Range.** The Charter School may provide instruction to students in grades K through five (5). The age requirements for students in any grade shall be the same as applicable state law, if any.
 - 5.2 **Student Population Cap.** The total number of full-time students enrolled at the Charter School while it serves K-5 shall be no greater than 90 students. At no time during the term of this contract shall the Charter School's student population exceed 90 full-time equivalent students without written approval from the district. If any additional grades above the fifth grade level are added to the Charter School the Charter School's student population will not exceed 110 full-time equivalent students.
 - 5.3 **Curriculum.**
 - 5.3.1 The District agrees to waive its curricular requirements, to the extent permitted by state law, but subject to the implementation of the Charter School's instructional programs outlined in its application, and as amended herein. The Charter School shall have the authority and

responsibility of designing and implementing its educational program, subject to the conditions of this Contract, in a manner that is consistent with state law, unless the law is inapplicable to charter schools.

5.3.2 The educational program, pupil performance standards and curriculum designed and implemented by the Charter School shall meet or exceed any content standards adopted by the State of Oregon and shall be designed to enable each pupil to achieve such standards. The Charter School agrees to comply with all state requirements concerning academic content areas as defined in ORS 329.045.

5.3.3 The Charter School agrees to obtain prior approval from the District before making a fundamental change to the educational program outlined in its application. A fundamental change is defined as basic changes, other than minor changes, to the core curriculum or the academic focus of the Charter School.

5.4 **Student Assessment.** All students enrolled and attending the Charter School shall participate and take part in all statewide assessments developed by the Oregon Department of Education under ORS 329.485, as well as any assessment developed by the Oregon Department of Education, the United States Department of Education, or the Oregon Legislature to implement the federal No Child Left Behind (NCLB) assessment requirements. If any of these assessments are discontinued, the parties shall mutually agree on the assessment tool to be used by the Charter School's students.

5.5 **Records.** The Charter School shall comply with all applicable federal and state laws concerning the maintenance, retention, disclosure and security of student records, including, without limitation, the Oregon Public Records Law. The Charter School shall cooperate with the District by providing any reports or records to the District that the parties mutually agree are necessary to meet the District's reporting obligations to the Oregon Department of Education or the U.S. Department of Education. The District shall provide the Charter School with a list of records and information it believes are required for the District to meet its state reporting requirements, and the parties will agree on the scope and form of such records and information and when to provide it. The Charter School will work with the District to meet the District's requirements, and the Charter School recognizes that it has the responsibility for the input of such data into District or state computer systems, subject to termination for noncompliance as provided in Section 11.6. All records established and maintained in accordance with this Contract shall be open to inspection by the District. The District shall be responsible for training staff in use of District systems and for costs of using District-specified special software for such record keeping

5.6 Nonreligious and Nondiscrimination. In compliance with ORS 338.035(7), the Charter School shall not be affiliated with a nonpublic sectarian school or a religious institution. In compliance with ORS 338.115(4), the Charter School shall not violate the Establishment Clause of the First Amendment to the United States Constitution or Section 5, Article I of the Oregon Constitution, or be religion based. In compliance with ORS 338.115(1)(h) and ORS 659.150, no person of the Charter School shall be subjected to discrimination on the basis of age, citizenship, color, disability, national origin, race, parental or marital status, religion, sex, or sexual orientation. In compliance with ORS 338.125(3), the Charter School shall not limit student admission based on ethnicity, national origin, disability, gender, income level, proficiency in the English language, or athletic ability, but the Charter School may limit admission to students within a given age group or grade level.

5.7 Open Enrollment.

5.7.1 Voluntary Enrollment, Who is Eligible. Student enrollment in the Charter School will be voluntary. All students who meet age requirements applicable to a particular grade level will be eligible for enrollment subject to the requirement that the Corporation shall give preference to the students who are resident in the District. Other than the age of a student and the preferences allowed by law, there will be no criteria for selection of students. A student will be deemed admitted to and enrolled in the Charter School when the student's application has been unconditionally accepted by the Charter School following completion of a phase of the enrollment process described below and after conditions to such acceptance have been satisfied. Enrollment of special education students will be governed as described in Section 5.7.5.

5.7.2 Enrollments. Each year, the Charter School will set deadlines by which such applications must be received for each phase of the enrollment process. These deadlines may change from year to year at the discretion of the Charter School. The Charter School Board will approve any forms and policies that may otherwise be needed to govern the enrollment process, and may change those from time to time as they determine what works best. The Charter School shall conduct the first stage of the enrollment process early enough to provide an estimate to the District of enrollment by the date the District uses in its choice process and monthly thereafter report changes in enrollment through the month of September. Each month for the calendar year prior to September of each year, the Charter School shall furnish the District the name and address of each student who has enrolled in the Charter School for September of that year.

5.7.3 Application Process, First Phase of Enrollment Process. On a date set by the Charter School Board, prospective students may apply for admission to the Charter School for the school year that begins the following September. For the first phase of the enrollment process, if the number of applications received by the deadline for the first phase is less than or equal to the maximum number of students allowed adjusted for Full Time Equivalent (FTE), then all the applications will be accepted (including applications from nonresidents).

If the number of applications received is greater than the maximum number of students allowed, then the Charter School will conduct an equitable lottery, in a manner determined by the Charter School and consistent with state law, to admit the maximum allowed number of students. A waiting list may be created for subsequent admission should a space become available later. Order of priority on the waiting list also will be determined through the lottery process.

5.7.4 Enrollment Preferences. The Charter School may give admissions preference to (1) students who were enrolled in the Charter School in the prior year, and (2) applicants who have siblings who are presently enrolled in the Charter School and who were enrolled in the Charter School in the prior year.

5.7.5 Special Education Students.

(a) The Charter School registration form will ask if the applicant has an Individualized Education Program ("IEP") under the Individual with Disabilities Education Act ("IDEA"). For any prospective student with an IEP, the Charter School will notify the District's Special Education Coordinator as soon as possible, and a representative from the Charter School will attend the IEP team meeting after the student enrolls in the Charter School, at which the team will determine whether or not the Charter School is the appropriate placement. If the IEP team cannot meet before the Charter School holds its enrollment lottery under Section 5.7, then students with an IEP will be included in the lottery as if the placement had been approved. Any student with an IEP whose application is accepted will be enrolled; the acceptance and enrollment will become final when the IEP team has determined that the Charter School is the appropriate placement.

(b) The Charter School will admit students without regard to their status as students needing special education services. The parties intend by this process to ensure that the Charter School does not unintentionally discriminate against enrolling special education students or otherwise violate applicable laws.

(c) For a special education student who is not a resident of the District, ORS 338.165 shall apply, and the Charter School and the resident school district of such student shall enter into a written agreement for the provision of special education services to the student.

5.8 Education of Students with Disabilities. The Charter School shall comply with all District policies and regulations and the requirements of federal and state law concerning the education of children under the Individual with Disabilities Education Act (“IDEA”). Compliance by the Charter School includes, but is not limited to, the following:

5.8.1 The Charter School shall comply with all District policies regarding discipline of special education students.

5.8.2 The Individual Education Plan/Program (IEP) team is determined by federal law. The parties expect that the Charter School will have at least one certified classroom teacher serve on the IEP team for Charter School students.

5.8.3 The student’s IEP team will determine the appropriate educational program and placement for the student. The Charter School shall abide by the IEP team’s decision on program and placement.

5.8.4 For those services that the IEP team, the District and the Charter School mutually agree would be best delivered by District employees, the Charter School will make every reasonable effort to work closely with District staff to assist in the effective delivery of the services. This might include either inclusion or “pull-out” service delivery. The Charter School will see to it that its staff has received special training when necessary for the delivery of special education services that will be conducted by its staff, as agreed to by the District, the IEP team, and the Charter School.

5.8.5 The funds from the Oregon Department of Education representing the Average Daily Membership weighted (ADMw) for special education for Charter School special education students shall be retained by the District, if the student is a resident of the District. To illustrate, if the District's General Purpose Grant were \$5,000 per ADMw, the District would receive 2.0 times that amount, or \$10,000, for each special education student under the current formula; the amount payable to the Charter School for each special education student (using the 80 percent formula under Section 9.2.2(b)) would be \$4,000; the District would retain the remainder of \$6,000.

5.8.6 The District has the discretion to determine which specialized programs will be offered on site at the Charter School site.

- 5.8.7 For a nonresident Charter School student eligible under IDEA, the Charter School and the resident district may enter into a written agreement for the provision of special education services to the student. The District is not responsible for these services or the costs thereof, and the parties acknowledge that the student's resident district is responsible for these services and any costs related to them.
- 5.8.8 The student's IEP team may recommend any appropriate placement for the student based on the student's needs, whether in or out of the Charter School. The Charter School shall not change the student's placement or IEP without IEP team approval.
- 5.8.9 Special education transportation will only be provided to a Charter School special education student if it is a related service on the Charter School student's IEP.
- 5.8.10 The Charter School shall provide substitutes for the Charter School staff who are required by law to attend IEP meetings or other meetings related to a Charter School special education student during the instructional day at the Charter School expense.
- 5.8.11 If, after a student is enrolled and attending the Charter School, the staff and employees of the Charter School suspect a student may be eligible for special education and related services under IDEA, the Charter School shall comply with the District practices and policies for referral of the student for evaluation. Specifically, the Charter School shall notify the student's resident district and shall cooperate with the District if a Charter School student may need evaluation to determine eligibility for special education. Any student referred for evaluation shall remain enrolled at the Charter School until an IEP team determines that the Charter School is not the appropriate placement for that student.

5.9 **Minimum Enrollment.** The minimum enrollment for each school year shall be 25 full-time students. The District may terminate this Contract if student enrollment in the Charter School falls under 25 students during any school year, as provided in Board Policy LBE-AR Section V.F., by application of the termination process. For purposes of this Contract full-time student means a student who is receiving more than one-half of his or her instructional program at the Charter School.

5.10 **Dual Enrollment.** The Charter School shall not permit a Charter School student to attend on a full-time or part-time basis, both the Charter School and another public school, another public Charter School, or non-public school, or enroll as a home-schooled student, without prior approval of the District. If the Charter School becomes aware that any student at the Charter School is enrolled and attending another public school, another public Charter School, a non-public

school on such a full-time basis or part-time basis, or is enrolled as a home-schooled student, the Charter School will notify the District and will request that the parent of such student take appropriate action to change the student's enrollment and attendance to one school.

- 5.11 **Student Attendance, Conduct, and Discipline.** The Charter School shall maintain on a monthly basis accurate enrollment data and daily records of student attendance and shall utilize the District computer program, provided by the District, for this purpose. (Refer to Section 9.2 of this Contract for detail.) The Charter School shall implement a system of uniform student discipline consistent with the application and shall notify its students of the students' rights and responsibilities as provided in the application. The Charter School Board may amend its policies from time to time as provided in Section 11.3. The Charter School shall notify the District immediately upon the Charter School's determination to expel a student. The Charter School and the District shall extend full faith and credit to the suspension and expulsion of a student of the other, unless both parties agree in writing to a variance from this requirement.

5.12 **Student Welfare and Safety.**

5.12.1 The Charter School shall comply with all applicable state and federal laws concerning student welfare, safety, and health, including, without limitation, the reporting of child abuse, accident prevention and disaster response, and any local, state, or federal regulations governing the operation of school facilities.

5.12.2 The Charter School is responsible for the reporting of child abuse and neglect in accordance with state law.

5.12.3 The Charter School shall immediately inform the District Liaison of any incident regarding child abuse and/or neglect.

5.12.4 The Charter School shall comply with state and federal law relating to drug administration to students.

5.12.5 The Charter School shall comply with OAR 584-020-0041, the Teacher Standards and Practices Commission requirements that the chief administrator report certain acts of gross neglect of duty by licensed staff.

- 5.13 **School Year, School Day, Hours of Operation.** The Charter School may be flexible in its calendar and in the scheduling of its daily activities, provided it conforms to any requirements of state law. However, the Charter School anticipates that its annual calendar will generally match the calendar of the District, and the Charter School may maintain a typical nine-month school year for its regular academic program. The number of instructional hours during each school year will comply with requirements of state law.

5.14 Alternative Education Model. Subject to applicable state law, federal law, and the terms of this Contract, the Charter School shall be allowed to promote and implement learning situations that are flexible with regard to environment, time, structure, and pedagogy. If the Charter School determines to send a student to a fee-based alternative education program, such as on-line classes or tutoring programs, the Charter School shall pay the full cost of such program. All such placements shall be approved in advance by the District.

5.15 Transportation of Students.

5.15.1 The public Charter School shall be responsible for providing transportation for its students who reside within the school district and may negotiate with the District for provision of transportation services. As interpreted by ODE, the Charter School can meet this responsibility by posting on a bulletin board for those interested in carpooling or other means of transportation.

5.15.2 The District shall provide transportation for public Charter School students pursuant to ORS 327.043. Resident public Charter School students will be transported under the same conditions as students attending private or parochial schools located along or near established District bus routes. The District shall not be required to add or extend existing bus routes.

5.15.3 Public Charter School students who reside outside the District may use existing bus routes and transportation services of the district in which the public Charter School is located.

5.15.4 Any home to school transportation costs incurred by the District shall be considered approved transportation costs.

6. Development of School Improvement Plan. The Charter School shall develop a written School Improvement Plan that includes measurable student achievement goals, strategies to meet the student achievement goals, timelines to meet the student achievement goals, and short-term and long-term professional development plans for staff. The plan may also include other measurable goals that are important to the culture and philosophy of the Charter School. The plan shall be reviewed annually and forwarded to the District by November 1 of each school year.

7. Curriculum Alignment. The learning goals for the Charter School students in reading/language arts and mathematics will be aligned to the Common Core Standards. All additional curriculum and content will be aligned to Oregon Standards. All additional assessments used by the Charter School to measure and monitor student progress will be based on Common Core or Oregon Standards.

8. Evaluation of Student Performance.

- 8.1** The Charter School shall ensure that its students participating in the statewide assessments achieve at or above students in the same grade level as District students participating in the statewide assessment. (For example, if 80 percent of the District's third grade students meet standards on mathematics, 80 percent or more of the Charter School's third grade students would need to meet standards in mathematics.)
- 8.2** If students of the Charter School do not meet or exceed the student achievement standards of students in the same grade level as District students or do not meet Adequate Yearly Progress (AYP), an evaluation of the factors contributing to these results will be undertaken by the District and Charter School personnel with expertise in teaching, learning, assessment, and evaluation to determine the likely causative factors. This determination will utilize principles of evaluation including a review of whether differences between grade level comparison groups as described in Section 8.1 are statistically significant. Should the determination related to grade level comparisons defined in Section 8.1 find that it is likely the factors contributing to the differences are not attributable to teaching and/or curricular programs, no further action will be taken. However, should it be found that the difference in grade level comparisons is likely based on instructional and/or curricular program issues or the school did not meet AYP then the District and the Charter School shall review and update its School Improvement Plan, required under Section 6 of this Charter School Contract, to address the issues interfering with students achieving at a rate commensurate with other district students in comparable grades and/or failing to meet AYP. The District shall review and provide input to Charter School on its revised School Improvement Plan to be implemented to ensure student achievement standards of the Charter School students meet or exceed student achievement standards of students in the same grade level as District students on the following year's statewide assessments and/or meeting AYP.
- 8.3** If students of the Charter School do not meet or exceed the achievement standards of students in the same grade level as District students on the following statewide assessment or do not meet AYP for two consecutive years the District and the Charter School shall jointly revise the School Improvement Plan to address the issues interfering with students meeting benchmarks at a rate commensurate with other district students at the same grade level or meeting AYP. The School Improvement Plan will specifically address teaching to the standards, effective teaching strategies, professional development, and leadership practices to focus on the Charter School students achieving at or above the rate at which students in the same grade level as District students achieve and/or meeting AYP.
- 8.4** The Charter School shall report to the District the Charter School's student scores on any of the statewide assessments within 10 business days of receiving the scores.

- 8.5** The District shall report to the Charter School the same state assessment result information as all District schools with disaggregated data for comparison and goal-setting purposes as soon as possible but not beyond 30 business days of receiving those scores.
- 8.6** In addition to assuring that students participating in the statewide assessments achieve at or above students in the same grade level as District students as outlined above, the Charter School shall also pursue Adequate Yearly Progress (AYP) as established by the state of Oregon under the No Child Left Behind Act (NCLB) of 2002 and as measured by participation rates and scores on the Oregon Statewide Assessments, attendance and other criteria used by the state to determine AYP for all public schools. The Charter School shall be subject to applicable federal and state sanctions for any failure to make AYP and shall review and update its School Improvement Plan as described in Section 6.
- 8.7** Each subgroup identified in NCLB will make AYP, as established above and measured by the Oregon Statewide Assessments.

9. Financial Matters, Funding, Annual Budgets, Annual Audit.

- 9.1 No Tuition, Fees.** The Charter School will not charge tuition to students, except as may be allowed under ORS 339.155 or other applicable law. As noted in ORS 338.115(1)(g), the following laws shall apply to the Charter School: ORS 339.141, ORS 339.147, and ORS 339.155. In accordance with state law, the Charter School may charge reasonable fees for the processing of applications, instructional materials (other than standard prescribed textbooks), after-school programs, and student extracurricular activities, those items described in ORS 339.155 and other items where not prohibited by applicable law. The Charter School shall waive all fees for students who meet requirements under ORS 339.147 or applicable federal law.

9.2 Annual Funding.

- 9.2.1 Student Enrollment, Attendance Records.** The Charter School shall identify and count, and maintain timely and accurate records of, its number of enrolled students and their days present and absent; attendance; special education students; students eligible for and enrolled in an English as a Second Language program under ORS 336.079; and other data required in order to calculate average daily membership, weighted average daily membership (ADMw), and related terms necessary to determine funding under state law, particularly ORS 338.155 and 327.013.

9.2.2 Calculating ADMw and Funding.

(a) For each school year, the District shall provide funding to the Charter School in accordance with ORS 338.155(1) and (2), as that formula may be changed from time to time, subject to any modifications made by the parties in this Contract. Until the law is changed or the parties otherwise agree by amendment of this Contract, the funding shall be the sum of the following subparagraphs (b) and (c).

(b) Funding related to Kindergarten through Grade 5 students shall be 80 percent of the amount of the District's General Purpose Grant per ADMw as calculated under ORS 327.013, or the minimum under State law, whichever is greater.

(c) State School Fund Grant payments will be made to the Charter School by the District based on the following assumptions:

(i) Payments for July and August will be based on the projected enrollment and the ADMw factor for English as a Second Language.

(ii) Subsequent payments that fiscal year will be made based on the ADMw in the Student Information System on the last day of the preceding month.

(iii) An additional amount will be paid to incorporate the District's Poverty Factor adjustment by prorating the District's poverty factor between the Charter School and the District based on the number of ADMr and the most recent State School Fund estimate for the District.

(iv) An additional amount of 5 percent will be paid for out-of-district students from the District's General Purpose Grant per ADMr.

(v) Charter School will be reimbursed for actual audit costs not to exceed \$2500.

(vi) Adjustments for actual ADMw, poverty factor, and State School Fund Grant will be made in May of the subsequent fiscal year following the release of the final State School Fund Grant estimate by Oregon Department of Education. Reimbursement for overpayments will be withheld from new State School Fund payments.

(d) In accordance with ORS 338.155(8), the District will send State School Fund Grant payments to the Charter School within 10 days after receiving payments from the State School Fund.

(e) In the event that the Charter School dissolves or the District terminates or does not renew the Contract with the Charter School, the final adjustment to the State School Fund payment by the District to the Charter School will be made in the last payment that is required by the terms of this Contract.

9.2.3 Title I. The District shall provide to Corporation the appropriate Title I funds, if determined eligible by the District, using the same formula and allocation procedures as it does for District schools, which currently do not include middle and high school students.

9.2.4 District Fees. The District may charge fees to the Corporation to provide administrative and support services that are requested by the Corporation and are in the mutual interest of the District and Corporation on a basis of actual District cost of services. The District shall use the indirect method, of charging the District's grant administration for those grants administered by the District. The Corporation may charge fees to the District to provide administrative and support services that are in the mutual interest of the District and the Corporation as mutually agreed upon on a basis of actual Corporation cost of services. In either case, invoices will offer detail to document the expense and be sent quarterly.

9.2.5 Information to District. The Charter School shall provide to the District the data set forth in Section 9.2 above through the District's Student Information System for each month on or before the 16th day of the subsequent month, for each school year. The Charter School shall provide three-year enrollment and ADMr projections, not to exceed the current cap, to the District by October 31 of each year of the contract. Nothing in this section shall limit the District's right to require additional relevant reports as necessary for the District to meet its duties imposed by law consistent with Section 5.6.

9.2.6 State Funding. The financial commitment on the part of the District contained in this Contract is subject to annual appropriation by the State of Oregon, and the District has no obligation to fund Charter School operations if State funding does not occur, unless otherwise required by law.

9.3 Budgets, Financial and Cash Flow Projections, Financial Reporting.

9.3.1 In addition to the Annual Report in Section 11.5, the Charter School shall complete and submit to the District a revised budget annually by October 15 beginning in 2011. The revised budget should be based on the latest information available for state funding and enrollment for the year.

9.3.2 On or before March 15 of each year of the charter contract, the Charter School shall submit to the District its proposed budget for the following school year and three-year financial and cash flow projections, so that the District can review them as part of its consideration of the Charter School's financial stability. The Charter School shall complete and submit to the District a revised budget annually by October 15 beginning in 2011. The revised budget should be based on the most recent ODE estimate for the Corvallis School District and enrollment projections for the year. The Charter School shall be responsible for all costs associated with school operations, including the costs of subcontracting for goods and services, except as expressly provided in this Contract.

9.3.3 The reports for August, October, December, February, April, and June of each year of the Contract, will be submitted by the 16th of the subsequent month. The Charter School must provide to the District a balance sheet, a statement of revenues and expenditures for the month ended, a statement of revenues and expenditures year-to-date, and a Budget Projection Summary in a format provided by the District, and an Aged Accounts Payable statement showing any accounts that are 30, 60, 90 or 90+ days past due by the Charter School. Financial reports must reflect all funds, including grants and donations, and provide separate reports for each fund. The District reserves the right to request additional financial reports and projections on an as-needed basis.

9.3.4 If the Charter School has not submitted the proposed budget, the adopted budget, the required annual audit, or any other financial information the District requests such as management letters, state audits, and bank reconciliations by the date the Charter School is to provide the information to the District, the District shall withhold any and all State School Fund payments to the Charter School until the information is received by the District.

9.4 **Fiscal Agent.** The Charter School shall act as its own fiscal agent.

9.5 **Fiscal Year.** The fiscal year of the Charter School shall begin on July 1 of each year and end on June 30 of the subsequent year.

9.6 **Financial Records, Audits, and Accounting Reports.** The Charter School shall maintain and retain appropriate financial records in accordance with all applicable federal and state laws. The Charter School will maintain a system of internal controls and procedures designed to promote compliance with accounting standards and applicable laws and regulations. In accordance with ORS 338.095(2), in each year of the charter contract, the Charter School shall have a fiscal year-end audit of the accounts of the Charter School. The audit shall be prepared by the auditor that services the District or an auditor approved by the District (in order to provide continuity due to legal reporting requirements) in

accordance with the Municipal Audit Law, ORS 297.405 to 297.555 and 297.990 as it may be amended from time to time in the governmental model and conducted by an auditor licensed to perform municipal audits. The District will reimburse the Charter School for audit fees in an amount not to exceed \$2,500 providing the Charter School has made a good faith effort to provide the auditor with financial records in good order. The current District auditor is Koontz and Perdue, P.C., Certified Public Accountants. The Charter School shall submit the fiscal year-end audit to the District by October 15 of each year. The fiscal year-end audit shall also be forwarded to the State Board of Education and the Department of Education. The financial reports shall reflect and identify the source of funds and assets that cost \$1,000 or more, as well as their location and disposal, for reporting purposes. The Charter School shall provide to the District the Corporation's Internal Service Form 990 by November 15 of each year.

9.7 Financial Management. The Charter School shall prepare its financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and shall comply in all instances with applicable governmental accounting requirements. Subject to this Contract, the Charter School through its Board of Directors shall be fiscally responsible for its own operations within the limitations of any funding provided by the District and other revenues derived by Charter School. The Charter School is responsible for establishing and maintaining effective internal controls over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

9.8 Other Sources of Funds for Charter School, Fund Raising. In addition to the funding under Section 9.2, the Charter School may accept gifts, donations, grants and loans, including those described in ORS 338.155(9) and ORS 338.185. The District shall also transfer to the Charter School its proportionate share as defined by law of any federal, state, or other government grants (or other funding) that are made to the District, where the amount of the grant (or other funding) is based on the District's ADMw, ADMr, enrollment, or other count or calculation of number of students. The Charter School shall comply with all state and federal laws regarding reporting of charitable contributions. The Charter School shall record all gifts, donations, loans, and grants in the financial records required in Section 9.6. As provided in ORS 338.125(4), the Charter School may conduct fund-raising activities, but shall not require a student to participate in fund-raising activities as a condition of admission to the Charter School.

10. Building and Facilities. The Corporation shall have the responsibility to pay the full costs of its buildings and facilities.

11. Governance and Operation.

11.1 Corporate Status, Governing Board.

11.1.1 The Charter School will remain an Oregon nonprofit corporation throughout the term of this Contract (including extensions and renewals). The Corporation shall govern and operate the Charter School as set forth in this Contract and in accordance with the Corporation's Bylaws.

11.1.2 If the Charter School makes any changes to its Articles of Incorporation or Bylaws, within thirty (30) days thereafter it will give copies of the changes to the District. If the District believes that any such changes violate either this Contract or state or federal law, it will so notify the Charter School. If the Charter School agrees, it will make necessary changes to the Articles or Bylaws to conform to this Contract or the applicable law; if the parties do not agree, the matter will be resolved under dispute provisions of this Contract.

11.1.3 The size of the Board may vary from time to time, in accordance with the Bylaws and applicable law. The Board may elect Board members who are parents of Charter School students or members of the community providing support to the Charter School.

11.2 Public Meetings and Public Records. The Charter School and its Board of Directors, when acting as the Governing Body of the Charter School, will be subject to the provisions of the Oregon Public Meetings Law, ORS 192.610 to 192.690, and Oregon Public Records Law, ORS 192.410 to 192.505.

11.3 Operational Powers and Responsibilities. Subject to applicable federal and state laws and any restrictions in this Contract, the Charter School shall have the authority to exercise independently all powers granted to nonprofit corporations and charter schools under Oregon law. The Board will have overall responsibility for the Charter School, including adopting goals and policies, ensuring compliance with applicable laws and this Contract, overseeing financial management, assessing performance, and hiring and overseeing the school's employees. In accordance with the goals, policies, and directives adopted by the Board, the Charter School Board will direct and oversee day-to-day operations, including financial, operational, personnel, and disciplinary functions. The Charter School may contract with the District or an independent party for evaluations.

11.4 Third-Party Contracts, Contracts with District. The Charter School shall not enter into any contract for comprehensive school management or teaching services to be performed in substantial part by an entity not a party to this Contract without prior District approval, which approval shall not be unreasonably withheld. The District shall act upon any Charter School request for approval within 30 days of such request. The parties may elect to enter into additional agreements between them including, without limitation, agreements whereby the District will provide certain services to the Charter School.

11.5 Annual Report and Review.

11.5.1 The Charter School will submit an annual report in June to the District and the State Board of Education in accordance with ORS 338.095(1) on the performance of the Charter School and its students. This report will include information necessary to make a determination of compliance with the requirements of ORS Chapter 338, including the following:

(a) Summary data on the progress toward meeting its academic goals and objectives, such as the assessment information described in Section 5.4.

b) Attendance and student discipline information.

(c) Parental involvement and surveys results relating to student and parental satisfaction.

(d) The audit required under Section 9.6.

(e) Evidence of insurance policies that are required under Section 13.1.

(f) Evidence of compliance with Section 12.1 on Staff Qualifications.

(g) New policies adopted by the Charter School Board that have not previously been given to the District.

11.5.2 The specific contents of the report may change from time to time as the parties better understand which types of data and measurements are most useful. Results of progress toward other goals may be adopted by the Charter School Board from time to time. The District may perform an on-site review.

11.6 Termination.

11.6.1 The public Charter School may be terminated by the District for any of the following reasons:

(a) Failure to meet the terms of an approved charter agreement or any requirement of ORS Chapter 338 unless waived by the State Board of Education.

(b) Failure to meet the requirements for student performance as outlined in the charter agreement.

(c) Failure to correct a violation of federal or State law.

(d) Failure to maintain insurance.

(e) Failure to maintain financial stability.

(f) Failure to maintain the health and safety of the students.

11.6.2 The District shall give the public Charter School a 30-day written notification in advance of its decision to terminate, if there has been a breach by the Charter School of any material term or condition of the Contract, other than a breach of the statutory minimum enrollment requirements, which continues for more than thirty (30) days after the Charter School receives written notice from the District specifying the nature of the breach, demanding its cure, and stating the decision to terminate will be effective after such date if the breach is not cured. No more than two of such advance notices are required in any contract year, however, the District may choose to give the Charter School one or more additional notices, where appropriate.

11.6.3 If a charter school is terminated by the Board, the following shall occur:

(a) The District shall give the public Charter School a 60-day written notification of its decision.

(b) The District shall state the grounds for termination and deliver notification to the business office of the public Charter School.

(c) The public Charter School may request a hearing by the District. The request must be made in writing and delivered to the business address of the sponsor.

(d) Within 30 days of receiving the request for a hearing, the sponsor must provide the public Charter School with the opportunity for a hearing on the proposed termination;

(e) The public Charter School may appeal the decision to terminate to the State Board of Education.

(f) If the sponsor reasonably believes that a public Charter School is endangering the health or safety of the students enrolled in the public Charter School, the sponsor may act to immediately terminate the approved charter and close the public Charter School without providing the notice requirements.

(g) A public Charter School closed due to health or safety concerns may request a hearing by the sponsor. Such a request must be made in writing and delivered to the business address of the sponsor. Within ten days of receiving the request for a hearing, the sponsor must provide the public Charter School with the opportunity for a hearing on the termination.

(h) Throughout the appeals process the public Charter School shall remain closed at the discretion of the District.

(i) If terminated or dissolved, assets of the public Charter School purchased by the public Charter School with public funds, shall be given to the State Board of Education.

11.6.4 If the public Charter School is terminated, closed, or dissolved by the governing body of the public Charter School, it shall be done only at the end of a semester and with 180 days' notice to the District, unless the health and safety of the students are in jeopardy. Such notice must be made in writing and be delivered to the business address of the sponsor.

11.6.5 Assets of a terminated, closed, or dissolved public Charter School that were obtained with grant funds will be dispersed according to the terms of the grant. If the grant is absent any reference to ownership or distribution of assets of a terminated, closed, or dissolved public Charter School, all assets will be given to the State Board of Education for disposal.

12. Employment Matters.

12.1 Staff Qualifications. At least one-half of the total full-time equivalent (FTE) teaching and administrative staff at the public Charter School shall be licensed by TSPC pursuant to ORS 342.135, 342.136, 342.138 or 342.140. Any teaching or administrative staff not licensed by the Oregon Teacher Standards and Practices Commission (TSPC) will register with TSPC in accordance with ORS 338.135(7)(a)-(c) and OAR 584-023-0005. For any individual hired as a teacher or administrator in the Charter School, the Charter School shall provide the District with evidence of certification, if any, or other qualification prior to the individual's start date.

- 12.2 Highly Qualified Staff for Purposes of No Child Left Behind.** All teachers and paraprofessionals employed by the Charter School who are licensed or registered with TSPC shall also comply with OAR 584-100-0090 or 548-100-0095, as applicable.
- 12.3 The Corporation as the Employer.** The Corporation will be the employer of the staff at Charter School. The Corporation will control the selection of employees. All provisions of this Section 12 are subject to state and federal laws and applicable collective bargaining agreements, if any. The District shall not be the employer of any employees of the Corporation or the Charter School for work done for the Charter School.
- 12.4 Staff Hiring.**
- 12.4.1** The Corporation's governing board, in its sole discretion, has complete authority to hire, evaluate, promote, discipline, supervise, and terminate Charter School employees, and to set all terms and conditions of employment, including all decisions regarding compensation and benefits. The Corporation will be responsible for providing substitutes for all Charter School teachers.
- 12.4.2** For any employee of the District who chooses to work for the Charter School, any leave of absence from the District will be governed by ORS 338.135.
- 12.4.3** Licensed and classified staff and other employees of the Charter School will not be included in the District's respective bargaining units. Employee membership in a labor organization and collective bargaining shall be governed by ORS 338.135.
- 12.4.4** The Corporation shall participate in the Public Employees Retirement System to the extent required by law.
- 12.5 Employee Records.** The Corporation shall be responsible for requiring its subcontractors to establish and maintain personnel records for its employees, and for the maintenance, retention, and disclosure of employee records, all in compliance with all applicable federal and state laws, and the right of the District to inspect such records. The Corporation and its subcontractors shall meet any and all reporting obligations to the Teacher Standards and Practices Commission ("TSPC") regarding its employees.

12.6 Criminal Records Checks. ORS 338.115(1)(e), ORS 181.539, 326.603, 326.607, and 342.232 (relating to criminal records checks), shall apply to the Charter School. The Corporation shall require that its subcontractors not knowingly employ an individual for whom a criminal background investigation has not been initiated or who has been convicted of an offense that would preclude that individual from working in a public school in Oregon. No later than the first day of school of each school year that the Charter School is in operation under this Contract, the Corporation shall provide to the District a list containing the names and job positions of all employees of the Corporation and its subcontractors whose employees have direct, unsupervised contact with school children as provided in the ORS sections previously set forth in this section. Such list shall also indicate for each employee the date of initiation of the criminal background investigation required by Oregon law.

12.7 Other Terms and Conditions of Employment. By the date set forth in Section 2.1, the corporation shall furnish satisfactory evidence to the District that it has addressed and considered the following terms and conditions of employment, in addition to those required by ORS 338.135 and Board Policy LBE-AR Section IV.D.10.a:

- (a) A proposed plan for the placement of teachers and other school employees upon termination or non-renewal of the charter.
- (b) Salary for professional staff or wages for classified staff.
- (c) Health benefits
- (d) Leaves, including timing, commencement and duration of leave; voluntary and involuntary termination and return to work; whether the leave is paid or unpaid; and a description of benefits upon termination of leave (i.e., same, similar or available position and salary schedule placement).
- (e) Work year.
- (f) Working hours.
- (g) Discipline and dismissal procedures.
- (h) Arrangements to secure substitutes.
- (i) Arrangements to ensure that 50 percent of the total full-time equivalent teaching and administrative staff are licensed.
- (j) Hiring practices.
- (k) Evaluation procedures.

13. Insurance and Legal Liabilities.

13.1 Insurance.

13.1.1 The Corporation shall, at its own expense or the expense of the Charter School, secure and retain and provide proof of the following insurance and in the amounts not less than those set forth below:

(a) Commercial General Liability Insurance in an amount of not less than \$1,000,000 combined single limit per occurrence/\$3,000,000 annual aggregate covering the public Charter School, the governing board, employees and volunteers against liability for damages because of personal injury, bodily injury, death, or damage to property including the loss of use thereof. Coverage to include, but not limited to, contractual liability, advertisers' liability, employee benefits liability, professional liability, and teachers' liability.

(b) Liability Insurance for Directors and Officers in an amount not less than \$1,000,000 each loss/\$3,000,000 annual aggregate covering the public Charter School, the governing board, employees, and volunteers against liability arising out of wrongful acts and employment practices. Continuous "claims made" coverage will be acceptable, provided the retroactive date is on the effective date of the charter.

(c) Automobile Liability Insurance in an amount not less than \$1,000,000 combined single limit covering the public Charter School, the governing board, employees, and volunteers against liability for damages because of bodily injury, death, or damage to property, including the loss of use thereof arising out of the ownership, operation, maintenance or use of any automobile. The policy will include underinsured and uninsured motorist vehicle coverage at the limits equal to bodily injury limits.

(d) Workers' Compensation Insurance shall also be maintained pursuant to Oregon laws (ORS chapter 656). Employers' liability insurance with limits of \$100,000 each accident, \$100,000 disease each employee, and \$500,000 each policy limit.

(e) Honesty Bond to cover all employees and volunteers. Limits are to be determined by the governing board, but no less than \$25,000. Coverage shall include faithful performance and loss of moneys and securities.

(f) Property Insurance shall be required on all owned or leased buildings or equipment. The insurance shall be written to cover the full replacement cost of the building and/or equipment on an "all risk of direct physical loss basis," including earthquake and flood perils.

13.1.2 Additional requirements:

- (a) The District shall be additional insured on commercial general and automobile liability insurance. The policies shall provide for a 90-day written notice of cancellation or material change. A certificate evidencing all of the above insurance shall be furnished to the District.
- (b) The public Charter School shall also hold harmless and defend the District from any and all liability, injury, damages, fees or claims arising out of the operations of the public Charter School operations or activities.
- (c) The District shall be loss payee on the property insurance if the public Charter School leases any real or personal District property.
- (d) The coverage provided and the insurance carriers must be acceptable to the District.

13.1.3 As part of its annual report under Section 11.5, and at any time thereafter upon request of the District, the Corporation shall provide the District with certificates of insurance or other satisfactory proof evidencing coverage in the types and amounts set forth herein. All such insurance policies shall contain a provision requiring notice to the District, at least 30 days in advance, of any material change, non-renewal or termination to the attention of the Superintendent of the District.

13.2 Compliance with Laws, Non-Exemption from Certain Laws. The Corporation and the Charter School will comply with all applicable federal, state, and local laws and regulations (including Oregon Administrative Rules developed by the Oregon Department of Education regarding charter schools). As provided in ORS 338.115(1), although statutes and rules that apply to school district boards, school districts or other public schools shall generally not apply to the Charter School, the following laws shall apply to the Charter School:

- (a) Federal law.
- (b) ORS 192.410 to 192.505 (Public Records Law).
- (c) ORS 192.610 to 192.690 (Public Meetings Law).
- (d) ORS 297.405 to 297.555 and 297.990 (Municipal Audit Law).
- (e) ORS 181.539, 326.603, 326.607 and 342.232 (Criminal Records Checks).
- (f) ORS 337.150 (Textbooks).

- (g) ORS 339.141, 339.147 and 339.155 (Tuition and Fees).
- (h) ORS 659.850 and 659.855 (Discrimination).
- (i) ORS 30.260 to 30.300 (Tort Claims).
- (j) Health and safety statutes and rules.
- (k) The statewide assessment system developed by the Department of Education under ORS 329.485(1).
- (l) ORS 329.045(1) (Academic Content Areas).
- (m) Any statute or rule that establishes requirements for instructional time provided by a school each day or during a year.
- (n) ORS Chapter 338.
- (o) ORS 339.250(12) (prohibition of infliction of corporal punishment).
- (p) ORS 342.700, 342.704 (sexual harassment).
- (q) ORS 336.640 (pregnant and parent students).
- (r) ORS 336.079 (special English classes for certain children).
- (s) ORS 339.250 (student conduct).
- (t) ORS 336.222 (alcohol and drug abuse program).
- (u) Oregon Report Card (ORS 329.115).
- (v) ORS 339.270 (recovery of costs associated with property damage) and ORS 339.260 (withholding records until property damage or fees are paid).
- (w) ORS 332.172 (use of school facilities).

13.3 Waiver. As provided in ORS 338.025(2), the Charter School may apply to the State Board of Education to grant a waiver of any provision of ORS Chapter 338. The Charter School shall give the District a copy of any application for a waiver promptly after submitting it and shall give the District a copy of any grant of a waiver promptly after receiving it.

13.4 School and District Policies. The Corporation and Charter School shall comply with District Board Policy LBE, as amended January 10, 2011 and corresponding administrative rule LBE-AR, as amended December 13, 2010, and shall adopt policies as may be required by law and may in its discretion adopt other policies governing operation of the Charter School and may amend its policies from time to time. The Charter School shall make such policies and amendments available for review at the District's request.

13.5 Full Faith and Credit. The Corporation agrees that it shall not extend the full faith and credit of the District to any third person or entity. The Corporation acknowledges and agrees that it has no authority to enter into a contract that would bind the District. The Corporation's governing board has the authority to approve contracts to which the Corporation is a party, subject to the requirements and limitations of the Oregon Constitution, state law, and provisions of this Contract.

13.6 Indemnification.

13.6.1 To the extent not covered by insurance or otherwise barred by the Oregon Tort Claims Act in ORS Chapter 30, the Charter School agrees to indemnify and hold the District, its Board, agents, and employees harmless from all liability, claims, and demands on account of injury, loss or damage, including, without limitation, claims arising from (1) the possession, occupancy, or use by the Charter School of property of the Charter School or its landlord, its faculty, employees, students, patrons, guests or agents; (2) civil rights violations, bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever which arise out of the acts or omissions of the Charter School. This indemnification shall not apply to any liability, claims, or demands resulting from the negligence or wrongful act or omission of any District Board member, officer, or employee. This indemnification shall not apply to any liability, claims, or demands resulting from the negligence or wrongful act of any District employee working at the Charter School whose negligence or wrongful act or omission is caused in whole or in part, or directed by the District. The Charter School agrees to indemnify, hold harmless and defend the District from all contract claims in which the Charter School has obligated the District without the District's prior written approval. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of applicable limitations of liability provided in the Oregon Tort Claims Act.

13.6.2 To the extent not covered by insurance or otherwise barred by the Oregon Tort Claims Act in ORS Chapter 30, the District agrees to indemnify and hold the Charter School, its Board, agents and employees harmless from all liability, claims, or demands on account of injury, loss or damage, including, without limitation, claims arising from civil rights violations,

bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever which arise out of the District's administration of this Contract. This indemnification shall not apply to any liability, claims, or demand resulting from the negligence or wrongful act or omission of any Charter School Board member, officer or employee. This indemnification shall not apply to any liability, claims, or demands resulting from the negligence or wrongful act of any District employee working at the Charter School whose negligent or wrongful act or omission is caused in whole or in part, or directed by the Charter School. This indemnification shall not apply to any damages incurred regarding any act or omission of the District or District Board that is later determined to be required by law or this Contract. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of applicable limitations of liability provided in the Oregon Tort Claims Act.

13.6.3 This indemnification, defense and hold harmless obligation on behalf of the Charter School and the District shall survive the termination of this Contract. Any indemnified party shall have the right, at its own expense, to participate in the defense of any suit, without relieving the indemnifying party of any of its obligations hereunder.

13.7 District Disclaimer of Liability. The parties to this Contract expressly acknowledge that the Corporation is not operating as an agent, or under the direction and control, of the District Board except as required by law or this Contract, and that the District Board assumes no liability for any loss or injury resulting from:

13.7.1 The acts or omissions of the Charter School, its governing Board, trustees, agents, or employees.

13.7.2 The use and occupancy of the building occupied by the Charter School or any matter in connection with the condition of such building, unless the parties agree otherwise in writing.

13.7.3 Any debt or contractual obligation incurred by the Charter School.

13.8 ADA/504 Obligations. The Charter School acknowledges that it is legally responsible to comply with Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 and ORS Chapter 659 with respect to its students, staff, and patrons. The Charter School shall indemnify and hold harmless the District from all claims under these statutes.

14. Miscellaneous Provisions.

- 14.1 Entire Agreement.** This Contract contains all terms, conditions, and provisions hereof and the entire understanding and all representations of understandings and discussions of the parties relating thereto, and all prior representations, understandings and discussions are merged herein and superseded and canceled by this Contract.
- 14.2 Governing Law.** This Contract shall be governed by, subject to and construed under the laws of the State of Oregon without regard to its conflict of law provisions. The parties intend that where this Contract references federal or state law that they are bound by the laws in effect at the time this Contract is executed.
- 14.3 Assignment.** The Charter School shall not assign its interest in this Contract to any entity.
- 14.4 District Liaison.** The District shall designate for purposes of this Contract the District Superintendent, or his/her designee, as the official District Liaison between the District and the Corporation.
- 14.5 Amendment.** This Contract may be modified or amended only by written agreement between the Corporation and the District.
- 14.6 Notice.** Any notice required, or permitted, under this Contract, shall be in writing and shall be effective (a) upon personal delivery (subject to verification of service or acknowledgment of receipt) or (b) three days after mailing when sent by certified mail, postage prepaid, (c) to the person and address designated on the signature page of this Contract for receipt of notices, or (d) courier service with a signed receipt. Should these addresses change, the parties agree to notify the other party within ten days of the address change.
- 14.7 No Waiver.** The parties agree that no assent, express or implied, to any breach by either of them of any one or more of the covenants and agreements expressed herein shall be deemed or to be taken to constitute a waiver of any succeeding or other breach.
- 14.8 Dispute Resolution.** In the event any dispute arises between the District and the Corporation concerning this Contract, including, without limitation, the implementation of or waiver from any policies, regulations, or procedures, such dispute shall first be submitted to the District Liaison for review. If the District and the Corporation are unable to resolve the dispute, either party may submit the matter to the District's Board for its consideration. The decision of the District's Board shall be final and binding on the parties; provided, however, the Corporation may appeal to the state Board of Education concerning those matters within its jurisdiction under ORS Chapter 338 and seek review of the state Board of Education decision, as provided by law. In addition to the foregoing, either

party may seek remedy for breach of this contract or review of a District Board decision relating to this contract in any appropriate forum. Nothing in this contract is intended to create a cause of action that is not otherwise provided by law.

- 14.9 Severability.** If any provision of this Contract is determined to be unenforceable or invalid for any reason, the remainder of this Contract shall remain in effect, unless otherwise terminated by one or both of the parties in accordance with the terms of this Contract.
- 14.10 Delegation.** The parties agree and acknowledge that with regard to this Contract between the District and the Corporation, the functions and powers of the District Board may be exercised by the District Liaison, provided that any ultimate decision regarding renewal, non-renewal, or revocation of this Contract is made only by the District Board.
- 14.11 Prior Actions.** It is expressly agreed and understood that as a condition precedent to this Contract becoming effective on the effective date specified above in Section 2, the Corporation shall have taken, completed and satisfied on or before the date specified herein any action or obligation which is required to be completed before such effective date, and failure to do so shall constitute grounds for the District to declare this Contract null and void.
- 14.12 Attorney Fees.** If any suit, action or arbitration is commenced or instituted to interpret or enforce the terms of this Contract, to exercise any remedy on account of a default, or otherwise relating to the provisions of this Contract, the prevailing party or non-defaulting party shall be entitled to recover from the losing or defaulting party its reasonable attorney fees and costs, in addition to all other sums provided by law, at trials or arbitration, and any appeals. Such sums shall be determined by the court or arbitrator.
- 15. Definitions.** For purpose of this Contract, “business day” means a day in which the District administrative offices are open. “Business day” does not include (a) Saturdays, (b) Sundays, (c) official state holidays listed in ORS 336.010, (d) federal holidays, (e) any day(s) in which the administrative office is closed due to inclement weather, or (f) any day that the District administrative office is closed due to action taken by, or ordered to be closed by, the District Board of Directors or their designee, any instrumentality of the City of Corvallis, any instrumentality of Benton County, the State of Oregon, or federal government.

16. **Corporation Authority to Enter Into Contract.** The Corporation expressly affirms that the signatories on its behalf who sign below have the authority to enter into this Contract on behalf of the Corporation and that the Board of Directors of the Corporation has duly approved this Contract. The Corporation shall provide a copy of its written resolution authorizing the Corporation to enter into this Contract.

IN WITNESS WHEREOF, the parties have executed this Contract as of the date first above written.

CORVALLIS SCHOOL DISTRICT 509J

By /s/ Anne Schuster Date May 15, 2011
Anne Schuster, Board Chair
Corvallis School District 509J
1555 SW 35th Street
Corvallis, OR 97333

**INAVALE COMMUNITY PARTNERS INCORPORATED
dba MUDDY CREEK CHARTER SCHOOL**

By Anita Grunder Date May 11, 2011
Anita Grunder, President
Inavale Community Partners
PO Box 271
Philomath, OR 97370



Corvallis

SCHOOL DISTRICT

IX. SPECIAL REPORTS

IX.A. Boys & Girls Club of Corvallis Teen Center Vision

BAGCC
1/13/14

SECTION 6. RIGHT TO INSPECT

509J shall have the right to inspect the Property at any reasonable time scheduled in advance with Club to determine Club's compliance with the terms of this Lease and applicable laws and regulations.

SECTION 7. ALTERATIONS

Club shall make no improvements or alterations on the premises that materially change the basic purposes for which Club is granted use of the premises under this lease without first obtaining 509J's written consent.

SECTION 8. INSURANCE AND INDEMNITY

8.1 Club's Liability Insurance. Club shall, at its own expense, purchase and maintain a General Liability policy during the term of this lease and any renewal thereof. The insuring agreement shall be as broad as a Commercial General Liability - Occurrence Form (ISO CG 0001), providing limits of not less than \$500,000 per occurrence for bodily injury, personal injury and property damage, with an annual aggregate of not less than \$1,000,000. 509J reserves the right to increase the limits set forth above at anytime during the term of the lease with Ninety Days' (90) notice to the Club. The intent is that limits be consistent with the tort law or its successor.

This policy shall name the Corvallis School District 509J as Additional Insured - Lessor, and provide coverage for any liability arising out of the Club's use, occupancy, or maintenance of the premise. Club will provide 509J with a Certificate of Insurance indicating a Thirty Day (30) notice of cancellation prior to start of construction on the premises.

8.2 Indemnification of 509J. Club shall defend, indemnify and hold 509J harmless from any and all injuries, costs, expenses, liabilities, losses, damages, injunctions, suits, actions, fines, penalties, and demands of any kind or nature (including reasonable attorney's fees) from and against any and all third party claims arising from any breach or default in the performance of obligation on its part to be performed under the provisions of this lease or arising from any negligence of the Club or its officers, directors, employees, agents, contractors, visitors, guests, invitees, sub-lessees or any other user of the premise, excepting where such damage or injury arises out of the sole negligence or willful misconduct of 509J, its officers, directors, employees, agents, contractors, or other lessees of the premises, or from a breach by 509J of any of its obligations, covenants, or agreements imposed pursuant to this lease.

8.3 Club's Property Insurance. Club shall, at its own expense, purchase and maintain a Commercial Property policy during the term of this lease and any renewal thereof. Any insuring agreement shall be as broad as a Building and Personal Property coverage form (ISO CP 0010) covering its building(s) on the premise, providing Causes of Loss - Special Form (ISO CP 1030) coverage, and at limits sufficient to comply with any co-insurance provisions. Club shall provide 509J with an Evidence of Insurance certificate indicating a Thirty Day notice of cancellation.

During the term of the lease, the proceeds from any such policy or policies of insurance shall be used for the repair or replacement of the buildings on the premise. 509J shall have no interest in the proceeds of insurance upon Club's property and will sign all documents which are necessary or appropriate in connection with the settlement of any claim or loss by Club. Club's policies shall not be contributing with or in excess of any coverage which 509J shall carry on the premises.

8.4 Waiver of Subrogation. Neither Club nor 509J shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure, or other tangible property, or any resulting loss of income or extra expense, even though such loss or damage might have been caused by the negligence of such party, its officers, directors, employees or agents if any such loss or damage is covered by insurance benefiting the party suffering such loss or damage or was required to be covered by insurance pursuant to this lease.

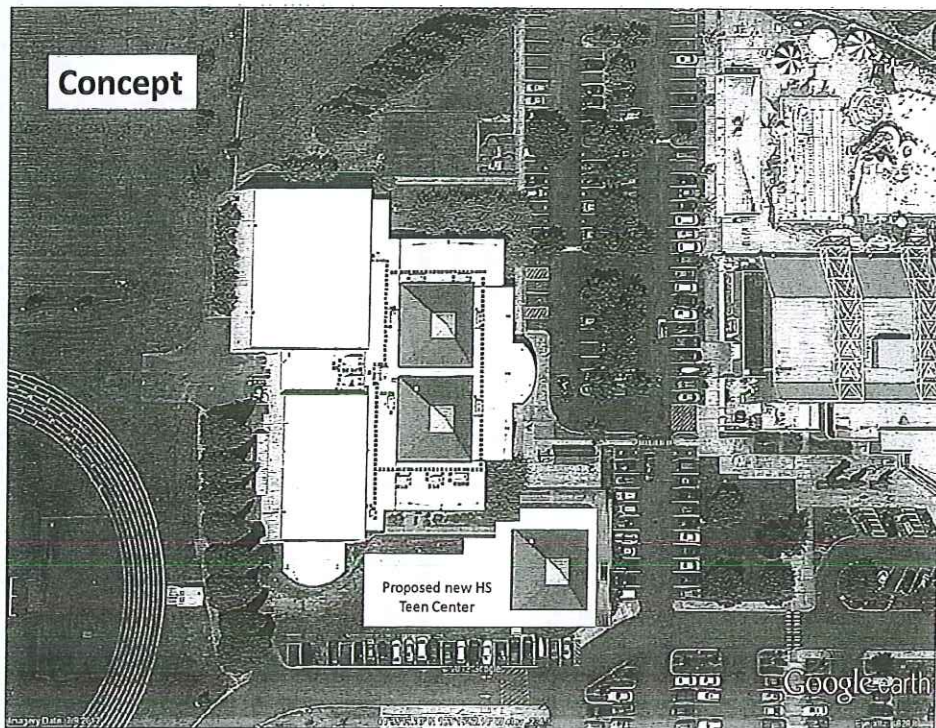
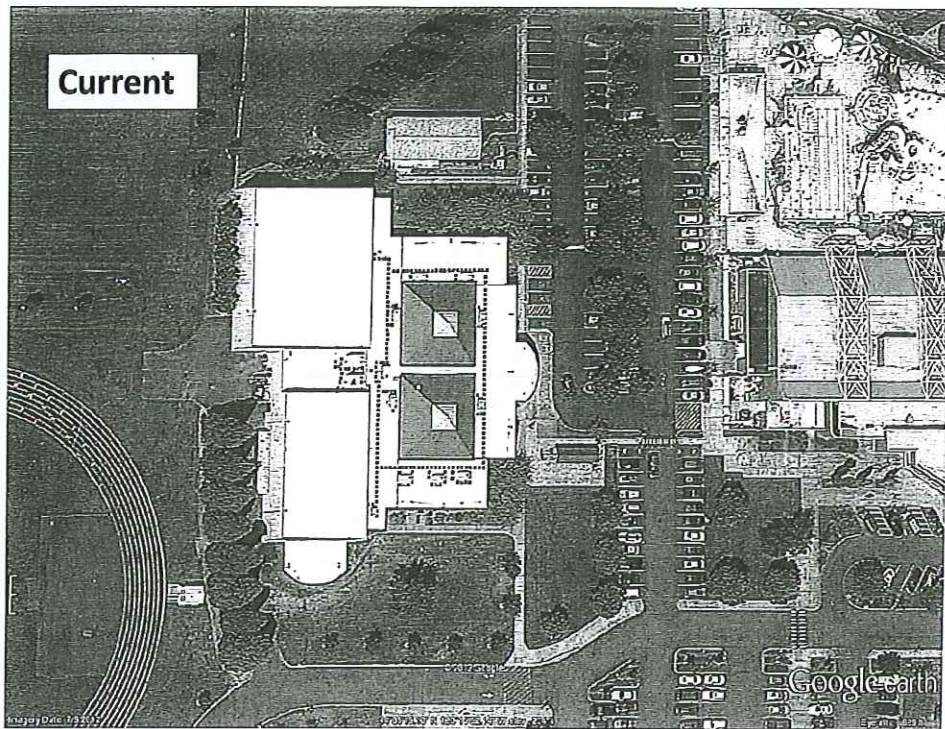
SECTION 9. CONSTRUCTION OF YOUTH FACILITY

9.1 509J acknowledges that the purpose of this lease is to allow Club to construct and operate a community youth center. 509J agrees to take such actions and to execute such further agreements as are necessary to carry out the intent of this lease and to negotiate joint use agreements.

9.2 509J agrees to cooperate with Club, its employees, agents and contractors, to facilitate the construction by Club of the community youth center.

9.3 Club agrees to cooperate with 509J in developing a shared space agreement involving portions of the building and adjacent parking.

9.4 Club agrees to obtain site plan approval from 509J for the proposed community youth center prior to obtaining final approval of the City of Corvallis and beginning construction.



BGCC Teen Center Project

Phased Approach to Teen Center expansion project



Phase 0

Determine the Need

•High school programs began Spring 2007 with dedicated space

Results

•Increased from <10 in 2007 to 125 in 2013

Learning's

•There IS a need for middle and high school programs year-round
•Dedicated space critical
•Crowding drives down attendance
•Conducted site searches for HS teen center (occurred 2009 – 2011)

Phase 1

Scale the Pilot

•2011 Maytag Grant enabled space expansion & FT staff

•Modular installed 9/2012 (2 year limit, or a plan to remove)

Learning's

•Increased space results in increase in teens
•Full time staff accelerated community collaborations
•Co-location has tremendous benefits

Phase 2

Permissions & Approvals

• 509J – expand lease line and building addition approval

•Complete neighborhood information meeting (Jan 2014)

•City - approval can take 3-12+months (submit Feb. 2014)

•Extend modular permit until construction complete (Spring 2014)

•Exit of Phase 2 – dependent on conditional use permit

Phase 3

Securing Funds

• Teen center – \$6.5M
• Lead gift received in Dec 2013 (\$1M)

•Further fundraising is dependent on permissions

Exit of Phase 3 – dependent on success of fundraising efforts

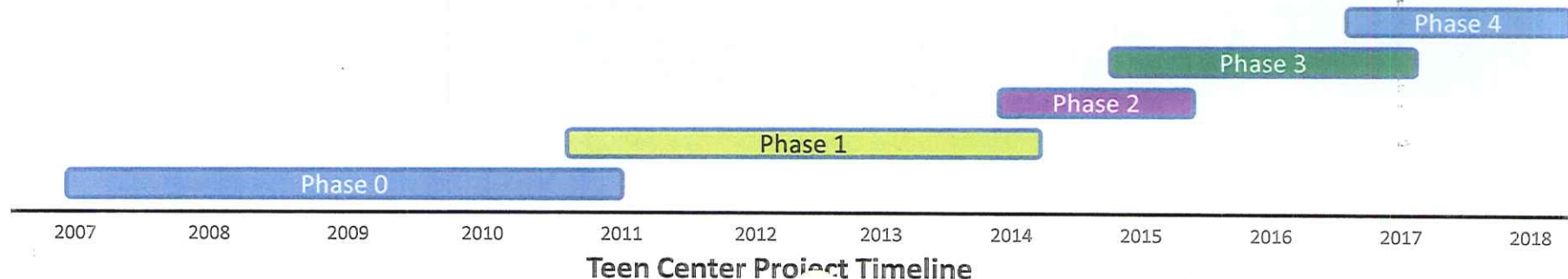
BGCC Board to determine total dollars raised before construction begins

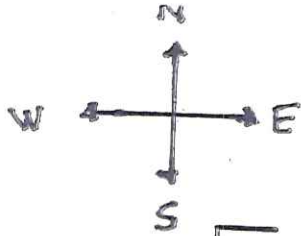
Phase 4

Construction

• Planning for ~14,000 sq ft, two story bldg
• recreation space
• coffee shop
• technology lab
• Programming space
• 3 chair dental clinic
• 2 medical exam spaces

Ribbon Cutting
Fall 2018





EAST

MATCH LINE

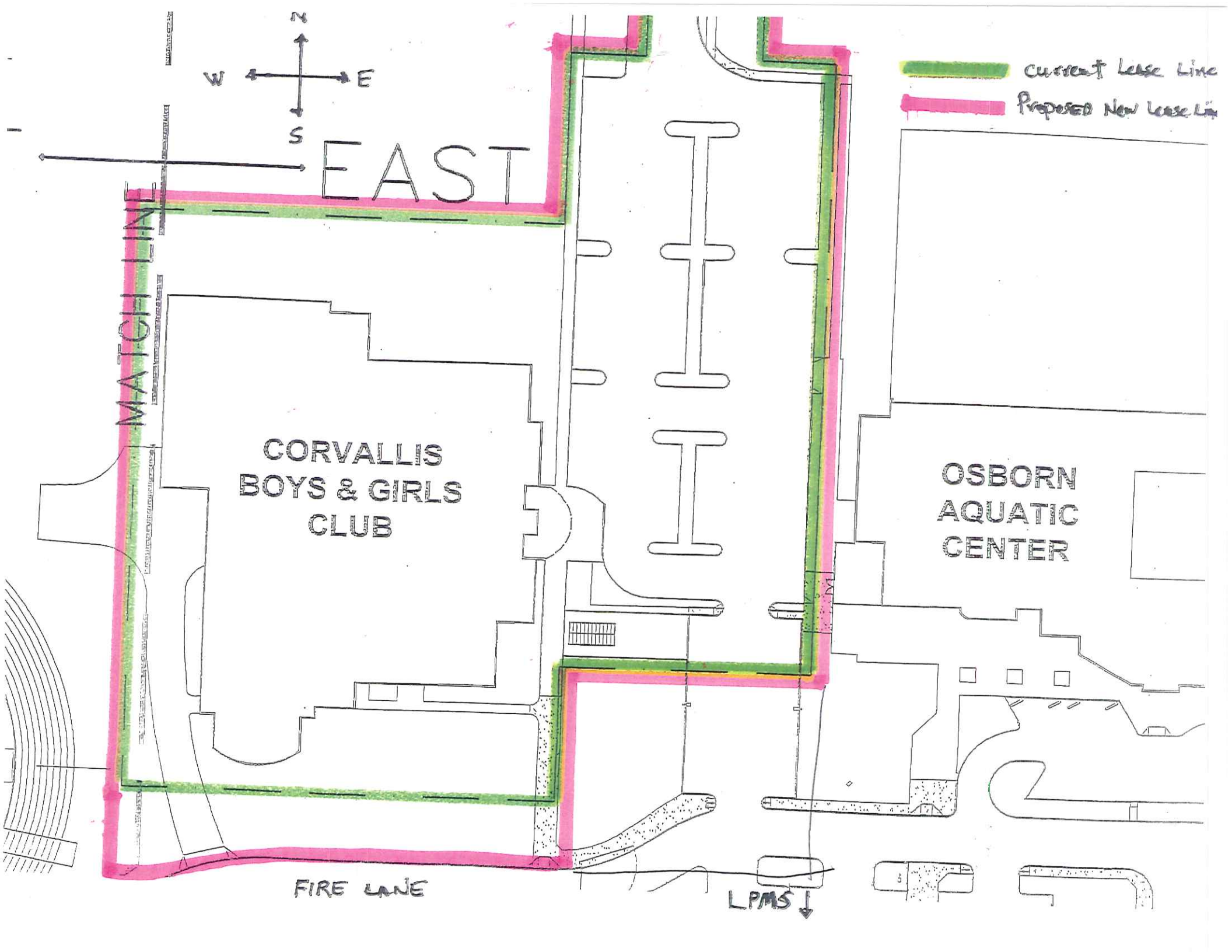
CORVALLIS
BOYS & GIRLS
CLUB

OSBORN
AQUATIC
CENTER

FIRE LANE

LPMS ↓

current Lease Line
Proposed New Lease Line





Corvallis
SCHOOL DISTRICT

IX.B. Facilities Assessment Report

Facilities Assessment Report

Corvallis School District



Participants

Erin Prince, Superintendent
Kim Patten, Maintenance Supervisor
Steve Nielsen, Business Director

Corvallis School District Principals
Corvallis School District Campus Stewards
Corvallis School District Maintenance Staff

Alex Ridley, Glumac
Dana Troy, Glumac
Jerry Abdie, KPFF Consulting Engineers
Jonathan Estabrook, KPFF Consulting Engineers
Michael Arellano, KPFF Consulting Engineers
Mike Henning, Glumac
Rem Wilson, Glumac
Roger Arnold, Glumac
Stan Pszczolkowski, Architectural Cost Consultants LLC
Will Gerstner, Architectural Cost Consultants LLC

Earl Carson, Dull Olson Weekes – IBI Group Architects Inc.
Dan Hess, Dull Olson Weekes – IBI Group Architects Inc.
Steve Olson, Dull Olson Weekes – IBI Group Architects Inc.
Thea Wayburn, Dull Olson Weekes – IBI Group Architects Inc.



Project Goals

- Comprehensive evaluations of District facilities
- Lay foundation for future planning
- Implementation of report's recommendations



Process

- DOWA-IBI Group hired by District in Spring 2013.
- Review of previous long range facility master plans and related assessments.
- Review of known facilities needs generated by School and District Staff.
- Site visits were conducted by the Architects and Engineers to document condition of District Facilities.
 - Paul Bentley Architects examined the roofs at all facilities to determine conditions, maintenance needs and replacement schedules.
 - Technology and Food Service were not part of this report.
- Review and analysis of draft reports by District staff and facilities workgroup.
- Recommendations/findings and associated costs were compiled into a Facilities Assessment Report.

Executive Summary – District Wide

Facilities Assessment:

- Facilities are well cared for
- Older facilities should be evaluated for replacement
- Deferred Maintenance issues at most Facilities
- No immediate security or life safety issues

District Wide Recommendations by Category

Recommendations by Category	Cost
Structure/Shell	\$40,084,876
Interiors	\$30,063,825
Systems	\$35,164,250
Electrical	\$12,678,000
Grounds	\$15,218,378
Total	\$133,209,329

District Wide Recommendations by Priority

In the Detailed Summary for each facility, a rating system based on levels was used, ranging from Level I to Level IV. The levels aided in determining the priority or need of each improvement listed. The levels represent the following evaluations:

Level I: Highest Priority. Level I items should be addressed within a five year plan.

Level II: Moderate Priority. Level II Items may be part of a five year plan.

Level III: Low Priority. Level III Items could be considered in a five to ten year plan.

Level IV: Issues that are related to the aesthetics of the building's interior and exterior as well as integrity and adequacy of building systems that don't pose any issues or are nearing the end of their remaining lifecycles. Level IV items could be considered long-term plans (10 years or more).

District Wide Recommendations by Priority

Recommendations by Priority	Cost
Level I	\$10,688,439
Level II	\$79,017,286
Level III	\$36,553,537
Level IV	\$6,950,067
Total	\$133,209,239

District Wide Recommendations by Facility

Recommendations by Facility	Upgrade Costs
Adams	\$8,670,402
Franklin	\$8,071,571
Garfield	\$6,166,378
Hoover	\$8,620,237
Jefferson	\$7,639,061
Lincoln	\$9,138,747
Mountain View	\$5,740,499
Wilson	\$7,454,088
Cheldelin	\$16,230,947
Linus Pauling	\$1,521,788
Corvallis High School	\$7,773,076
Crescent Valley High School	\$26,092,091
Harding (College Hill Campus)	\$7,965,182
Western View Center	\$1,522,805
Administration Building/Maintenance/Food Service Warehouse	\$7,093,182
Dixie	\$3,509,275
Total	\$133,209,329

Replacement vs. Upgrade Considerations

- **Franklin (built in 1947) -**
 - Upgrade Costs: \$8,071,571
 - Replacement Cost: \$26,565,469
- **Garfield (built in 1955) -**
 - Upgrade Costs: \$6,166,378
 - Replacement Cost: \$21,080,827
- **Hoover (built in 1968) -**
 - Upgrade Costs: \$8,620,237
 - Replacement Cost: \$21,122,526
- **Lincoln (built in 1949) -**
 - Upgrade Costs: \$9,138,747
 - Replacement Cost: \$23,468,438
- **Harding (built in 1923) -**
 - Upgrade Costs: \$7,965,182
 - Replacement Cost: \$11,162,422

Common Themes:

- Building component upgrades:
 - Windows
 - Wall finishes
 - Flooring
- Roofing replacement at selected facilities
- Electrical Panel Upgrades
- Seismic upgrades at many facilities
- Upgrade emergency lighting
- Mechanical Systems upgrades and/or replacement

Next Steps

- Prioritization of Report Findings
- Long Range Planning
- Options for Funding





Corvallis
SCHOOL DISTRICT

IX.C. Dual Language Immersion Update



Dual Language Board Update

January 13, 2014

Objectives

- Overview of dual language instructional, staffing, curricular needs and costs
- Garfield and Lincoln demographics and STAR data
- Dual language expansion: Where are we?
- English Only update

Dual Language Basics

- 50% of instruction in English, 50% of instruction in Spanish
- Students learn both academic content and literacy in English and Spanish
- Lessons are not repeated in one language after the other, but skills taught in one language are reinforced in the other through thematic teaching
- Goals:
 - Bilingualism and biliteracy
 - Grade level academic achievement
 - Cross-cultural attitudes and awareness

Garfield Demographics

- # of students in English-only classrooms - 40
- # of students in dual language classrooms - 358
- # of ELLs school wide - 160
- # of reclassified (exited) ELLs - 20
- % free and reduced lunch – 72.1%

Lincoln Demographics

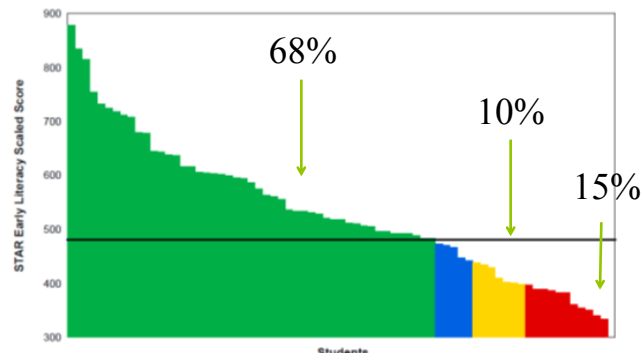
- # of students in English-only classrooms - 75
- # of students in dual language classrooms -296
- # of ELLs building wide -71
- # of reclassified (exited) ELLs – 15
- # free and reduced – 67.4%

Hiring Spanish Speaking DLI Teachers

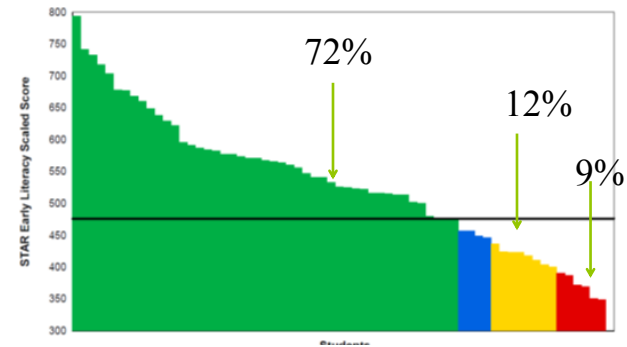
- Hires this year:
 - Lincoln – 5 classroom teachers
 - Garfield – 3 classroom teachers
- Future needs:
 - Lincoln – 1(possibly 2)
 - Garfield - 1(possibly 2)
- Recruitment and retention activities

Fall STAR Kindergarten Early Literacy Screening Data

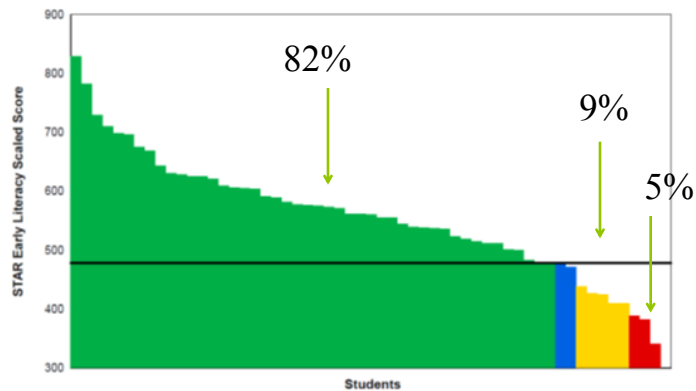
Garfield



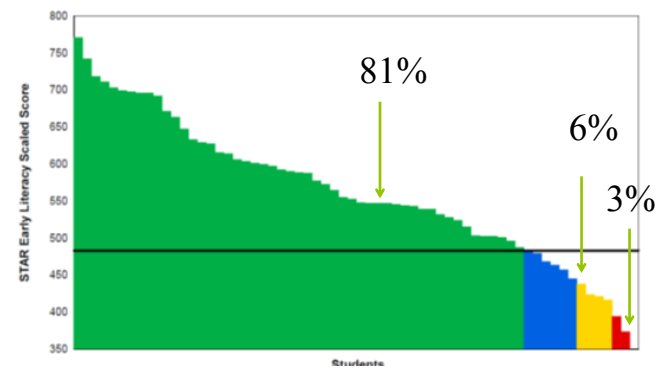
Lincoln



Mt View



Wilson



Professional Development

- This year:
 - New Teacher Academy: 2 hour session
 - SIOP for all new DLI teachers at Garfield and Lincoln
 - 3-Day Systematic English Language Development (ELD)
 - Once a month ELD/SLD - focused staff meeting
 - Coaching/planning support for implementation of new ELD curriculum
 - K-12 Dual Language Alignment Team: First meeting January 17th
 - Common Core Alignment
- Needs:
 - New Teacher Academy: Extended time for program and strategies Training

English Only Updates

- What are we doing, have done this year
 - iPads
 - Strong teachers
 - Unblended for core subjects
 - Decrease in class size
- Next steps
 - Year to year

Expansion Implications

2nd Grade at Garfield → Wilson (2 students)

Next Year

2nd, 3rd at Garfield → TBD

2nd at Lincoln → Adams

**in conversations with CARDV and COI about best placements for students at shelters

Dual Language District Costs

	FTE	Bus	Spanish Materials
2012-13	.5 (E.O.)	0	Spanish ELA (\$5000 est.)
2013-14	.5 (E.O. – Equity Funds)	2 students (GA-WI)	Spanish Math (\$3014) STAR Spanish (\$1141)
2014-15	Potential .5 EO	GA-WI LI-AD	SLD (\$30,000, one time cost) Summative Spanish Assessment (\$10/student, annual) Spanish Common Core materials (\$30,000 est.)

Questions



Corvallis

SCHOOL DISTRICT

X. CONSOLIDATED ACTION

X.A. Licensed Personnel Recommendations

BOARD MEETING DATE: January 13, 2014

FOR ACTION

SUBJECT: Licensed Personnel Action

1. Issue: Information on licensed-personnel recommendations

a. Recommendation to Hire:

Christine Gough: Second Grade Teacher, 0.50 FTE, Mt. View Elementary School, effective January 13, 2014 (Temporary).

Christopher Gregory: Physical Education Teacher, 0.60 FTE, Linus Pauling Middle School, effective November 25, 2013 (Temporary).

Shana Haid: Intervention Specialist, 1.0 FTE, Linus Pauling Middle School, effective December 19, 2013 (Temporary).

Scott Marecek: Fourth Grade Teacher, 1.0 FTE, Lincoln Elementary School, effective January 6, 2014 (Temporary).

b. Termination/Resignation/Layoff/Retirement:

Linda Dunfield: Music Teacher, 0.50 FTE, Mt. View Elementary School, effective January 14, 2014 (Resignation).

Leah Rapoza: Intervention Specialist, 0.50 FTE, Lincoln Elementary School, effective January 6, 2014 (Temporary Contract Ended).

c. Request for leave:

Aileen Shrock: Second Grade Teacher, 0.50 FTE, Mt. View Elementary School; requesting 0.50 FTE leave beginning January 1, 2014 for the remainder of the 2013-14 school year.

ACTION REQUESTED: Approve recommendations.

CONTACT PERSON: Jennifer Duvall



Corvallis

SCHOOL DISTRICT

X.B. Resolution No. 14-0101 Reaffirming the Second Year of the LBL ESD
2013-15 Local Service Plan

Corvallis School District 509J
Board of Directors

FOR ACTION

BOARD MEETING DATE: January 13, 2014

SUBJECT: Resolution No. 14-0101 Reaffirming the Second Year of the LBL ESD 2013-15
Local Service Plan

BACKGROUND INFORMATION:

The proposed Linn Benton Lincoln Education Service District (LBL ESD) Local Service Plan (LSP) 2013-15 was adopted by the Board on February 25, 2013. Under Oregon Law, a resolution for the Local Service Plan must be adopted by LBL ESD component school district boards by March 1 *annually*. At the January 13, 2014, meeting, the Board will be asked to approve a resolution reaffirming the second year of the LSP (2014-15). No changes were made to the plan.

ACTION REQUESTED:

Adopt Resolution No. 14-0101 to reaffirm the second year of the LBL ESD 2013-15 LSP.

CONTACT PERSON: Superintendent Erin Prince

CORVALLIS SCHOOL DISTRICT 509J
Resolution No. 14-0101 Reaffirming The Second Year of the
2013-15 LBL ESD Local Service Plan
Valley Coast Superintendent Association (VCSA)

Resolution Service Allocation

At least 90% of the annual State School Fund (SSF), Property Tax and other qualifying resources allocated to LBL will be expended on resolution services. Services will be provided on a two-tiered basis.

Tier 1 Resolution Services

Tier 1 contains services that are available to all 12 districts and are determined as being essential to all districts. Approval will be a unanimous vote to sustain or add to Tier 1 services. The emphasis in Tier 1 is on achieving the greatest economies of scale and assuring equity of access. Tier 1 services are fully funded out of the 90% of the SSF allocation. Service decisions are made for a two year period. However, if a service is provided through a contract that LBL holds with a third party vendor, the term of that contract will take precedence.

- Business Information System
- Student Information System Suite
- TIENet Special Education Records System
- Data Warehouse
- Help Desk
- Network Support Services Including Wide Area Network Operation
- Network Systems Analysts
- Education Evaluation and Consultation Center (School Psychologists, Speech Language and other special education assessment personnel) includes EI/ECSE Evaluations
- Severely Disabled Support and Consultation
- Interpreter/Translation Services for Special Needs Families
- Home School Registration and Tracking

Tier 2 Resolution Services

Once Tier 1 funds are allocated, the remaining balance is used for Tier 2 services. 98% of Tier 2 funds are allocated based on the ADMw of the 12 component districts using the final estimate for the May 15, 2012 SSF. The amount is rounded to the nearest whole percentage, not less than 1%. The remaining 2% of Tier 2 funds will be distributed as a beginning fund balance each year. Once established, the Tier 2 ADMw calculation does not change over a two year period in order for districts and LBL to maintain a stable program. LBL and its component school districts will stay within the constraints of our agreements, yet provide flexibility in the use of funds. We further agree to:

Changes in Tier 2 resolution services are negotiated by each district between the LBL superintendent and local superintendent based on individual need and within the following criteria:

- Assist component school districts in meeting requirements of state and federal law
- Improve student learning
- Enhance the quality of instruction provided to students
- Provide professional development to component school district employees
- Enable component school districts and the students who attend schools in those districts to have equitable access to resources
- Maximize operational and fiscal efficiencies for component school districts
- Service decisions will be made prior to May 1st of each year when possible
- Estimates of available resolution funding will be provided in April

While every attempt is made to achieve economies of scale in Tier 2, the emphasis is on customizing a service package for each district. Tier 2 services do not require participation by every school district in the region. The emphasis is on the development of consortia of districts utilizing a given service. These consortia may, and most likely will, utilize a variety of funding resources, including resolution service resources, to fund services. The cost of Tier 2 services will be based on the districts ADMr where applicable. Additionally, LBL Tier 2 resources may be used to acquire services with contractors other than LBL if the service is not provided by LBL.

Amendments to the Local Service Plan

If the component school districts approve an amendment to a local service plan, the board of an education service district may amend a local service plan that has been previously adopted by the board and approved by the component school districts.

Adopted January 13, 2014 by the Corvallis School District Board of Directors.

Tom Sauret, Corvallis School District Board Chair

Date

David Dunsdon, LBL ESD Board Chair

Date



Corvallis

SCHOOL DISTRICT

X.C. Board Policy BBB—Board Elections—Revised—Second Reading

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 13, 2014

FOR ACTION

SUBJECT: Board Policy BBB—Board Elections—Revised—Second Reading

Issue: HB 3537 modifies ORS 249.013 to allow an elector to be a candidate on the same ballot for more than one district office. It does not change the condition that an elector cannot be a candidate for more than one position on the same district board during the same election.

Options Considered: Not revising the policy.

Involvement: District office staff.

Consequences: Policy will remain outdated.

Cost Impact: None.

Action Requested: Adopting the revised policy.

CONTACT PERSON(S): Kevin Bogatin, Kerry Richey

Board Elections

1. Number of Directors

The Board will consist of seven members elected at large and will be known as the district school board. The term of office shall be four years.

2. Designation of Board Positions

Board members' positions and their respective successors in office will be designated by numbers as Position No. 1, No. 2, No. 3, No. 4, No. 5, No. 6 and No. 7. In all proceedings for the nomination or election of candidates for or to the office of Board member, every petition for nomination, declaration of candidacy, certificate of nomination, ballot, or other document used in connection with the nomination or election will state the position number to which the candidate aspires.

Individuals may seek more than one elected position such as school board and education service district board. ~~However, individuals may not seek more than one elected position in the same election. An exception would be if one of the districts has less than 10,000 registered voters.~~

Re-elections for Board positions will occur as follows*:

Position No. 1: Spring 2001, and every four years thereafter;
Position No. 2: Spring 2003, and every four years thereafter;
Position No. 3: Spring 2003, and every four years thereafter;
Position No. 4: Spring 2001, and every four years thereafter;
Position No. 5: Spring 2001, and every four years thereafter;
Position No. 6: Spring 2003, and every four years thereafter;
Position No. 7: Spring 2003, and every four years thereafter.

3. Elections

Elections for Board members will be held each odd numbered year on the third Tuesday in May.

4. Polling Places and Precincts

School elections shall be conducted by the Records and Elections Department of Benton County. Polling places designated by the county clerk will be the only polling places used in district elections. This includes election by mail as set out in Oregon Revised Statutes.

END OF POLICY

Legal Reference(s):

[ORS 249.013](#)

~~[ORS 255.075](#)~~

[ORS 255.235](#)

[ORS 255.245](#)

~~[ORS 255.335](#)~~

[ORS 332.011](#)

[ORS 332.018](#)

~~[ORS 332.118](#)~~—~~[332.126](#)~~

~~[ORS 332.136](#)~~

[ORS 332.118](#)—[332.138](#)



Corvallis

SCHOOL DISTRICT

X.D. Board Policy BBFA—Board Member Ethics and Conflicts of Interest—
Revised—Second Reading

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 13, 2014

FOR ACTION

SUBJECT:

Board Policy BBFA—Board Member Ethics and Conflicts of Interest—Revised—Second Reading

Board Policy BBFB—Board Member Ethics and Nepotism—Revised—Second Reading

Issue: HB 2079 modifies ORS 244.020 and 244.175 and replaces the current definitions of “member of the household” and “relative” with a single new definition of “relative” for purposes of the government ethics law. Effective January 1, 2014.

Options Considered: Not revising the policies.

Involvement: District office staff

Consequences: Policies will be out of compliance with Oregon law.

Cost Impact: None

Action Requested: Adopting the revised policies.

CONTACT PERSON(S): Kevin Bogatin, Kerry Richey

Board Member Ethics and Conflicts of Interest

No Board member will use his/her official position or office to obtain personal financial benefit or to avoid financial detriment for him or herself, relatives, ~~household members~~ or for any business with which the Board member, ~~household member~~, or a relative is associated.

This prohibition does not apply to any part of an official compensation package, honorarium allowed by ORS 244.042, reimbursement of expenses, or unsolicited awards of professional achievement. Further, this prohibition does not apply to gifts from one without a legislative or administrative interest. Nor does it apply if the gift is under the annual \$50 gift limit from one who has a legislative or administrative interest in any matter subject to the decision or vote of the Board member. District-provided meals at board meetings are acceptable under the reimbursement of expenses exception.

I. Conflicts of Interest

“Business” means any corporation, partnership, proprietorship, enterprise, association, franchise, firm, organization, self-employed individual, or any legal entity operated for economic gain. This definition excludes any income-producing tax exempt 501(c) not-for-profit corporation with which a public official or a relative of the public official is associated only as a member or board director or in a nonremunerative capacity.

“Business with which a Board member or relative is associated” means any private business or closely held corporation of which a Board member or relative is a director, officer, owner, employee, or agent or any private business or closely held corporation in which a Board member or relative owns or has owned stock, another form of equity interest, stock options or debt instruments worth \$1,000 or more at any point in the preceding year; any publicly held corporation in which a Board member or relative owns or has owned \$100,000 or more in stock or another form of equity interest, stock options or debt instruments at any point in the preceding calendar year; or any publicly held corporation of which a Board member or relative is a director or officer.

“Relative” means:

1. The Board member’s or candidate’s spouse¹, parent, step-parent, child, sibling, step-sibling, son-in-law, or daughter-in-law;
2. The spouse of the Board member’s or candidate’s parent, step-parent, child, sibling, step-sibling, son-in-law, or daughter-in-law.

¹The term spouse includes domestic partners.

~~in the conflict of interest context is defined as a Board member's spouse; any children of the Board member or of the Board member's spouse; brothers, sisters, half brothers, half sisters, spouses of siblings, parents of a Board member or of spouse, aunts, uncles, nieces, nephews, and step parents.~~
~~"Member of the household" means any person who resides with the public official.~~

No Board member will solicit or receive, either directly or indirectly, any pledge or promise of future employment based on any understanding that the Board member's vote, official action or judgment would be thereby influenced.

No Board member will attempt to use or use for personal gain any confidential information gained through his/her official position or association with the district. A Board member will respect individuals' privacy rights when dealing with confidential information gained through association with the district.

If a Board member participates in the authorization of a public contract, the Board member may not have a direct beneficial financial interest in that public contract for two years after the date the contract was authorized.

Individual Board members and the Board as a public entity are bound by the Code of Ethics for public officials as stated in Oregon law.

Potential Conflict of Interest

"Potential conflict of interest" means any action or any decision or recommendation by a Board member that could result in a financial benefit or detriment for self or relatives or for a business with which the Board member or relatives are associated, unless otherwise provided by law.

A Board member must publicly declare a potential conflict of interest. A Board member may, after declaring his/her potential conflict of interest, either vote or abstain on the issue. Abstaining from a vote does not meet the legal requirement of publicly stating a potential conflict.

Actual Conflict of Interest

"Actual conflict of interest" means any action or any decision or recommendation taken by a Board member that would result in a financial benefit or detriment to self or relatives or for any business with which the Board member or relatives are associated, unless otherwise provided by law.

A Board member must publicly declare an actual conflict of interest. The Board member may not vote lawfully if an actual conflict of interest exists unless a vote is needed to meet a minimum requirement of votes to take official action. Such a vote does not allow the Board member to participate in any discussion or debate on the issue out of which an actual conflict arises.

Class Exception

It will not be a conflict of interest if the Board member's action would affect to the same degree a class consisting of all inhabitants of the state, or a smaller class consisting of an industry, occupation or other group including one of which or in which the person, or the person's relative or business with which the person or the person's relative is associated, is a member or is engaged. For example, if a Board member's spouse is a member of the collective bargaining unit, the Board member may vote to approve the contract, as it will affect all members of that class to the same degree. However, if the collective bargaining unit is very small, the class exception may not apply. Similarly, if the contract contains special provisions that might apply only to particular persons, then the class exception may not apply. For example, if a Board member's spouse is the only one in the bargaining unit that has a doctorate and there is a pay differential for employees with doctorates in the collective bargaining agreement, the Board member should not vote on the contract.

II. Gifts

Board members are public officials and therefore will not solicit or accept a gift or gifts with an aggregate value in excess of \$50 from any single source in a calendar year that has a legislative or administrative interest in any matter subject to the decision or vote of the Board member. All gift related provisions apply to the Board member and their relatives. The \$50 gift limit applies separate to the Board member and to the Board member's relatives, meaning that the Board member and their relatives can accept up to \$50 each from the same source/gift giver. "Gift" means something of economic value given to a Board member without valuable consideration of equivalent value, which is not extended to others who are not public officials on the same terms and conditions.

~~, their relatives, and members of their household. The \$50 gift limit applies separately to the Board member, and to the Board member's relatives or members of household, meaning that the Board member and each member of their household and relative can accept up to \$50.00 each from the same source/gift giver.~~

- ~~1. "Gift" means something of economic value given to a Board member without valuable consideration of equivalent value, which is not extended to others who are not public officials on the same terms and conditions.~~
- ~~2. "Relative" in the gift context means the spouse of the Board member; any children of the Board member or of the Board member's spouse; siblings, spouses of siblings or parents of the Board member or of the Board member's spouse; any individual for whom the Board member has a legal support obligation; or any individual for whom the Board member provides benefits arising from the Board member's public employment or from whom the Board member receives benefits arising from that individual's employment.~~
- ~~3. "Member of the household" means any person who resides with the Board member.~~

Determining the Source of Gifts

Board members should not accept gifts in any amount without obtaining information from the gift giver as to who is the source of the gift. It is the Board member's personal responsibility to ensure that no single source provides gifts exceeding an aggregate value of \$50 in a calendar year, if the source has a legislative or administrative interest in any matter subject to the decision

or vote of the Board member. If the giver does not have a legislative/administrative interest, the ethics rules on gifts do not apply and the Board member need not keep track of it, although they are advised to do so anyway in case of a later dispute.

Determining Legislative and Administrative Interest

A legislative or administrative interest means an economic interest distinct from that of the general public, in any action subject to the decision or vote of a person acting in the capacity of a Board member. For example, everyone within a county has a general interest in the fire department, but the person who sells the uniforms to the fire department has a legislative/administrative interest in the fire department that is distinct from the general public.

Determining the Value of Gifts

The fair market value of the merchandise, goods, or services received will be used to determine benefit or value.

“Fair market value” is the dollar amount goods or services would bring if offered for sale by a person who desired, but was not obligated, to sell and purchased by one who is willing, but not obligated, to buy. Any portion of the price that was donated to charity, however, does not count toward the fair market value of the gift if the Board member does not claim the charitable contribution on personal tax returns. Below are acceptable ways to calculate the fair market value of a gift:

1. In calculating the per person cost at receptions or meals the payor of the Board member’s admission or meal will include all costs other than any amount donated to a charity.

For example, a person with a legislative or administrative interest buys a table for a charitable dinner at \$100 per person. If the cost of the meal was \$25 and the amount donated to charity was \$75, the benefit conferred on the Board member is \$25. This example requires that the Board member does not claim the charitable contribution on personal tax returns.

2. For receptions and meals with multiple attendees, but with no price established to attend, the source of the Board member’s meal or reception will use reasonable methods to determine the per person value or benefit conferred. The following examples are deemed reasonable methods of calculating value or benefit conferred:
 - a. The source divides the amount spent on food, beverage and other costs (other than charitable contributions) by the number of persons whom the payor reasonably expects to attend the reception or dinner;

- b. The source divides the amount spent on food, beverage and other costs (other than charitable contributions) by the number of persons who actually attend the reception or dinner; or
 - c. The source calculates the actual amount spent on the Board member.
- 3. Upon request by the Board member, the source will give notice of the value of the merchandise, goods, or services received.
- 4. Attendance at receptions where the food or beverage is provided as an incidental part of the reception is permitted without regard to the fair market value of the food and beverage provided.

Value of Unsolicited Tokens or Awards: Resale value

Board members may accept unsolicited tokens or awards that are engraved or are otherwise personalized items. Such items are deemed to have a resale value under \$25 (even if the personalized item cost the source more than \$50.00), unless the personalized item is made from gold or some other valuable material that would have value over \$25 as a raw material.

Entertainment

Board members may not solicit or accept any gifts of entertainment over \$50 in value from any single source in a calendar year that has a legislative or administrative interest in any matter subject to the decision or vote of the Board member unless:

- 1. The entertainment is incidental to the main purpose of another event (i.e. a band playing at a reception). Entertainment that involves personal participation is not incidental to another event (such as a golf tournament at a conference); or
- 2. The Board member is acting in their official capacity for a ceremonial purpose.

Entertainment is ceremonial when a Board member appears at an entertainment event for a “ceremonial purpose” at the invitation of the source of the entertainment who requests the presence of the Board member at a special occasion associated with the entertainment. Examples of an appearance by a Board member at an entertainment event for a ceremonial purpose include throwing the first pitch at a baseball game, appearing in a parade and ribbon cutting for an opening ceremony.

Exceptions

The following are exceptions to the ethics rules on gifts.

- 1. Campaign contributions are not considered gifts under the ethics rules.

2. Gifts from “relatives” ~~and “members of the household”~~ are permitted in an unlimited amount; they are not considered gifts under the ethics rules.
3. Informational or program material, publications, or subscriptions related to the recipient’s performance of official duties.
4. Contributions made to a legal expense trust fund if certain requirements are met.
5. Food, lodging, and travel generally count toward the \$50 aggregate amount per year from a single source with a legislative/administrative interest, with the following exceptions:
 - a. Organized Planned Events. Board members are permitted to accept payment for travel conducted in the Board member’s official capacity, for certain limited purposes:
 - (1) Reasonable expenses (i.e. food, lodging, travel, fees) for attendance at a convention, fact-finding mission or trip, or other meeting do not count toward the \$50.00 aggregate amount IF:
 - (a) The Board member is scheduled to deliver a speech, make a presentation, participate on a panel, or represent the district; AND the giver is a unit of:
 - i) A Federal, state, or local government;
 - ii) An Oregon or federally recognized Native American Tribe; OR
 - iii) Non-profit corporation.
 - (b) The Board member is representing the district:
 - i) On an officially sanctioned trade-promotion or fact-finding mission; OR
 - ii) Officially designated negotiations or economic development activities *where receipt of the expenses is approved in advance by the Board.*
 - (2) The purpose of this exception is to allow Board members to attend organized, planned events and engage with the members of organizations by speaking or answering questions, participating in panel discussions or otherwise formally discussing matters in their official capacity. This exception to the gift definition does not authorize private meals where the participants engage in discussion.

6. Food or beverage, consumed at a reception, meal, or meeting IF held by an organization and IF the Board member is representing the district. Again, this exception does not authorize private meals where the participants engage in discussion.

“Reception” means a social gathering. Receptions are often held for the purpose of extending a ceremonial or formal welcome and may include private or public meetings during which guests are honored or welcomed. Food and beverages are often provided, but not as a plated, sit-down meal.

7. Food or beverage consumed by Board member acting in an official capacity in the course of financial transactions between the public body and another entity described in ORS 244.020(6)(b)(I)(i).
8. Waiver or discount of registration expenses or materials provided to Board member at a continuing education event that the Board member may attend to satisfy a professional licensing requirement.
9. A gift received by the Board member as part of the usual or customary practice of the Board member’s private business, employment, or position as a volunteer that bears no relationship to the Board member’s holding of public office.

Honoraria

A Board member may not solicit or receive, whether directly or indirectly, honoraria for the Board member or **relative** ~~any member of the household of the Board member~~ if the honoraria are solicited or received in connection with the official duties of the Board member.

The honoraria rules do not prohibit the solicitation or receipt of an honorarium or a certificate, plaque, commemorative token or other item with a value of \$50 or less; or the solicitation or receipt of an honorarium for services performed in relation to the private profession, occupation, avocation or expertise of the Board member or candidate.

END OF POLICY

Legal Reference(s):

[ORS 162.015](#) to 162.035
[ORS 162.405](#) to 162.425
[ORS 244.010](#) to 244.400
[ORS 332.055](#)
[ORS 659A.006](#)
[OAR 199-005-0003](#) to 199-020-0020

38 OR. ATTY. GEN. OP. 1995 (1978)
OR. ETHICS COMM’N, OR. GOV’T ETHICS LAW, A GUIDE FOR PUBLIC OFFICIALS ~~(2008)~~.



Corvallis

SCHOOL DISTRICT

X.E. Board Policy BBFB—Board Member Ethics and Nepotism—Revised—
Second Reading

Board Member Ethics and Nepotism

In order to avoid both potential and actual conflicts of interests, Board members will abide by the following rules when a Board member's relative ~~or member of the household~~ is seeking and/or holds a position with the district:

1. A Board member may not appoint, employ, promote, discharge, fire, or demote or advocate for such an employment decision for a relative ~~or a member of the household~~, unless the Board member complies with the conflict of interest requirements of ORS Chapter 244;
2. This policy does not apply to decisions regarding unpaid volunteer positions unless it is a Board member position or another Board-related unpaid volunteer position (i.e. a Board committee position);
3. A Board member may not participate as a public official in any interview, discussion, or debate regarding the appointment, employment, promotion, discharge, firing, or demotion of a relative ~~or a member of the household~~. A Board member may still serve as a reference or provide a recommendation.

For the purposes of this policy, a ~~"member of the household"~~ means any person who resides with the Board member and ~~"relative"~~ means:

1. The Board member's spouse¹, parent, step-parent, child, sibling, step-sibling, son-in-law, or daughter-in-law;
2. The spouse of the Board member's parent, step-parent, child, sibling, step-sibling, son-in-law, or daughter-in-law.

1. ~~The Board member's spouse or domestic partner;~~
2. ~~Any children of the Board member, or his/her spouse, or his/her domestic partner; and~~
3. ~~Brothers, sisters, half brothers, half sisters, brothers-in-law, sisters-in-law, sons-in-law, daughters-in-law, mothers-in-law, fathers-in-law, aunts, uncles, nieces, nephews, stepparents, stepchildren, or parents of the Board member, or the parents of his/her spouse, or his/her domestic partner.~~

¹The term spouse includes domestic partners.

Class Exception

It will not be a conflict of interest if the Board member's action would affect to the same degree a class including the Board member's relative ~~or household member~~. For example, if a Board member's spouse is a member of the collective bargaining unit, the Board member may vote to approve the contract, as it will affect all members of that class to the same degree.

END OF POLICY

Legal Reference(s):

[ORS 244.010 to-244.400](#)~~[ORS 332.016](#)~~

[ORS 659A.309](#)

[OAR 199-005-0003 to-199-020-0020](#)

[OAR 584-020-0040](#)

OR. ETHICS COMM'N, OR. GOV'T ETHICS LAW, A GUIDE FOR PUBLIC OFFICIALS ~~(2008)~~.



Corvallis

SCHOOL DISTRICT

X.F. Board Policy GBI—Gifts and Solicitations—Revised—Second Reading

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 13, 2014

FOR ACTION

SUBJECT:

Board Policy GBI—Gifts and Solicitations—Revised—Second Reading
Board Policy GBIA—Staff Awards—Rescinded—For Action

Issue: Board policy GBI—Gifts and Solicitations has been updated to include staff awards. It includes the wording from a separate board policy GBIA—Staff Awards. Board policy GBIA will then be rescinded along with the second reading of board policy GBI.

Options Considered: Not combining the policies.

Involvement: District office staff.

Consequences: Policies will be duplicated.

Cost Impact: None.

ACTION REQUESTED: Adopting revised policy GBI and rescinding GBIA.

CONTACT PERSON(S): Kevin Bogatin, Kerry Richey

GIFTS AND SOLICITATIONS

Students and their parents shall be discouraged from giving personal gifts of significant material value to district employees. The Board welcomes as appropriate the writing of letters to staff members by students and/or parents expressing gratitude and appreciation.

Individual employees will refrain from giving gifts¹ to staff members who exercise any direct or indirect administrative or supervisory jurisdiction over them. Collecting money for group gifts is discouraged except in special circumstances such as bereavement, serious illness or for retirement gifts. Staff-initiated “sunshine funds” are exempt from this policy.

Individual employees must be accountable for maintaining integrity and avoid accepting anything of value offered by another for the purpose of influencing his/her professional judgment. Awards presented to employees in recognition of professional accomplishments by professional organizations or public agencies may be accepted and are the property of the employee.

All employees are prohibited from accepting personal gifts or gratuities from companies or organizations doing business with the district. (Material value is defined as \$50 from a single source in a single year.)

No member of the district staff will solicit students, parents, or other employees during work/school hours or in the work/classroom area for the purpose of selling or promoting the sale of goods or services from which any personal financial gain may be derived. No solicitation of staff, students, or parents by outside vendors will be permitted in the work/classroom area or during work/school time. With prior approval by the building administrator or designee, an individual or vendor may display goods or promotions outside of the work/classroom area for staff, students, or parents to view on personal time. This display of goods by the vendor will be restricted to an area to be determined by the administrator or designee.

This policy is not to be construed to prohibit the solicitation of district purchasing agents by regular educational and school supply vendors.

END OF POLICY

¹“Gift” means something of economic value given to a public official or the public official’s relative or household member without valuable consideration of equivalent value, including the full or partial forgiveness of indebtedness, which is not extended to others who are not public officials or the relatives or household members of public officials on the same terms and conditions; and something of economic value given to a public official or the public official’s relative for valuable consideration less than that required from others who are not public officials. See ORS Chapter 244 for gift definition exceptions.

Legal References:

[ORS 244.10-244.400](#)

[ORS 339.880](#)

[OAR 584-020-0000 to -0045](#)

[OAR 199-005-0005 to 199-020-0020](#)

Cross References:

Policy BBF—Board Member Conduct

Policy GBC—Staff Ethics

Policy KH—Public Gifts to the District

Policy KI/KJ—Public Solicitation/Advertising in District Facilities

Policy KJA—Distribution of Announcements and Community Information



Corvallis

SCHOOL DISTRICT

X.G. Board Policy GBIA—Staff Awards—Rescinded—For Action

Code: GBIA
Adopted: 7/91; 7/89
Revised/Readopted:
3/8/99
Orig. Codes: 3575;
4680

STAFF AWARDS

Awards presented to employees in recognition of professional accomplishments by professional organizations or public agencies may be accepted and are the property of the employee.

END OF POLICY

Legal References:

ORS 244.040

ORS 339.880

OAR 584-020-0000 to -0045



Corvallis

SCHOOL DISTRICT

X.H. Board Policy GCPB—Resignation of Staff—Revised—Second Reading

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 13, 2014

FOR ACTION

SUBJECT:

Board Policy GCPB—Resignation of Staff—Revised—Second Reading
Board Policy GDPB—Resignation of Classified Staff—Rescinded—For Action

Issue: Board policy GCPB—Resignation of Staff has been updated to include classified staff. It includes the wording from a separate board policy GDPB—Resignation of Classified Employees. Board policy GDPB will then be rescinded along with the second reading of board policy GCPB.

Options Considered: Not combining the poliicies.

Involvement: District office staff

Consequences: Policies will be duplicated.

Cost Impact: None

Action Requested: Adopting revised policy GCPB and rescinding GDPB.

CONTACT PERSON(S): Jennifer Duvall, Kerry Richey

Resignation of Staff

A licensed staff member who wishes to resign from his/her position with the district must give written notice at least 60 days prior to the date he/she wishes to leave district employment. The superintendent is authorized to accept the resignation effective the day it is received and either release the licensed staff member immediately from further teaching or administrative obligations or inform the licensed staff member that he/she must continue teaching for part or all of the 60-day period. Exceptions due to emergency or other extenuating circumstances may be considered by the superintendent.

Where less than a 60-day notice is given, the superintendent may request the Teacher Standards and Practices Commission to discipline the licensee.

A written notice of resignation of a classified employee shall be filed with the immediate supervisor at least two weeks prior to the date of resignation. Such timeline may be waived under extenuating circumstances. The superintendent or designee is authorized to accept resignations of classified employees effective sooner than at the end of the two-week period. ~~the day they are received.~~

END OF POLICY

Legal References:

[ORS 342.553](#)

[ORS 652.140](#)

[OAR 581-022-1720](#)

Pierce v. Douglas County Sch. Dist., 297 Or. 363 (1984).



Corvallis
SCHOOL DISTRICT

X.I. Board Policy GDPB—Resignation of Classified Staff—Rescinded—For Action

Code: GDPB
Adopted: 7/89
Readopted: 3/8/99
Orig. Code: 4430

RESIGNATION OF CLASSIFIED EMPLOYEES

A written notice of resignation of a classified employee shall be filed with the immediate supervisor at least two weeks prior to the date of resignation. Such notice may be waived under extenuating circumstances.

END OF POLICY

Legal References:

ORS 342.553
ORS 652.140

OAR 581-022-1720 (2)

Pierce v. Douglas County School District No. 4, 60 Or. App. 285 (1982); rev'd, 197 Or. 363 (1984).



Corvallis
SCHOOL DISTRICT

X.J.Board Policy ING—Animals in District Facilities—Revised—Second Reading

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 13, 2014

FOR ACTION

SUBJECT: Board Policy ING—Animals in District Facilities—Revised—Second Reading

Issue: Schools often have educational projects conducted and lessons taught involving live organisms in schools or in school related activities such as science fairs, science clubs, and science competitions. The study of living organisms is essential for an understanding of living processes. This study must be coupled with the observance of humane animal care and treatment. The district follows guidelines developed by the National Science Teachers Association and the National Association of Biology Teachers in regards to the inclusion of animals in the K-12 classroom. Board Policy ING—Animals in District Facilities—has been changed to include this reference.

Options Considered: Not revising the policy.

Involvement: District office and building staff.

Consequences: Policy will remain outdated and procedures may be unclear.

Cost Impact: None

Action Requested: Adopting the revised policy.

CONTACT PERSON(S): Kevin Bogatin, Kerry Richey

Animals in District Facilities

Animals are generally prohibited on district property.

However, permission may be obtained from the principal before animals are brought into the school for specified educational purposes. Animals must be adequately cared for and appropriately secured. Parents of students will be notified in advance of animals being brought into the classroom. Due to allergies or other concerns, parents may request a student be excused from handling or touching any animal. Only the teacher or students designated by the teacher are to handle the animals.

If animals are to be kept in the classroom on days when classes are not in session, arrangements must be made for their care.

Any unanticipated costs associated with the animal's presence on school property will be the responsibility of the animal's owner (i.e., flea treatments, false alarms, medical bills).

Animals may not be transported on a school bus or in any district vehicles.

Animals serving persons with a disability would be an exception to this policy.
~~Service animals shall be an exception to this policy.~~

The district follows guidelines developed by the National Science Teachers Association (NSTA) and the National Association of Biology Teachers (NABT) in regards to the inclusion of animals in the K-12 classroom. NSTA supports the decision of science teachers and their school or school district to integrate live animals and dissection in the K-12 classroom.

END OF POLICY

Legal Reference(s):

[ORS 346.620](#)

[ORS 659A.400](#)

[OAR 581-053-0010](#)

[OAR 581-053-0230\(9\)\(j\)](#)

[OAR 581-053-0330\(1\)\(q\)](#)

[OAR 581-053-0430\(16\)](#)

[OAR 581-053-0531\(15\)](#)

[ORS 336.067](#)

[OAR 581-053-0015](#)

[OAR 581-053-0545\(4\)\(c\)\(V\)](#)

[OAR 581-053-0550\(5\)\(u\)](#)

Americans with Disabilities Act of 1990, 104 Stat. 327, 42 U.S.C. § 12101 et seq. (2006); 28 CFR §§ 35.104, 35.136 (2006).

Americans with Disabilities Act Amendments Act of 2008.



Corvallis

SCHOOL DISTRICT

X.K. Board Policy JEC—Admissions—Revision—Second Reading

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 13, 2014

FOR ACTION

SUBJECT:

Board Policy JEC—Admissions—Revision—Second Reading

Board Policy JECA—Admission of Resident Students—Revision—Second Reading

Issue: The Oregon School Boards Association has clarified language in Board Policy JEC—Admissions and Board Policy JECA—Admission of Resident Students regarding the admission for a student who is not yet 21 years of age at the beginning of the school year.

Options Considered: Not revising the policies

Involvement: District office staff

Consequences: Policies will remain outdated.

Cost Impact: None

Action Requested: Adopting the revised policies.

CONTACT PERSON(S): Kevin Bogatin, Kerry Richey

ADMISSIONS**

The Board is committed to providing an educational program for all students living in the district. The Board believes all students living in the district who have not completed 12 years of education should attend school regularly and be included in the available educational programs.

Special Education

Special education students shall be served from ages 0-21, unless the student has received a regular high school diploma.

Nonspecial Education

Students not in special education shall be served from ages 5-19 or may be served until age 21 if still working toward a diploma.

State law requires students to be age six on or before September 1 to enter first grade; and age five on or before September 1 to enter kindergarten.

All new students must register in the office. Registration requirements include proof of the student's birth date (a birth certificate, a hospital record, or a baptismal record), and immunization records as required by law. Students admitted to any grade must show evidence of completing the prior school years.

Students enrolled in the district shall comply with Oregon laws related to age, residence, health, and immunization.

Students located in the district shall not be excluded from admission solely because the student does not have a fixed place of residence or solely because the student is not under the supervision of a parent.

Admission of Resident Students

School-age students who live within the district attendance area may attend school without paying tuition.

1. Students who turn 19 years of age during the school year shall continue to be eligible for a free and appropriate public education for the remainder of the school year.
2. The Board may admit otherwise eligible students who are not receiving special education and who have not yet attained 21 years of age prior to the beginning of the current school

year if they are shown to be in need of additional education in order to receive a diploma. These students may attend school without paying for tuition for the remainder of the school year.

3. The Board shall admit otherwise eligible students who have not yet attained age 21 prior the beginning of the current school year, if the student is receiving special education services and

a. Has not yet received a regular high school diploma; or

b. Has received a modified diploma, an extended diploma, or an alternative certificate.

~~Students located in the district shall not be excluded from admission where they are otherwise eligible, and not yet attained the age of 19 prior to the beginning of the current school year. The district may admit an otherwise eligible person who is not receiving special education and who has not yet attained 21 years of age prior to the beginning of the current school year if the person is shown to be in need of additional education in order to receive a diploma.~~

Students living in the district who have attained the age of majority are considered residents of the district. Minor students living with parents who reside in the district are considered residents of the district. Students who are wards of the court and who are placed in the district are residents of the district. Final determination on any remaining questions of residency shall be made by the State Superintendent of Public Instruction.

END OF POLICY

Legal Reference(s):

[ORS 109.056](#)
[ORS 327.006](#)
[ORS 336.092](#)
[ORS 339.010](#)
[ORS 339.020](#)

[ORS 339.030](#)
[ORS 339.115](#)
[ORS 339.125](#)
[ORS 339.133](#)
[ORS 339.134](#)

[ORS 433.267](#)
[OAR 581-022-0705](#)
~~SB 215 (2007)~~

Illegal Immigration and Immigration Reform Act of 1996, 8 U.S.C. §§ 1101, 1221, 1252, 1224, 1363, 1367 (2006).

McKinney-Vento Homeless Education Assistance Improvements Act of 2001, 42 U.S.C. §§ 11431-11435 (2006).

Assistance to States for the Education of Children with Disabilities, 34 C.F.R. § 300.122 (2006).



Corvallis

SCHOOL DISTRICT

X.L. Board Policy JECA—Admission of Resident Students—Revision—
Second Reading

Admission of Resident Students**

School-age students who live within the district attendance area between the ages of 5-19 shall attend school without paying tuition.

1. ~~Residents over age 19 who have a diploma may be admitted with the approval of the superintendent and upon payment of tuition at the rate established by the Board.~~ Students who turn 19 years of age during the school year shall continue to be eligible for a free and appropriate public education for the remainder of the school year.
2. The Board may admit otherwise eligible students who are not receiving special education and who have not yet attained 21 years of age prior to the beginning of the current school year if they are shown to be in need of additional education in order to receive a diploma. ~~or age 21 if receiving special education services and have not yet received a regular high school diploma.~~ These students may attend school without paying tuition for the remainder of the school year.
3. The Board shall admit otherwise eligible students who have not yet attained age 21 prior to the beginning of the current school year if the student is receiving special education services and
 - a. Has not yet received a regular high school diploma; or
 - b. Has received a modified diploma, an extended diploma, or an alternative certificate.
43. Students with disabilities voluntarily placed outside the home by their parent may continue to attend the school the student was attending prior to the placement as a district resident when the student's parent and school staff can demonstrate it is in the student's best interest.
54. The Board may, based on district criteria, deny regular school admission to students who have become residents and who are under expulsion from another school district for reasons other than a weapons policy violation.
65. The Board shall deny, for at least one calendar year from the date of the expulsion, regular school admission to students who have become residents and who are under expulsion from another school district for a weapons policy violation.
76. The Board may, based on district criteria, provide alternative programs of instruction to students expelled for a weapons policy violation.

END OF POLICY

Legal References:

[ORS 109.056](#)
[ORS 327.006](#)
[ORS 339.115](#)
[ORS 339.133](#)
[ORS 339.134](#)
[ORS 433.267](#)
SB-215 (2007)



Corvallis

SCHOOL DISTRICT

XI. CONSOLIDATED INFORMATION

XI.A. Non-Licensed Personnel Information

BOARD MEETING DATE: January 14, 2013

FOR INFORMATION ONLY

SUBJECT: Non-licensed Personnel Information

1. Issue: Information on non-licensed-personnel

a. Recommendation to Hire:

Timothy Emery: Maintenance 1, 8 hrs, Corvallis High School, effective December 23, 2013 (Probationary).

Bernadette Feyerherm: Educational Assistant 2, 1 hr, Franklin School, effective January 6, 2014 (Limited Term).

Debra Pinard: Fiscal Clerk 2, 8 hrs, Crescent Valley High School, effective December 19, 2013 (Probationary).

Teresa Walters: Food Service Assistant, 1 hr, Adams Elementary School, effective January 6, 2014 (Probationary).

Theresa Williams: Administrative Assistant 2, 4 hrs, Corvallis High School, December 17, 2013 (Probationary).

b. Termination/Resignation/Layoff/Retirement:

Karen McElligot: Food Service Assistant, 4 hrs, Central Kitchen, effective December 31, 2013 (Resignation).

Norma Villanueva: Administrative Assistant 1, 4 hrs, Garfield Elementary School, effective December 17, 2013 (Resignation).

CONTACT PERSON: Jennifer Duvall



Corvallis

SCHOOL DISTRICT

XI.B. Division 22 Standards

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: **January 13, 2014**

FOR INFORMATION

SUBJECT: Division 22 Standards

Issue:

We are required by OAR 581-022-1610 Operating Policies and Procedures to report to the Board the District's standing with respect to the Standards for Public Elementary and Secondary Schools as set out in OAR Chapter 581, Division 22. Following that report, districts are asked to complete and return the annual Elementary and Secondary Schools Assurance Form.

The requirement to submit the Assurance Form had been suspended for the past two years. That suspension is now over, and the requirement to submit the Assurances to ODE is back in place. However, as part of the Oregon Department of Education's mandate relief efforts, the 2013-2014 Assurances process has been simplified. The number of administrative rules included has been reduced, eliminating the Division 22 rules that are redundant or that are directed at entities other than school districts. Also, the deadline for submission has been moved from February 15 to April 15.

We received the list of standards from ODE on January 6, 2014. District staff will review our policies and procedures to ascertain compliance with each standard, and will give the Board a report at an upcoming meeting.

CONTACT PERSON: Kevin Bogatin, Assistant Superintendent



Corvallis

SCHOOL DISTRICT

XI.C. Unaudited Financial Statements - November 30, 2013

FOR INFORMATION

BOARD MEETING DATE: January 13, 2014

SUBJECT: November 30, 2013 Financial Statements (Unaudited)

General Fund:

The Statement of Revenues and Expenditures for the period ending November 30, 2012 and 2013 follows this report. The 2013-14 year-to-date revenues total \$34.3 million or 64.8 percent of total revenue budgeted as compared to 2012-13 of 67.6 percent.

Current Highlights

Revenues:

The report shows property and local option tax revenues down \$2.4 million as compared to the prior year. Staff had estimated the withholding of \$1.8 million in November due to the Hewlett Packard (HP) and Comcast refunds and tax deferrals. As local tax revenues are a factor in the state school formula, the District will see an offset in state revenues received.

Staff analyzed the variance in expected versus actual tax collections and queried Benton County for further details. It was discovered that the County had withheld the HP reduction twice from November turnovers in error. Benton County corrected this error by issuing a turnover on December 23, 2013, in the amount of \$1.7 million for the General Fund portion and \$.5 million for the Debt Service portion. Factoring in this adjustment, November year-to-date collections for 2013-14 are \$.7 million less than the prior year.

With the influx of property tax receipts in November that will be used over the course of the fiscal year to fund operations, the District's investment opportunities within policy guidelines were examined. The Local Government Investment Pool (LGIP) rate of return as of November 30, 2013, is .54% as compared to a three-month U.S. Treasury Bill bond equivalent yield of .06%. Staff evaluated rates for maturities over the course of the fiscal year and determined that the LGIP provided the best rate and liquidity at this time. The District's balance of funds in LGIP remains below the maximum allowed by the State Treasurer's Office and therefore we are not required to invest funds outside of the LGIP.

Expenditures:

All expenditure categories are in line with budgeted plans. This is illustrated by the narrative below.

Previously Reported Highlights

November year-to-date state revenues for general support for 2013-14 are \$13.2 million as compared to \$10.1 million for the prior year. This reflects both the increase in the statewide K-12 education budget and an increase to the District's portion of state revenues due to the HP appeal that reduced projected local revenue. The District planned the 2013-14 State School Fund budget accordingly and the revenue is on track with budgeted expectations at 53.5 percent as of the end of November.

The District received the county assessors' Notification of Property Taxes Imposed for 2013-14. The Local Option Levy continues to be impacted by compression due to decreases in the gap between real market values and assessed values. The District budgeted \$3,890,200 for Local Option Levy, and the imposed amount is \$3,933,826. This is \$288,014 less than last year's imposed amount. Furthermore, as a result of the property tax refund to Hewlett-Packard (HP) and deferred taxes to HP and Comcast, collections are projected to be \$3,535,768 which is \$354,432 below budget. This will be watched closely throughout the year and into the future as it impacts the next fiscal year.

General Fund expenditures through November are higher than the prior year by \$569,059. Expenditures for 2013-14 overall are 33.3 percent of budget through the end of November as compared to 2012-13 expenditures of 33.8 percent of budget. In addition to contracted salary increases, several key program changes are reflected in the year-to-date increase. In the Instructional category, 1:World supplies and materials purchases of approximately \$296,000 were made in the first quarter along with \$303,000 from the Facilities Grant. Software and license purchases for the STARS reading and math program cost \$112,000. In 2013-14, the Supporting Services category does not include a funding transfer to the Early Retirement Fund as the program is now fully funded, a budgeted decrease of \$480,650 from the prior year.

The Schedule of Investments and Cash Disbursements for November 2013 are included as part of this report. If you have any questions or would like additional information please contact me.

Presenter: **Steve Nielsen, Director of Finance and Operations**

Supplementary Materials: **1. Statement of Revenue and Expenditures, Fiscal year to date as of November 30, 2012 and 2013**
2. Schedule of Investments as of November 30, 2013
3. Schedule of Cash Disbursements greater than or equal to \$1,000 for the period of November 1 - 30, 2013.

Corvallis School District 509J
Statement of Revenues and Expenditures
Fiscal Year to Date as of November 30, 2012 and 2013 Respectively (Unaudited)

General Fund

	FY2012-13			FY2013-14		
	Budget	Actual		Budget	Actual	
Revenues:						
Local Sources						
Property Taxes	\$ 23,055,300	\$ 19,683,338	85.4%	\$ 22,950,000	\$ 17,956,038	78.2%
Local Option Taxes	4,541,500	3,558,395	78.4%	3,890,200	2,932,542	75.4%
Earnings on Investments	100,000	32,628	32.6%	100,000	35,000	35.0%
Other	316,000	95,297	30.2%	394,000	122,913	31.2%
Intermediate Sources	230,000	-	-	260,000	849	0.3%
State Sources						
General Support	20,577,265	10,109,875	49.13%	24,719,368	13,228,870	53.5%
State School Fund - Subaccount	-	-	-	-	-	-
Common School Fund	603,120	-	-	494,332	-	-
Other	83,000	-	-	83,000	-	-
Federal Sources	8,000	-	-	9,000	8,971	99.7%
Total Revenue	<u>\$ 49,514,185</u>	<u>\$ 33,479,533</u>	67.6%	<u>\$ 52,899,900</u>	<u>\$ 34,285,183</u>	64.8%
Expenditures:						
Instruction	\$ 30,924,859	\$ 9,551,504	30.9%	\$ 32,646,155	\$ 9,935,906	30.4%
Supporting Services	20,718,041	7,920,044	38.2%	21,488,032	8,104,673	37.7%
Community Services	124,300	40,341	32.5%	127,370	40,369	31.7%
Facilities Improvements	1	-	-	1	-	-
Transfers to Other Funds	2	-	-	2	-	-
Total Expenditures	<u>\$ 51,767,203</u>	<u>\$ 17,511,889</u>	33.8%	<u>\$ 54,261,560</u>	<u>\$ 18,080,948</u>	33.3%
Excess of Revenues over Expenditures	\$ (2,253,018)	\$ 15,967,644		\$ (1,361,660)	\$ 16,204,235	
Beginning Fund Balance	7,971,475	8,249,911	103.5%	6,324,100	6,629,956	104.8%
Budgeted Contingencies	3,242,747	-		2,322,445	-	
Unappropriated Ending Fund Balance	<u>2,475,710</u>	<u>-</u>		<u>2,639,995</u>	<u>-</u>	
Fund Balance, November 30	<u>\$ -</u>	<u>\$ 24,217,555</u>		<u>\$ -</u>	<u>\$ 22,834,191</u>	

Corvallis School District 509J
Schedule of Investments
November 30, 2013

Type of Investment	Investment Date	Maturity/ Call Date	No. of Days	Bond Equivalent Yield	Purchase Price	Par (Maturity) Value
Total Investments outside of Local Government Investment Pool:					\$ -	\$ -
				Average Annualized Rate		
<u>Local Government Investment Pool:</u>						
General Account				0.54%		\$ 40,587,102
Debt Service Account				0.54%		1,196,081
Subtotal LGIP ¹						<u>\$ 41,783,183</u>
<u>Local Government Investment Pool - Pension Bond Debt Service:</u>						
Pension Bond Debt Service Account: ⁴				0.54%		<u>\$ 1,090,934</u>
<u>Total Investments</u>						<u>\$ 42,874,117</u>

1. The maximum amount (in any combination of accounts) that the Local Government Investment Pool (LGIP) allows in an account is \$45,405,443.
2. The PERS Bond Debt Service Account is outside of the LGIP limit, and collects the PERS intercept payments from the Basic School Fund for payment twice a year to the bond holders of the PERS bond debt.

Compliance with Investment Policy		
Type of Investment	Maximum Percent of Portfolio per Policy	Current Percent
US Government-Sponsored Enterprises (Total):	90.0%	0.0%
US Treasury Obligations	100.0%	0.0%
Local Government Investment Pool	100.0%	100.0%
Bankers Acceptances	25.0%	0.0%
Repurchase Agreements	25.0%	0.0%
State and Local Government Securities	25.0%	0.0%
Time Certificates of Deposit & Collateralized Money Market	50.0%	0.0%
Commercial Paper (bonds and promissory notes issued by corporations)	10.0%	0.0%
TOTAL		100.00%

Benchmarks as of 11/30/13:

3-Month U. S. T-Bill bond equivalent yield:	0.06%
3-Mo. Jumbo CDs	0.04%

Corvallis School District 509J
Schedule of Cash Disbursements greater than or equal to \$1,000
For the period of November 1, 2013 - November 30, 2013

<u>Fund, Object, Vendor</u>	<u>Amount</u>	<u>Fund, Object, Vendor</u>	<u>Amount</u>
100 - General Fund	\$ 631,059.18	100 - General Fund Continued	
Charter School Payments	\$ 51,624.99	Repairs and Maintenance Services	\$ 22,838.64
INAVALE COMMUNITY PARTNERS, INC	\$ 51,624.99	REYNOLDS ELECTRIC, INC.	\$ 1,902.07
Computer Software	\$ 33,954.91	MICK'S GLASS SERVICE INC	\$ 2,667.50
RENAISSANCE LEARNING, INC	\$ 3,598.15	CAMPBELL CONSTRUCTION NW	\$ 1,840.00
SCHOLASTIC INC	\$ 23,961.76	KONE INC	\$ 1,379.07
NETCHEMIA	\$ 6,395.00	CHRIS LEE MASONRY, INC	\$ 1,020.00
Consumable Supplies and Materials	\$ 60,743.53	DALLAS GLASS	\$ 2,700.00
COASTWIDE LABORATORIES	\$ 3,232.43	ECO HOME COMFORT, LLC	\$ 3,200.00
HOME DEPOT CREDIT SERVICES	\$ 2,385.06	PACIFIC SPORTS TURF, INC	\$ 1,200.00
PLATT ELECTRIC SUPPLY CO	\$ 1,679.07	SMITH GLASS SERVICE, INC - CORVALLIS	\$ 6,930.00
OETC	\$ 7,560.32	Travel, Out of District	\$ 1,576.00
OFFICE MAX	\$ 10,295.63	COSA	\$ 1,576.00
WELLS FARGO REMITTANCE CENTER	\$ 3,948.08	Postage	\$ 9,563.04
SHIRT CIRCUIT	\$ 1,021.90	GARTEN SERVICES, INC	\$ 9,563.04
E-FILLIATE INC	\$ 1,346.18	Telephone	\$ 4,565.56
SCHOOL SPECIALTY	\$ 2,586.48	AT&T MOBILITY-ACCT#837370420 (TECH)	\$ 1,556.94
WILCO FARMERS	\$ 1,217.90	CENTURYLINK.	\$ 3,008.62
APPLE, INC	\$ 8,454.00	Garbage	\$ 9,969.81
CDW GOVERNMENT INC	\$ 2,806.92	REPUBLIC SERVICES	\$ 9,969.81
NCS PEARSON INC	\$ 5,108.22	Legal Services	\$ 2,025.00
RUST-OLEUM INDUSTRIAL FLOORING	\$ 2,142.00	THE HUNGERFORD LAW FIRM LLP	\$ 2,025.00
CLACKAMAS ESD	\$ 3,382.51	Fuel	\$ 19,776.66
DAY WIRELESS SYSTEMS	\$ 1,551.00	BENTON COUNTY PUBLIC WORKS	\$ 2,491.24
JOSTENS INC	\$ 2,025.83	NW NATURAL	\$ 17,285.42
Dues and Fees	\$ 6,554.21	Water and Sewage	\$ 17,472.98
EDUCATION NORTHWEST	\$ 6,554.21	CITY OF CORVALLIS	\$ 17,472.98
Other Non-instructional Professional and Technical	\$ 14,115.10	Electricity	\$ 60,269.16
MAXIM HEALTHCARE SERVICES	\$ 11,415.10	PACIFIC POWER AND LIGHT	\$ 47,046.21
DUNCAN & BROWN, LLC	\$ 2,700.00	CONSUMERS POWER INC	\$ 13,222.95
Printing and Binding	\$ 4,444.83	Instructional, Professional and Technical Services	\$ 19,350.00
HENDERSONS OFFICE SYSTEMS	\$ 4,444.83	GATEWAY ACADEMY, LLC	\$ 10,850.00
Reimbursable Student Transportation	\$ 264,833.89	CORVALLIS YOUTH SYMPHONY ASSOCIATION	\$ 8,500.00
GO GET'EM TAXI AND TRANSPORT LLC	\$ 11,807.50	Textbooks	\$ 2,662.79
FIRST STUDENT INC	\$ 251,909.95	FOLLETT EDUCATIONAL SERVICES	\$ 2,662.79
MINDY DYE	\$ 1,116.44	Audit Services	\$ 8,000.00
		KOONTZ & PERDUE, BLASQUEZ & CO P.C.	\$ 8,000.00

<u>Fund, Object, Vendor</u>	<u>Amount</u>
100 - General Fund Continued	
Copier Charges	\$ 19,973.82
OREGON STATE UNIVERSITY PRINTING	\$ 19,973.82
Other Communication Services	\$ 25,727.53
CENTURYLINK.	\$ 1,340.65
COMCAST/INSTITUTIONAL NETWORKS	\$ 24,386.88
Technology Equip \$1,000 - \$4,999	\$ 2,395.03
WELLS FARGO REMITTANCE CENTER	\$ 1,148.97
DELL MARKETING LP	\$ 1,246.06
Miscellaneous	\$ 3,692.80
OREGON SCHOOL ACTIVITIES ASSOCIATION	\$ 3,692.80
296 - Grants Fund	\$ 115,217.86
Computer Software	\$ 35,556.18
SCHOLASTIC INC	\$ 24,648.73
PEARSON EDUCATION INC	\$ 10,907.45
Consumable Supplies and Materials	\$ 4,662.22
WELLS FARGO REMITTANCE CENTER	\$ 3,146.22
APPLE, INC	\$ 1,516.00
Other Non-instructional Professional and T	\$ 40,388.03
BOYS & GIRLS CLUB OF CORVALLIS	\$ 39,388.03
MARY'S RIVER WATERSHED COUNCIL	\$ 1,000.00
Travel, Out of District	\$ 5,491.44
WELLS FARGO REMITTANCE CENTER	\$ 4,422.44
ACSI	\$ 1,069.00
Equipment \$5,000 and greater	\$ 29,119.99
STAGECRAFT INDUSTRIES, INC	\$ 29,119.99
297 - Student Body Funds	\$ 55,620.52
Consumable Supplies and Materials	\$ 23,209.84
WELLS FARGO REMITTANCE CENTER	\$ 1,824.36
COSTCO-ALBANY	\$ 1,493.08
NO DINX INC	\$ 1,068.40
HERFF JONES - YEARBOOKS	\$ 14,950.00
PSAT/NMSQT	\$ 2,128.00
TRYSTING TREE GOLF CLUB	\$ 1,746.00
Other Non-instructional Professional and T	\$ 5,671.26
MID-VALLEY SOCCER REFEREES ASSN	\$ 1,207.25
OREGON DREAM TEAMS	\$ 2,500.00
OWLUA	\$ 1,964.01
Repairs and Maintenance Services	\$ 1,052.19
BENTON COUNTY PUBLIC WORKS	\$ 1,052.19
Travel, Student Out of District	\$ 11,776.00
CHAPALA MEXICAN RESTAURANT	\$ 1,776.00
FIRST	\$ 10,000.00
Non-reimbursable Student Transportation	\$ 8,426.23
FIRST STUDENT INC	\$ 8,426.23
Equipment-like items \$1,000 - \$4,999	\$ 4,099.00
ELITE ATHLETE	\$ 4,099.00
Other Curricular Activities	\$ 1,386.00
OREGON SCHOOL ACTIVITIES ASSOCIATION	\$ 1,386.00

<u>Fund, Object, Vendor</u>	<u>Amount</u>
204 - District Donation Fund	\$ 6,070.98
Consumable Supplies and Materials	\$ 6,070.98
OFFICE MAX	\$ 1,026.13
SHIRT CIRCUIT	\$ 1,101.25
CORVALLIS SPORTS PARK	\$ 2,711.60
THE FAR POST SOCCER SUPPLY	\$ 1,232.00
203 - Food Service Fund	\$ 142,263.64
Food - Food Service Only	\$ 53,825.82
LOCHMEAD DAIRY	\$ 30,279.04
DUCK DELIVERY PRODUCE INC	\$ 10,499.09
FRANZ FAMILY BAKERIES	\$ 6,362.54
SYSKO FOOD SERVICE	\$ 2,295.05
PEPSI-COLA	\$ 1,290.10
RIVERWOOD ORCHARD AND FARM	\$ 3,100.00
Fuel	\$ 1,258.66
BENTON COUNTY PUBLIC WORKS	\$ 1,258.66
Inventories	\$ 82,941.16
COSTCO-ALBANY	\$ 3,898.52
FOOD SERVICE OF AMERICA	\$ 32,758.20
MCDONALD WHOLESALE CO	\$ 31,882.63
SYSKO FOOD SERVICE	\$ 8,081.08
NORTHWEST DISTRIBUTION SERVICES	\$ 1,847.89
HUMMINGBIRD WHOLESALE	\$ 1,000.00
JENNIE-O TURKEY STORE SALES, LLC	\$ 3,472.84
Taxes and Licenses	\$ 4,238.00
BENTON COUNTY HEALTH DEPARTMENT	\$ 4,238.00
208 - Construction Excise Tax & Land Fund	\$ 49,436.32
Repairs and Maintenance Services	\$ 46,796.32
REYNOLDS ELECTRIC, INC.	\$ 46,796.32
Architect/Engineer Services	\$ 2,640.00
PAUL L BENTLEY ARCHITECT	\$ 2,640.00
298 - Designated Revenue Fund	\$ 135,059.20
Computer Software	\$ 3,051.00
NORTHWEST TECHNICAL PRODUCTS	\$ 3,051.00
Consumable Supplies and Materials	\$ 19,372.86
OFFICE MAX	\$ 1,077.43
WELLS FARGO REMITTANCE CENTER	\$ 2,557.18
ELEMENT GRAPHICS, INC	\$ 3,584.15
APPLE, INC	\$ 3,790.00
ADORAMA CAMERA	\$ 1,033.20
GEORGIE'S CERAMIC & CLAY CO - PORTLAND	\$ 1,238.34
PSAT/NMSQT	\$ 1,344.00
BULLSEYE GLASS COMPANY	\$ 1,430.70
MO'S ENTERPRISES, INC	\$ 2,220.00
TOLEDO PHYSICAL EDUCATION SUPPLY	\$ 1,097.86

<u>Fund, Object, Vendor</u>	<u>Amount</u>
298 - Designated Revenue Fund Continued	
Other Non-instructional Professional and Technical	\$ 41,000.00
OLD MILL CENTER	\$ 41,000.00
Printing and Binding	\$ 4,558.13
HENDERSONS OFFICE SYSTEMS	\$ 4,558.13
Repairs and Maintenance Services	\$ 18,914.00
B JOHNSON TURF & IRRIGATION CO.	\$ 18,914.00
Travel, Out of District	\$ 3,190.00
HAWK RIDGE SYSTEMS LLC	\$ 1,595.00
HAWKRIDGE SYSTEMS	\$ 1,595.00
Travel, Student Out of District	\$ 39,973.20
OREGON STATE UNIVERSITY DEPT REC SPC	\$ 1,596.00
AIRLIE HILLS FARM	\$ 1,005.00
PATHFINDER TRAVEL	\$ 37,372.20
Equipment \$5,000 and greater	\$ 5,000.01
STAGECRAFT INDUSTRIES, INC	\$ 5,000.01
601 - Insurance Fund	\$ 1,168,548.07
Consumable Supplies and Materials	\$ 1,551.00
DAY WIRELESS SYSTEMS	\$ 1,551.00
Group Insurance	\$ 1,155,201.44
WILLAMETTE DENTAL GROUP (GROUP Z13)	\$ 9,576.00
LIFEMAP ASSURANCE COMPANY	\$ 8,701.24
REGENCE BCBS OF OREGON	\$ 1,136,924.20
Other Non-instructional Professional and Technical	\$ 8,449.75
BARKER-UERLINGS INSURANCE, INC	\$ 7,189.75
CPR WORKS, LLC	\$ 1,260.00
Equipment \$5,000 and greater	\$ 3,345.88
REYNOLDS ELECTRIC, INC.	\$ 1,845.88
ADVANCED WOODCRAFT	\$ 1,500.00
Grand Total	\$ 2,338,346.87



Corvallis

SCHOOL DISTRICT

XI.D. Comprehensive Annual Financial Report (CAFR) – Fiscal Year Ended
June 30, 2013

FOR INFORMATION

BOARD MEETING DATE: January 13, 2014

SUBJECT: Comprehensive Annual Financial Report (CAFR) – Fiscal Year Ended June 30, 2013

Oregon Revised Statutes 297.405 through 297.555 require an independent audit of the financial records of all district funds within six months following the close of the fiscal year. State and Federal funds may be withheld if the district fails to satisfy audit requirements.

Koontz, Perdue, Blasquez & Co., P.C., the Board's independent external auditors, reviewed the district's Comprehensive Annual Financial Report (CAFR) and issued an unqualified opinion. The auditor's unqualified opinion is a clean audit opinion and they believe the report fairly presents the financial position of the district at June 30, 2013.

The CAFR is presented in the following sections: Introductory, Financial, Capital Assets, Other Financial Schedules, Statistical, Single Audit, and Audit Comments and Disclosures Required by State Regulations. The report is designed to go from general to specific information.

Two main types of statements are presented: government-wide financial statements and fund financial statements. Each type of statement provides the reader with different information. Government-wide statements are designed to provide a broad overview of the district's finances in a manner similar to the private sector but are less helpful in planning and managing the district finances as they include significant amounts of non-spendable assets and liabilities required to meet financial reporting requirements for this type of presentation (page 25).

The statement of net position includes non-spendable assets such as capital assets, net of accumulated depreciation, of \$92.4 million, and net pension assets of \$27.0 million, created when the district sold pension bonds to help fund the PERS unfunded liability (page 25). In addition, government-wide statements include long-term liabilities such as bonds payable of \$73.0 million (see Changes in Long-Term Liabilities schedule on page 50).

Governments tend to raise resources when the liabilities are expected to be paid rather than when incurred. Most governments normally do not have sufficient current resources on hand to cover long-term liabilities. Therefore, the fund financial statements (beginning on page 27) are often more useful in reviewing the current state of district finances as they focus on near-term inflows and outflows of available resources as well as the balance of available resources at the end of the fiscal year. Fund financial statements with a budget comparison begin on page 62.

The Notes to the Basic Financial Statements (page 35) are an integral part of the financial statements. The Notes explain significant accounting policies and provide additional information to aid in understanding the district's financial position.

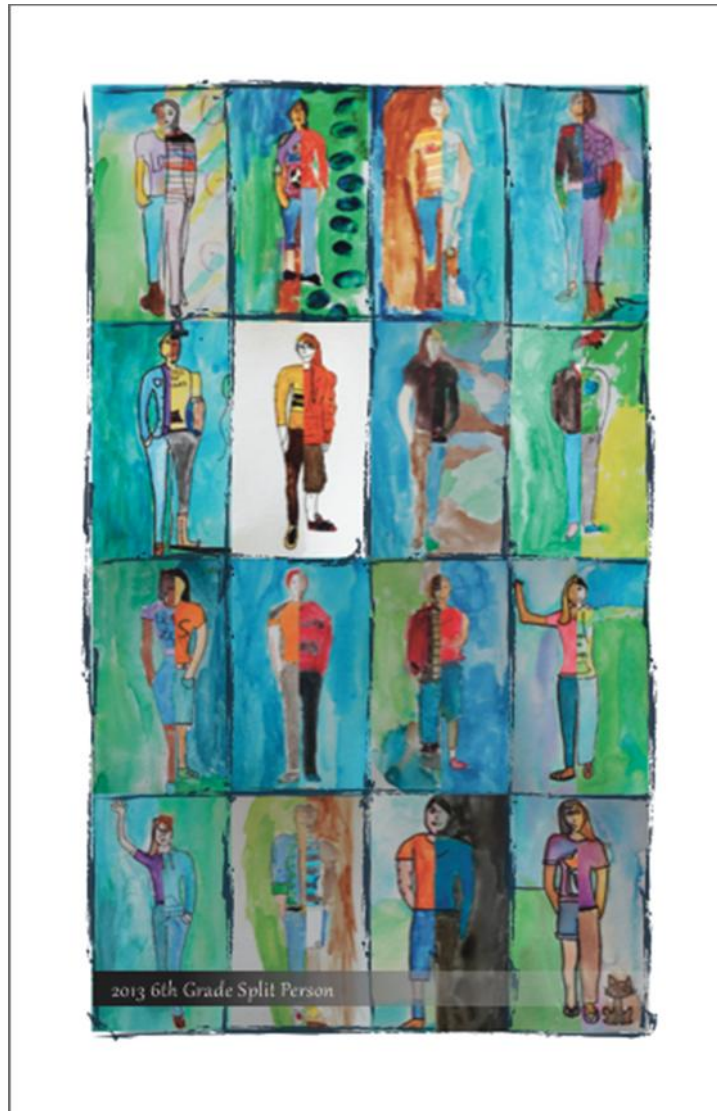
The Single Audit section presents the auditors' report on the district's compliance for federal programs. A summary of the auditor's results can be found on the Schedule of Findings and Questioned Costs on page 107. The report states that nothing came to their attention that caused them to believe the district was not in substantial compliance.

Presenter: Steve Nielsen, Finance & Operations Director

Supplementary Materials: Comprehensive Annual Financial Report (CAFR), Year End 06-30-2013

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



Corvallis School District 509J
1555 SW 35th Street
Corvallis, Oregon 97333

About the Artwork in this Document

Art featured in this document was created by students at Franklin K-8 School during the 2012-13 school year under the direction of art teacher, Rachael Sanders.



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2013

Corvallis School District 509J
1555 SW 35th Street, Corvallis, Oregon 97333

Prepared by:
509J Finance and Operations

Steve Nielsen, Director
Debbie Bell, Controller

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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June 30, 2013

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My Tacky
1st grade 2013

INTRODUCTORY SECTION



No content appears on this page by design.



December 13, 2013

To the School Board and Citizens of Corvallis School District 509J:

We respectfully submit the Comprehensive Annual Financial Report (CAFR) of Corvallis School District 509J, Benton County, Oregon, for the fiscal year July 1, 2012 – June 30, 2013. This report is submitted in accordance with the provisions of Oregon Revised Statutes 297.405 through 297.555, referred to as the Municipal Audit Law, which specify that every general purpose local government publish a similar document within six months of the close of each fiscal year.

This report consists of management's representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of all the information presented in this report based on a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with Generally Accepted Accounting Principles (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 assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit

The District's financial statements have been audited by the firm of Koontz, Perdue, Blasquez & Co. P.C., of Albany, Oregon, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion and that Corvallis School District 509J's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Corvallis School District 509J was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the District's single audit for the fiscal year ended June 30, 2013 provide no instances of material weakness in the internal control structure.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This information is provided through the Letter of Transmittal and the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the District

Corvallis School District 509J serves the city and surrounding area of Corvallis, Oregon, which is the seat of Benton County, located in the heart of Oregon's Willamette Valley. Population for the City of Corvallis is estimated at 54,998 and at 86,430 for Benton County.

In 1957, voters approved the formation of Corvallis School District 509J combined from several districts within Benton County. This reorganization provided increased instructional services to students throughout the area through more effective and efficient management of available resources.

Under Oregon state law, school districts are municipal corporations empowered to provide elementary and secondary educational services for children residing within its boundaries. The District performs this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs for all students; and transporting and feeding students in accordance with district, state, and federal programs.

A seven-member School Board, elected to four-year overlapping terms by voters residing within district boundaries, governs Corvallis School District 509J. Duties of the School Board include setting policy, adopting budgets, appointing the Superintendent, and hiring, terminating, and approving resignations of all certified and administrative staff members.

The School Board also constitutes one-half of, and appoints, the seven citizen members of the Budget Committee. The School Board is required to adopt a final budget no later than the close of the prior fiscal year. This annual budget serves as the foundation of Corvallis School District 509J's financial planning and control.

The District operates as a tax-exempt, financially independent entity under Section 170 of the Internal Revenue Code. The School Board is accountable for all fiscal matters that significantly influence delivery of services. All major activities and organizations have been included in the basic financial statements.

The District has one component unit, Muddy Creek Charter School. The District is the body that has the authority to approve or revoke the Muddy Creek charter. The charter school contract expires on June 30, 2014. Although legally separate, the charter school is considered a component unit for reporting purposes of the basic financial statements of the District.

The District provides a full range of educational services to 6,299 students in grades kindergarten through twelve. District facilities include seven elementary schools, two middle schools, two high schools, one kindergarten through eighth grade school, an alternative education center, plus administrative and support services buildings. The District owns the local public swimming pool facilities, although the City of Corvallis assumed pool management and operations in January 2001.

To provide additional support to students and teachers of the District, in 1996, with the support of the School Board, community and business leaders established the Corvallis Public Schools Foundation (CPSF) to match educational needs with the resources of dedicated contributors. The CPSF is a separate 501(c)(3) organization accounted for as an agency fund of the District.

Major Initiatives

The vision of Corvallis School District 509J is that students grow to be world-class learners, engaged citizens, and leaders of the future. To that end, the District's mission has been adopted to:

Provide all students with a relevant and challenging education that prepares them for future success as engaged citizens and contributing members of our world community.

The District focus is on five central goals:

- Challenge students with a broad range of learning opportunities
- Close the opportunity gap
- Provide a safe and welcoming school environment
- Prepare students to be informed, engaged citizens in their community and the world
- Manage resources for long-term sustainability

Looking forward, the following key initiatives are targeted in support of the District's goals:

- Continue to implement the 1:World program which focuses on 21st century learning skills and closing the opportunity gap
- Strive to transform schools from teaching organizations to learning organizations
- Implement the Common Core State Standards
- Provide alternative pathways for students to successfully complete high school and extend secondary learning opportunities through partnerships with local institutions of higher education
- Continue to focus on equitable practices across the District
- Continue implementation of the Dual Language Immersion Program at Garfield and Lincoln elementary schools and Linus Pauling Middle School and Corvallis High School
- Carry on the commitment to both teach and practice the concept of sustainability
- Utilize professional learning communities to improve student performance, close the achievement gap, and support staff as they are required to meet higher standards with fewer resources

To reach these educational benchmarks, the District's budgetary goal is to protect and preserve structures and support necessary for sustainable district-wide educational programs.

Local Economy

Benton County is a vital regional center for higher education, technology, engineering, research, commerce, and healthcare. In December 2010, the Corvallis City Council established the Economic Development Commission, ensuring economic development as a civic priority. Corvallis is gaining a reputation as a good place for start-ups and small business. In 2013 Forbes magazine rated Corvallis the 12th best small city to operate a small business. Also, two pro-technology nonprofits, the Kaufman Foundation and Engine rated Corvallis as the 10th best city to start a high technology company. Assisting with this effort is Oregon State University's Office for Commercialization and Corporate Development. They helped launch 17 new businesses since 2004, of which 14 are still in operation. These firms include Strands Software, Precision Plant Systems and NuScale Power.

Corvallis Nonfarm Employment – October 2013

Government	33%
Information, Financial, Professional, Business	17%
Education & Health Services	15%
Trade, Transportation & Utilities	11%
Leisure and hospitality	10%
Manufacturing	8%
Construction, Mining, Natural Resources	3%
Other Services	3%

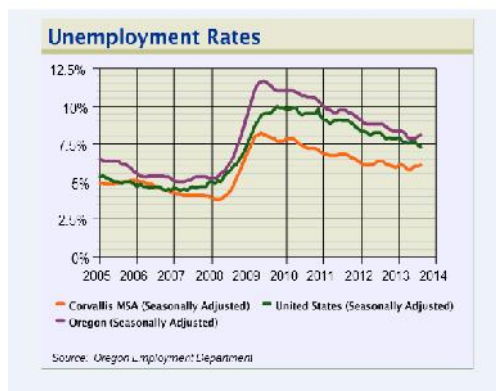
Source: Oregon Employment Department

Corvallis is the center of Benton County's economic activity, accounting for the majority of the county's employment. Oregon State University (OSU), with 9,453 employees, is the largest employer in Corvallis and a vital player in the area's economic condition as a main employment anchor. As one of the few combined land, space, and sea grant universities in the nation, OSU is the state's primary source of basic applied research in forestry, agriculture, fisheries, engineering, electronics, home economics, and the sciences.

Since 2008, enrollment at OSU has increased 34 percent from 19,753 to 26,393 students. As a result, the need for housing and other infrastructure has grown. In September 2011, OSU and the City of Corvallis signed a memorandum of understanding aimed at maintaining Corvallis' livability and unique sense of place, supporting both residents and students, while enhancing educational, cultural, and recreational opportunities, and furthering the economic development benefits associated with Oregon's largest research university.

The next largest employer in 2013 is Samaritan Health Services with 2,632 employees serving local communities through five affiliated hospitals, physician clinics, several health plans and a senior care facility. The third largest employer is Hewlett-Packard (HP) with approximately 1,550 employees, down from 4,200 in 2004.

The October 2013 unemployment figure for Benton County, the lowest in the state, was 6.1 percent, down from 6.3 percent in October 2012. By comparison, the October 2013 state average was 7.7 percent and the national average was 7.3 percent.



During the past two decades, Oregon has attempted to transition from a resource-based economy to a more mixed manufacturing and marketing economy with an emphasis on high technology. Although Corvallis is in a better position than much of the rest of the state, the effects are felt locally as workforce reductions due to the economic downturn caused families to move from the area. In addition, high housing costs lead families to live in surrounding areas to help make ends meet, further impacting the District's declining K-12 student enrollment.

State and Local Funding

Over the last two decades, several citizen initiatives have changed how Oregon funds public education. Starting in 1990, after Oregon citizens approved Ballot Measure 5, the responsibility of funding schools shifted from local control via property taxes to state control via K-12 funding formulas that are distributed through income taxes, lottery proceeds, and property taxes. This shift affected how funds are provided to public schools, making them more dependent on the overall economy of Oregon. Income taxes are one of the state's primary resources of revenue and are subject to the volatility of the economy. As economic recessions affect employment resulting in income tax revenue declines, there are fewer resources available for public programs and services, including K-12 schools.

The 2013-15 state biennial adopted budget for K-12 is \$6.65 billion, up from \$5.71 billion in 2011-13. For the first year of the biennium, 2013-14, the District is projected to receive \$48.2 million from the State School Fund. This is an increase of \$3.7 million over what was received in 2012-13. During the previous two budget cycles, the District had declining revenue as a result of stagnant state funding due to the recession and declining enrollment. The above increase is welcome news and will help get the District closer to its goal of balancing current resources with current requirements.

Corvallis School District 509J has a long history of strong voter and community support. In November 2010, 68.5 percent of voters approved a renewal of the local option tax of \$1.50 per \$1,000 of assessed valuation for another five years beginning with the 2012-13 school year. In the 2013-14 adopted budget, the local option levy is scheduled to fund 39.89 FTE, providing a significant impact through direct services to our students.

The local option levy, however, has been affected by continuing weakness in real market property values as a result of the recession. Increased losses from tax compression resulted in a decline of 2012-13 revenue below expectations. In 2012-13, revenue from the levy was just over \$4.0 million as compared to just under \$4.5 million in 2011-12. With the current economic factors in the housing market, revenue from this source is carefully monitored.

Long-Term Financial Planning

Volatility of revenue collections at the state level and dwindling state reserves has made for a complex and unstable funding stream. During the previous two budget cycles the District experienced declining revenues. To make up for the declines, the District used accumulated reserves and reduced services. In 2012-13, services were reduced by \$3.2 million as compared to 2011-12 to achieve a balanced budget. In 2013-14, services are budgeted to go up by \$2.5 million, incorporating a return to full work schedules and staff compensation increases. The District plans to use revenue increases noted previously and an additional \$1.0 million from the rainy day fund to pay for these increases. Long-term financial planning remains a challenge in light of factors that remain out of the District's control, such as the economy, state funding levels, unfunded mandates, federal programs sequestration, and funding of the state retirement system.

Slow economic recovery, coupled with declining District enrollment of 8.4% over the last ten years, challenges the District to align service levels with projected resources. Enrollment declines appear to have stabilized in the last two years, but the future is dependent on key community livability factors such as employment and affordable housing. Strategic planning and conversations with staff, the School Board, the Budget Committee, and the community will continue to be held to provide input on how to structure a sustainable budget plan on a multi-year basis to best meet the needs of our students.

Relevant Financial Policies

District financial policies provide the framework for financial planning and decision making by the School Board, Budget Committee, and district staff. These policies state, in part, that the "budget should match ongoing expenditures to ongoing revenues. One-time resources should be used for one-time expenditures that will not create a continuing obligation for the District or an unsustainable level of expenditures, and should not be expended before revenues are received."

School Board policy DA calls for the District's proposed budget to create fund balances in an amount sufficient to:

- a. Allow the District to deliver a sustainable level of programs through anticipated recessionary periods;
- b. Protect the District from unnecessary borrowing in order to meet cash-flow needs;
- c. Provide prudent reserves to meet unexpected emergencies and protect against catastrophic events;
- d. Meet the uncertainties of state and federal funding; and,
- e. Help ensure a District credit rating that would qualify the District for lower interest costs and greater marketability of bonds that may be necessary in the construction and renovation of school facilities.

Additionally, policy DA requires reserves as a percentage of the General Fund total resources net of the beginning fund balance in the amount of 2.5 percent for an appropriated contingency reserve, and 5 percent for each the appropriated rainy day reserve and the unappropriated ending fund balance. Targeted reserves ending fund balances may be allocated and designated for special purposes.

This policy was updated and readopted in June 2013 and has been instrumental in strategic planning. The 2012-13 adopted budget was balanced using rainy day reserves of \$1.4 million; 40 percent of the \$3.4 million available. The contingency reserve and the unappropriated fund balance were funded at the levels prescribed by board policy.

Budgetary Controls

The District annually prepares a budget in accordance with requirements prescribed in the Oregon Revised Statutes. The objectives of the District's budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the District's School Board. Activities of all funds are included in the annual appropriated budget.

A summary of the budget proposed to and approved by the Budget Committee, together with a notice of public hearing, is published in a newspaper with general circulation in the District. A public hearing is held to receive comments from the public concerning the approved budget. The School Board adopts the budget, makes the appropriations, and levies taxes after the public hearing and before the beginning of the year for which the budget has been prepared.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Activities of the General Fund, special revenue funds, debt service funds, and Insurance Fund are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established by major function level within an individual fund. Transfers of appropriations between budget categories must be authorized by resolution of the School Board.

As demonstrated by the statements and schedules included in the Financial Section of this report, the District continues to meet its responsibility for sound financial management.

Capital Improvements

In March 2008, the School Board adopted the 2007 Long Range Facilities Master Plan. In 2012-13, as part of the implementation of that plan, the District spent \$3.8 million on facility improvement projects. Funds were used to complete a new boiler project at Cheldelin Middle School and roof replacement at Crescent Valley High School. The funding for these projects came from local construction excise taxes, SB 1149, and the Insurance Fund.

In anticipation of approaching voters in three to five years for another capital construction bond, the District is in the process of updating the Long Range Facilities Master Plan.

Awards and Acknowledgements

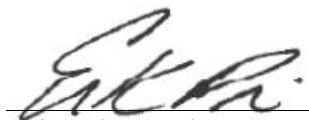
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Corvallis School District 509J for its CAFR for the fiscal year ended June 30, 2012. This was the 24th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program requirements and will be submitted to GFOA to determine its eligibility for another certificate.

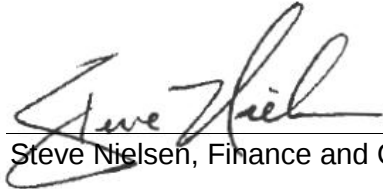
An expression of thanks goes to the Corvallis School District Finance and Operations staff and members of other departments for their hard work and dedication in providing ongoing financial services to the District and in the preparation of this report. We also express appreciation to Koontz, Perdue, Blasquez & Co., P.C. for their efforts during the audit.

We further extend our appreciation to the members of the School Board, employees of the District, and the citizens of Corvallis, whose continued cooperation, support, and assistance have contributed greatly to the achievements of Corvallis School District 509J.

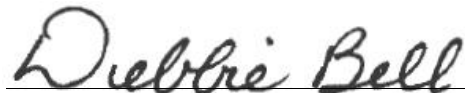
Respectfully submitted,



Erin Prince, Ph.D., Superintendent



Steve Nielsen, Finance and Operations Director



Debbie Bell, Controller

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

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

Presented to

Corvallis School District 509J
Oregon

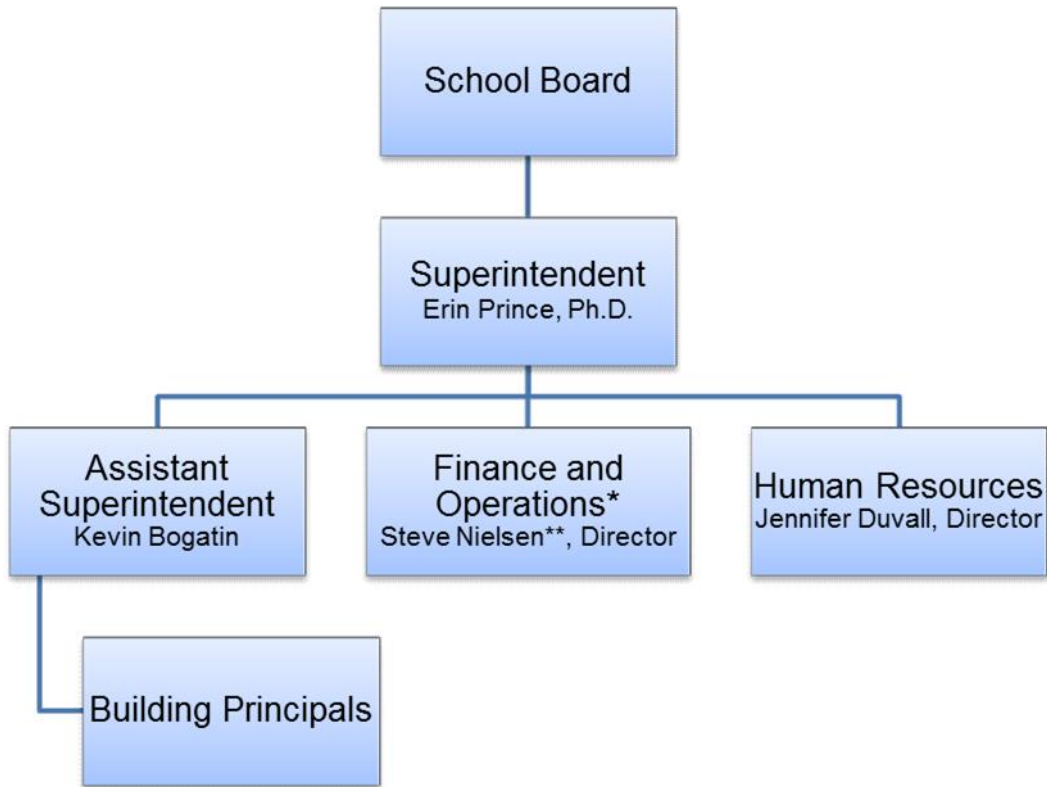
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

ORGANIZATIONAL CHART



*Business Services Department was renamed Finance and Operations to better reflect the oversight of Finance, Food Services, and Maintenance.

** Steve Nielsen began tenure August 1, 2012.

School Board

Name	Title	Term Expires
Anne Schuster	Chair	June 30, 2015
Tom Sauret	Vice-Chair	June 30, 2013
Judy Ball	Member	June 30, 2015
Lisa Corrigan	Member	June 30, 2015
Matt Donohue***	Member	April 8, 2013
Bill Kemper***	Member	June 30, 2013
Chris Rochester	Member	June 30, 2015
Blake Rodman	Member	June 30, 2013

*** At the April 8, 2013 regular School Board meeting, Bill Kemper was appointed to complete Matt Donohue's term.



No content appears on this page by design.



Horses
2nd Grade 2013

FINANCIAL SECTION



No content appears on this page by design.



KOONTZ, PERDUE, BLASQUEZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Corvallis School District 509J
Benton County, Oregon 97333

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Corvallis School District 509J, Benton County, Oregon, as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Corvallis School District 509J, Benton County, Oregon as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and employer contributions, and budgetary comparison information on pages 13 through 24, 61, and 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress and employer contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis or schedules of funding progress and employer contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corvallis School District 509J's basic financial statements. The combining statements, individual fund schedules, capital assets schedules, other financial schedules, statistical section, supplemental information required by the Oregon Department of Education, and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, individual fund schedules, other financial schedules, and 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining statements, individual fund schedules, other financial schedules, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The capital assets schedules, statistical section, and supplemental information required by the Oregon Department of Education 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated December 13, 2013 on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corvallis School District 509J's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 13, 2013 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Koontz, Perdue, Blasquez & Co., P.C.

By: 
Richard D. Perdue, CPA

Albany, Oregon
December 13, 2013



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MANAGEMENT'S DISCUSSION AND ANALYSIS



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Corvallis School District 509J, Benton County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2013, total net position of Corvallis School District 509J amounted to \$66,814,363. Of this amount, \$42,340,649 was invested in capital assets, net of related debt. The remaining balance included \$1,937,156 restricted for various purposes and \$22,536,558 of unrestricted net position.
- At June 30, 2013, the District's governmental funds reported combined ending fund balances of \$14,954,519.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Corvallis School District 509J's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Inavale Community Partners, Inc., dba Muddy Creek Charter School is sponsored by the District and is reported as a discretely presented component unit. Its complete financial statements may be obtained from their administrative offices. The District is not financially responsible for the charter school, but the nature and significance of its financial relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. This component unit is presented in total in a separate column in the government-wide financial statements to emphasize that it is a legally separate organization from the District. Revenues reported by the component unit as state school fund monies equal the amount passed through the District.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements can be found on pages 25 through 26 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Corvallis School District 509J can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

☐ **Governmental Funds**

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 available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eleven 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 PERS Debt Service Funds, all of which are considered to be major governmental funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Corvallis School District 509J adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 27 through 30 of this report.

☐ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one proprietary fund, which is an internal service fund.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

The internal service fund serves as an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for its insurance. Because this predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

Corvallis School District 509J adopts an annual appropriated budget for its proprietary fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with its budget.

The basic proprietary fund financial statements can be found on pages 31 through 33 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 reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 34 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements 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 35 through 60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes schedules of funding progress and employer contributions, as well as budgetary comparison information for the General Fund. This required supplementary information can be found on pages 61 through 62 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 63 through 74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may, over time, serve as a useful indicator of the District's financial position. At June 30, 2013, Corvallis School District 509J had assets of \$147.5 million, liabilities of \$80.7 million, and net position of \$66.8 million.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending. Although the District's investment in 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, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets, net of accumulated depreciation, represents 64.4% of total assets. Pension assets represent 18.3% and cash and cash equivalents account for 14.2%. The remaining assets consist mainly of accounts receivable, property taxes receivable, and inventories.

The District's largest liability, comprising 85.5% of the total, are noncurrent liabilities that consist of general obligation bonds, limited tax pension obligation bonds, and interest payable. Current liabilities consist of accounts payable, accrued salaries and benefits payable, compensated absences payable, early retirement, unearned revenue, and bond interest.

District's Net Position

The net position of Corvallis School District 509J in the government-wide financial statements was \$66.8 million. Of this amount, \$42.3 million was invested in capital assets, net of related debt, \$1.9 million was restricted for various purposes, and the remaining unrestricted amount of \$22.6 million was insufficient in meeting long-term obligations such as bonds, interest, and early retirement incentive payables. This is not uncommon since local governments operate more on a pay-as-you-go basis for everyday management.

The District's net position increased by \$0.8 million. The increase in net position is a result of liabilities decreasing at a greater rate than assets. Overall, assets decreased by \$6.8 million. The decrease in assets included a reduction of \$6.0 million in cash and cash equivalents as less revenues were available, planned expenditures occurred, and reserves were drawn down. Total liabilities decreased by \$7.6 million. This decrease is primarily from a reduction in bonds payable (general obligation and pension bonds) of \$6.8 million as well as decreases in accounts payable of \$0.9 million and payroll liabilities of \$0.4 million.

The unrestricted net position in the amount of \$22.5 million (33.7% of total) is available, but insufficient toward meeting long-term obligations as identified in the various District funds. At the end of fiscal year 2012-13, the District was able to report positive balances in all categories of net position.

The government-wide statement of net position recognizes a liability as soon as an obligation is incurred, even though the payment may not be made until some future time. Governments tend to raise resources when the liabilities are expected to be paid, rather than when they are incurred. Most governments normally do not have sufficient current resources on hand to cover current and long-term liabilities. This is the case for Corvallis School District 509J.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities		
	<u>2013</u>	<u>2012</u>	<u>Change</u>
Assets			
Current and other assets	\$ 49,952,722	\$ 58,549,153	\$ (8,596,431)
Restricted assets	2,511,107	996,970	1,514,137
Land and construction in progress	2,629,247	2,892,932	(263,685)
Capital assets, net of accumulated depreciation	<u>92,383,297</u>	<u>91,840,647</u>	<u>542,650</u>
Total assets	<u>147,476,373</u>	<u>154,279,702</u>	<u>(6,803,329)</u>
Liabilities			
Current liabilities	11,721,126	12,193,011	(471,885)
Noncurrent liabilities	<u>68,940,884</u>	<u>76,029,870</u>	<u>(7,088,986)</u>
Total liabilities	<u>80,662,010</u>	<u>88,222,881</u>	<u>(7,560,871)</u>
Net position			
Net investment in capital assets	42,340,649	35,992,307	6,348,342
Restricted for various purposes	1,937,156	881,427	1,055,729
Unrestricted	<u>22,536,558</u>	<u>29,183,087</u>	<u>(6,646,529)</u>
Total net position	<u>\$ 66,814,363</u>	<u>\$ 66,056,821</u>	<u>\$ 757,542</u>

District's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

	Governmental Activities		
	<u>2013</u>	<u>2012</u>	<u>Change</u>
Program revenues			
Charges for services	\$ 3,767,485	\$ 3,494,749	\$ 272,736
Operating grants and contributions	<u>5,142,182</u>	<u>5,172,627</u>	<u>(30,445)</u>
Total program revenues	<u>8,909,667</u>	<u>8,667,376</u>	<u>242,291</u>
General revenues			
Property taxes	35,385,511	35,778,834	(393,323)
State school fund	20,978,373	22,801,900	(1,823,527)
Common school fund	906,786	823,044	83,742
Unrestricted state and local revenue	426,120	501,910	(75,790)
Investment earnings	200,227	226,649	(26,422)
Miscellaneous	<u>84,638</u>	<u>241,697</u>	<u>(157,059)</u>
Total general revenues	<u>57,981,655</u>	<u>60,374,034</u>	<u>(2,392,379)</u>
Total revenues	<u>66,891,322</u>	<u>69,041,410</u>	<u>(2,150,088)</u>
Program expenses			
Instruction	34,581,788	36,896,114	(2,314,326)
Support services	21,140,455	19,826,654	1,313,801
Enterprise and community services	3,190,135	3,113,790	76,345
Facilities acquisition and construction	3,342,099	3,409,000	(66,901)
Interest expense	<u>3,879,303</u>	<u>4,111,719</u>	<u>(232,416)</u>
Total program expenses	<u>66,133,780</u>	<u>67,357,277</u>	<u>(1,223,497)</u>
Change in net position	757,542	1,684,133	(926,591)
Net position - beginning of year, as restated	<u>66,056,821</u>	<u>64,372,688</u>	<u>1,684,133</u>
Net position - end of year	<u>\$ 66,814,363</u>	<u>\$ 66,056,821</u>	<u>\$ 757,542</u>

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide a large portion (86.7%) of the funding required for governmental programs. Property taxes and state school funding combined for 97.2% of general revenues and 84.3% of total revenues. State funding was lower as a result of economic conditions and declined student enrollment.

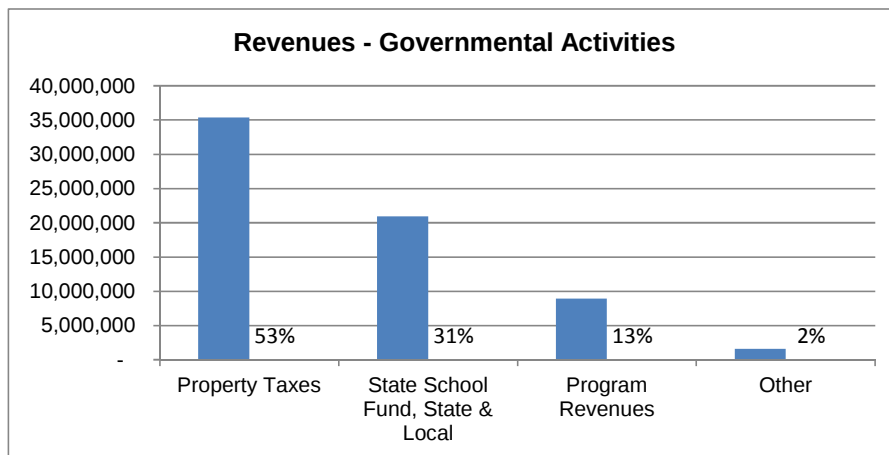
CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

State school revenue is the District's most significant source of funds. Revenues are determined by a complex formula which includes local property tax collections, student demographics, and student enrollment as funding factors. Higher local property tax collections reduce funding from the state and vice versa.

Program revenues include charges for services and operating grants and contributions. Charges for services make up 5.6% of total revenues and are composed of items such as food service charges, summer school, and other extracurricular programs for which it is appropriate that the District charge tuition or fees. The increase reflects efforts to increase charges where appropriate and community contributions to help offset revenue losses.

Operating grants and contributions represent 7.7% of total revenues. Included in this category is \$1.3 million for federal reimbursement under the school nutrition program. The remainder of \$3.8 million is comprised of federal and state grants for designated programs. Operating grants and contributions decreased over the prior year by 0.6%, due primarily to decreased levels of grant awards for special education IDEA and Title programs. The chart below shows governmental activities revenues by major categories to aid in understanding the District's significant revenue sources.



Expenses

Expenses related to governmental activities are presented in five broad functional categories: instruction, support services, enterprise and community services, facility acquisition and construction, and interest expense. Costs of direct classroom instruction activities account for 52.3% of the total expenses of \$66,133,780. Overall, the reduction in expenses is reflective of the 2012-13 budget work to realign service levels with revenues. Staff reductions of approximately 27 full-time equivalent (FTE) positions were budgeted as compared to the prior year.

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.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

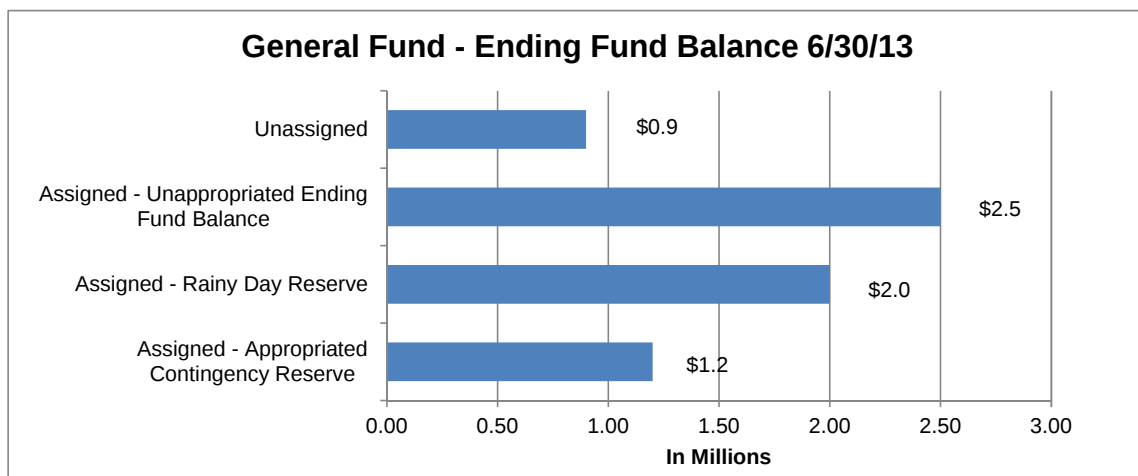
Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At June 30, 2013, the District's governmental funds reported combined ending fund balances of \$14.9 million. Of this amount, \$0.3 million is restricted to the Debt Service Fund and \$2.3 million is committed to the Public Employees Retirement System (PERS) Debt Service Fund. These funds are not available to meet the general obligations of the District. The remainder represents an ending fund balance of \$6.6 million for the General Fund and \$5.7 million for nonmajor governmental funds. Nonmajor governmental funds exist as funds targeted for designated purposes.

At the end of fiscal year 2012-13, the ending fund balance in the General Fund was \$6.6 million, or 13.0% of total General Fund expenditures. This amount constitutes \$1.2 million assigned for contingency, \$2.0 million assigned for the rainy day fund, \$2.5 million assigned for unappropriated ending fund balance, and the remaining \$0.9 million was unassigned. The decrease from the prior year of \$1.6 million reflects a reduction in state funds due to the economy and planned use of reserves to mitigate service reductions as service levels are aligned with resources.

Governmental funds report the differences between their assets and liabilities as fund balance, divided into assigned and unassigned portions. The fund balance of the Debt Service Fund is legally restricted to be spent for the purpose of the fund and is not available for spending at the District's discretion. The assigned fund balance is further subdivided into designed categories to aid in management of funds in alignment with District fiscal policies. As the General Fund is the major operating fund of the District, it is helpful to understand the key components of ending fund balance. The chart below summarizes the General Fund ending fund balance by category.



CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Fund

District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net position of the proprietary fund at year-end amounted to \$4,414,413, all of which is considered to be unrestricted. The net position decreased \$2.5 million from the prior year as expenses were made to address property and liability issues.

BUDGETARY HIGHLIGHTS

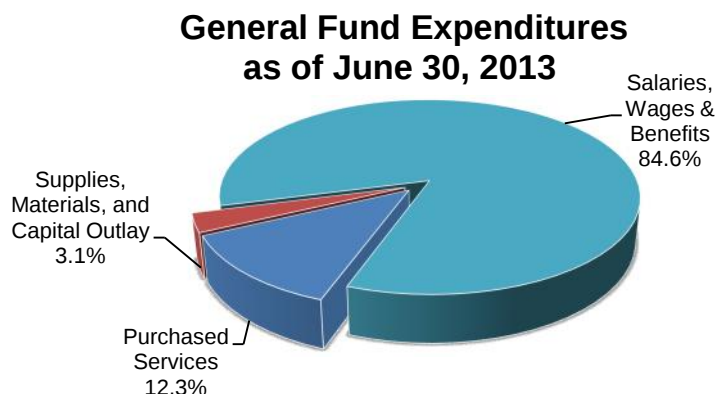
The General Fund is the chief operating fund of the District. At the end of fiscal year 2012-13, the ending fund balance was \$6.6 million, a decrease of \$1.6 million from the prior year. The decrease was planned for as noted previously to align revenues and expenses.

General Fund revenues decreased overall by \$2.3 million, or 4.5% from the prior year. The most significant factor was state funding, which was adjusted as a result of economic conditions, declined student enrollment, and a loss of the one-time Education Stability Grant of \$1.4 million.

District enrollment as of October 1st declined by 8.4% over ten years despite small increases since 2011-12. These are significant reductions that directly impact state revenues and also reflects the economic downturn, causing families to leave the community. The lack of affordable housing aids in continuing this trend into the foreseeable future.

As noted earlier, the community's approval of a five-year local option tax levy, outside of the state funding formula, has provided additional capacity for the District's operations. In fiscal year 2012-13, local option levy collections were just over \$4.0 million, and funded 44 FTE positions. Continuing weakness in real market property values and increased compression puts downward pressure on collections as revenue dropped from \$4.5 million in 2011-12.

On the expenditure side, fiscal year 2012-13 reflects a decrease of \$2.6 million, or 4.9%, mainly due to reductions in work force, supplies, and equipment. As a service organization providing instruction and support to students, approximately 85% of the budget is for staffing. The District expended 98.9% of the final amended budget for the categories of instruction, support services, and enterprise services combined.



CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Budget amounts shown in the financial statements reflect the original budget amounts, two supplemental budgets, and four approved appropriation transfers.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013 amounted to \$95,012,544, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and vehicles and equipment. The total depreciation related to the District's investment in capital assets for the current fiscal year amounted to \$3,671,008.

	2013	2012	% Change
Land	\$ 2,629,247	\$ 2,629,247	0.0%
Construction in progress	-	263,685	-100.0%
Buildings and improvements	91,218,909	90,524,343	0.8%
Vehicles and equipment	1,164,388	1,316,304	-11.5%
	<u>\$ 95,012,544</u>	<u>\$ 94,733,579</u>	<u>0.3%</u>
Total governmental capital assets	<u>\$ 95,012,544</u>	<u>\$ 94,733,579</u>	<u>0.3%</u>

Additional information on the District's capital assets can be found in Note III-C on pages 48 through 49 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$76,812,419. This amount is comprised of limited tax pension obligations, general obligation bonds, accrued interest, and early retirement. The District's total debt outstanding decreased by \$6,332,329 during the current fiscal year.

	2013	2012	% Change
Bonded debt	\$ 73,015,591	\$ 79,829,631	-8.5%
Other debt	3,796,828	3,315,117	14.5%
	<u>\$ 76,812,419</u>	<u>\$ 83,144,748</u>	<u>-7.6%</u>
Total governmental debt	<u>\$ 76,812,419</u>	<u>\$ 83,144,748</u>	<u>-7.6%</u>

State statutes limit the amount of general obligation debt a school district may issue based on a formula for determining the percentage of the real market value of all taxable properties within the school district. The District's general obligation bond debt capacity is 7.95% of real market value or \$505,883,589, which is significantly in excess of the District's outstanding general obligation debt.

The District has successfully renegotiated benefits under the Early Retirement Incentive Program as detailed in the notes to the financial statements. Program changes include significantly reduced eligibility criteria and benefit reductions, thereby reducing long-term liabilities for this program. It is now projected that the program is fully funded, thereby eliminating the annual contribution from the General Fund.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information on the District's long-term liabilities can be found in Note III-F on pages 50 through 51 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

Across the State of Oregon, school districts continue to be faced with similar ongoing economic challenges.

The most significant factor is the State of Oregon's state school funding formula. The formula consists of a general purpose grant, transportation grant, and certain local revenues along with student enrollment.

The 2013-15 state biennial budget is settled, resulting in approximately \$2.6 million of additional revenue to the District. Coupled with enrollment and funding formula adjustments, the net General Fund increase is expected to be \$1.8 million in 2014-15. This is a preliminary estimate and the District's economic health and future is only as secure as the state.

The state retirement system and resulting employer contribution rates are also a significant factor for budgets. Investment losses have severely impacted the state's unfunded liability and the newly adopted 2013-15 biennial rates for Corvallis School District 509J are 10.41% for Tier I/Tier II payroll, and 12.41% for OPSRP payroll. Though it was known that these rate increases would be substantial, this increase over the 2011-13 respective rates of 9.48% and 7.97% is not welcome news as the District plans for the 2014-15 budget year. Recent PERS reform measures approved by the legislature are being contested in court. The District elected to utilize only a portion of the reform savings as a prudent approach until litigation is settled.

Contract negotiations with the District's three employee groups occurred in fiscal year 2012-13 resulting in new one-year agreements. Agreements acknowledged current economic conditions. Furlough days were restored, creating a full instructional year for students along with modest financial increases dependent upon the employee group. Negotiations will resume in the current fiscal year as districts across the state work to allocate limited resources for staff and services. As a service organization, staffing is approximately 85% of expenditures.

While the majority of funding is provided by the state, the District has been fortunate to have a supportive local community willing to provide additional resources by their ongoing support of the local option tax levy. In November 2010, voters approved the renewal of a five-year local option levy effective for fiscal year 2012-13. The levy raised \$4.0 million for fiscal year 2012-13. This amount is \$0.5 million less than the prior year as the gap between real market values and assessed values continued to compress. 2013-14 funding plans for 39.9 FTE staff to serve students.

Multi-year forecasts are routinely updated. Looking forward to fiscal year 2014-15 as budget season begins issues such as class size, federal sequestration, closing the achievement gap, PERS reform, and use of reserves are key components of discussion. The governor's focus continues to be education from preschool through college. Strategic planning efforts are underway with staff and community forums to be held to gather input as service levels are evaluated.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

In spite of many years of tight funding, the District is proud to be able to demonstrate success in educating our students. The school board is actively involved in ongoing strategic planning to continue to lead the District in a fiscally responsible manner. Long-term goals and financial plans are actively managed to guide the District as major decisions are made.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Corvallis School District 509J's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Finance and Operations Department, Corvallis School District 509J, P.O. Box 3509J, Corvallis, Oregon 97339.

BASIC FINANCIAL STATEMENTS



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 19,377,461	\$ 195,502
Accounts receivable	1,084,185	4,063
Property taxes receivable	1,819,251	-
Inventories	124,302	-
Total current assets	<u>22,405,199</u>	<u>199,565</u>
Noncurrent assets		
Restricted assets		
Cash and cash equivalents	1,485,939	-
Property taxes receivable	551,666	-
Other receivables	473,502	-
Land	2,629,247	-
Capital assets, net of accumulated depreciation	92,383,297	101,601
Bond issuance costs, net of accumulated amortization	561,990	-
Net pension asset	26,985,533	-
Total noncurrent assets	<u>125,071,174</u>	<u>101,601</u>
Total assets	<u>147,476,373</u>	<u>301,166</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,915,769	6,948
Payroll liabilities	1,328,233	22,439
Accrued liabilities	109,877	-
Compensated absences	155,297	-
Unearned revenue	63,153	-
Accrued accreted interest payable, current portion	153,006	-
Early retirement, current portion	864,914	-
Long-term liabilities, current portion	7,130,877	-
Total current liabilities	<u>11,721,126</u>	<u>29,387</u>
Noncurrent liabilities		
OPEB benefits payable	277,262	-
Accrued accreted interest payable, less current portion	2,138,660	-
Early retirement, less current portion	640,248	-
Long-term liabilities, less current portion	65,884,714	-
Total noncurrent liabilities	<u>68,940,884</u>	<u>-</u>
Total liabilities	<u>80,662,010</u>	<u>29,387</u>
NET POSITION		
Net investment in capital assets	42,340,649	101,601
Restricted for various purposes	1,937,156	-
Unrestricted	22,536,558	170,178
Total net position	<u>\$ 66,814,363</u>	<u>\$ 271,779</u>

The accompanying notes are an integral part of these financial statements.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities				
Instruction	\$ 34,581,788	\$ 2,634,605	\$ 461,792	\$ -
Support services	21,140,455	974,804	658,885	-
Enterprise and community services	3,190,135	158,076	196,601	-
Facilities acquisition and construction	3,342,099	-	3,824,904	-
Interest expense	<u>3,879,303</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 66,133,780</u>	<u>\$ 3,767,485</u>	<u>\$ 5,142,182</u>	<u>\$ -</u>
Component unit				
Governmental activities				
Muddy Creek Charter School	<u>\$ 457,118</u>	<u>\$ 35,247</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Property taxes levied for general purposes				
Property taxes levied for debt service				
State school fund				
Common school fund				
Unrestricted state and local revenue				
Unrestricted grants and contributions				
Investment earnings				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	Muddy Creek Charter School
\$ (31,485,391)	\$ -
(19,506,766)	-
(2,835,458)	-
482,805	-
<u>(3,879,303)</u>	<u>-</u>
<u>(57,224,113)</u>	<u>-</u>
<u>-</u>	<u>(421,871)</u>
27,016,705	-
8,368,806	-
20,978,373	476,412
906,786	-
426,120	-
-	35,982
200,227	425
<u>84,638</u>	<u>2,000</u>
<u>57,981,655</u>	<u>514,819</u>
757,542	92,948
<u>66,056,821</u>	<u>178,831</u>
<u>\$ 66,814,363</u>	<u>\$ 271,779</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>PERS Debt Service Fund</u>
ASSETS			
Cash and cash equivalents	\$ 7,798,668	\$ 311,252	\$ 2,326,927
Accounts receivable	473,159	-	-
Property taxes receivable	1,819,251	551,666	-
Other receivables	-	-	-
Inventories	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,091,078</u>	<u>\$ 862,918</u>	<u>\$ 2,326,927</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,081,164	\$ -	\$ -
Accrued liabilities	667,960	-	-
Unearned revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,749,124</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	<u>1,711,998</u>	<u>518,011</u>	<u>-</u>
Fund balances			
Nonspendable	-	-	-
Restricted	-	344,907	-
Committed	-	-	2,326,927
Assigned	5,718,457	-	-
Unassigned	<u>911,499</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,629,956</u>	<u>344,907</u>	<u>2,326,927</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,091,078</u>	<u>\$ 862,918</u>	<u>\$ 2,326,927</u>

The accompanying notes are an integral part of these financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,927,448	\$ 15,364,295
611,026	1,084,185
-	2,370,917
473,502	473,502
<u>124,302</u>	<u>124,302</u>
<u>\$ 6,136,278</u>	<u>\$ 19,417,201</u>
\$ 420,396	\$ 1,501,560
-	667,960
<u>63,153</u>	<u>63,153</u>
<u>483,549</u>	<u>2,232,673</u>
<u>-</u>	<u>2,230,009</u>
124,302	124,302
1,592,249	1,937,156
3,936,178	6,263,105
-	5,718,457
<u>-</u>	<u>911,499</u>
<u>5,652,729</u>	<u>14,954,519</u>
<u>\$ 6,136,278</u>	<u>\$ 19,417,201</u>



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

June 30, 2013

Total fund balances			\$ 14,954,519
Capital assets are not financial resources and are therefore not reported in the governmental funds:			
Cost	140,704,548		
Accumulated depreciation and amortization	<u>(45,692,004)</u>	95,012,544	
Bond issuance costs on long-term debt are not financial resources and are therefore not reported in the governmental funds.			
		561,990	
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.			
		2,230,009	
Internal service funds are used by management to charge the costs of insurance premiums and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			
		4,414,413	
The PERS UAL net pension asset is not available to pay current period expenditures and is therefore deferred in the governmental funds.			
		26,985,533	
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:			
Bonds payable, net of premiums and discounts	(73,015,591)		
Early retirement payable	(1,505,162)		
OPEB benefits payable	(277,262)		
Compensated absences payable	(155,297)		
Accrued bond interest payable	(99,667)		
Accrued accreted interest payable	<u>(2,291,666)</u>	<u>(77,344,645)</u>	
Net position of governmental activities			<u>\$ 66,814,363</u>

The accompanying notes are an integral part of these financial statements.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>PERS Debt Service Fund</u>
REVENUES			
Local revenue	\$ 27,146,290	\$ 8,395,690	\$ 1,984,023
Intermediate revenue	302,977	-	-
State revenue	22,053,092	-	-
Federal revenue	<u>11,450</u>	<u>-</u>	<u>-</u>
Total revenues	<u>49,513,809</u>	<u>8,395,690</u>	<u>1,984,023</u>
EXPENDITURES			
Current			
Instruction	30,638,797	-	-
Support services	20,371,125	-	-
Enterprise and community services	123,842	-	-
Debt service	-	8,653,213	2,004,237
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>51,133,764</u>	<u>8,653,213</u>	<u>2,004,237</u>
Excess (deficiency) of revenues over (under) expenditures	(1,619,955)	(257,523)	(20,214)
Fund balances - beginning	<u>8,249,911</u>	<u>602,430</u>	<u>2,347,141</u>
Fund balances - ending	<u>\$ 6,629,956</u>	<u>\$ 344,907</u>	<u>\$ 2,326,927</u>

The accompanying notes are an integral part of these financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,720,836	\$ 42,246,839
355,908	658,885
28,668	22,081,760
<u>3,813,454</u>	<u>3,824,904</u>
<u>8,918,866</u>	<u>68,812,388</u>
3,940,884	34,579,681
2,278,148	22,649,273
3,051,696	3,175,538
-	10,657,450
<u>333,778</u>	<u>333,778</u>
<u>9,604,506</u>	<u>71,395,720</u>
(685,640)	(2,583,332)
<u>6,338,369</u>	<u>17,537,851</u>
<u>\$ 5,652,729</u>	<u>\$ 14,954,519</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2013

Net change in fund balances \$ (2,583,332)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	3,949,973	
Disposal of capital assets	(119,701)	
Related accumulated depreciation	119,701	
Depreciation expense recorded in the current year	(3,671,008)	278,965

Governmental funds do not report the amortization of bond issuance costs as expenditures; however, in the statement of activities, these costs are recorded as an asset and amortized over the life of the bond.

Amortization expense recorded in the current year		(37,466)
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Governmental funds report current period PERS lump sum payments to finance an estimated unfunded actuarial liability as an expenditures; however, in the statement of activities, this payment is capitalized and amortized over the life of the unfunded liability.

(1,129,527)

Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Amortization of bond premiums	39,377	
Debt principal paid	6,774,663	6,814,040

Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.

Compensated absences	(7,967)	
Accrued interest	3,484	
Early retirement and other post-employment benefits	(600,377)	(604,860)

Internal service funds are used by management to charge the costs of insurance premiums to individual funds. This activity is consolidated with the governmental funds in the statement of activities.

(2,494,190)

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

513,912

Change in net position **\$ 757,542**

The accompanying notes are an integral part of these financial statements.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2013

	Internal Service Fund <u>Insurance</u>
ASSETS	
Cash and cash equivalents	\$ 5,499,105
LIABILITIES	
Accounts payable	413,820
Accrued liabilities	<u>670,872</u>
Total current liabilities	<u>1,084,692</u>
Net position	
Unrestricted	<u><u>\$ 4,414,413</u></u>

The accompanying notes are an integral part of these financial statements.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended June 30, 2013

	Internal Service Fund <u>Insurance</u>
Operating revenues	
Charges for services	\$ 11,083,630
Operating expenses	
Support services	<u>(10,059,992)</u>
Operating income (loss)	1,023,638
Nonoperating revenue (expense)	
Facilities acquisition (disposal)	<u>(3,517,828)</u>
Change in net position	(2,494,190)
Net position - beginning	<u>6,908,603</u>
Net position - ending	<u>\$ 4,414,413</u>

The accompanying notes are an integral part of these financial statements.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2013

	Internal Service Fund <u>Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	\$ 11,083,630
Payments to employees	(143,310)
Payments for goods and services	<u>(10,028,506)</u>
Net cash provided (used) by operating activities	<u>911,814</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	<u>(3,517,828)</u>
Net cash provided (used) by capital and related financing activities	<u>(3,517,828)</u>
Net increase (decrease) in cash and cash equivalents	(2,606,014)
Cash and cash equivalents - beginning	<u>8,105,119</u>
Cash and cash equivalents - ending	<u>\$ 5,499,105</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,023,638
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in:	
Accounts payable	(118,791)
Accrued liabilities	<u>6,967</u>
Net cash provided (used) by operating activities	<u>\$ 911,814</u>
Noncash investing, capital, and financing activities:	
Contributions of capital assets	\$ (3,517,828)

The accompanying notes are an integral part of these financial statements.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2013

	<u>Agency Fund</u> <u>Corvallis Public</u> <u>Schools</u> <u>Foundation</u>
ASSETS	
Cash and cash equivalents	<u>\$ 136,297</u>
LIABILITIES	
Accounts payable	\$ 1,314
Due to others	<u>134,983</u>
Total liabilities	<u>\$ 136,297</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Corvallis School District 509J have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Corvallis School District 509J functions as a local education agency, serving students in grades kindergarten through twelfth. The District is governed by a seven-member board of directors elected by citizens within the District boundaries. Daily operations are led by and accountable to the superintendent.

Inavale Community Partners, Inc., dba Muddy Creek Charter School is sponsored by the District and is reported as a discretely presented component unit. Its complete financial statements may be obtained from their administrative offices. The District is not financially responsible for the charter school, but the nature and significance of its financial relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. This component unit is presented in total in a separate column in the government-wide financial statements to emphasize that it is a legally separate organization from the District. Revenues reported by the component unit as state school fund monies equal the amount passed through the District. Additional information may be obtained at the charter school administrative offices: 30252 Bellfountain Road, Corvallis, Oregon 97333.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the District and its component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting; however, principal and interest on long-term debt, as well as expenditures related to compensated absences and early retirement, are recorded only when payment is due.

Property taxes, investment earnings, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

Debt Service Fund – The Debt Service Fund accounts for the repayment of the District's long-term debt. The primary source of revenue is property taxes. The primary use of revenue is payment of interest and principal due on long-term debt.

PERS Debt Service Fund – The PERS Debt Service Fund accounts for the repayment of the District's Limited Tax Pension Obligations. The primary source of revenue is charges to other funds. The primary use of revenue is payment of interest and principal of long-term debt.

Additionally, the District reports the following nonmajor governmental funds:

Special Revenue Funds

Food Service Fund – This fund accounts for the various food service programs provided by the District. The sale of food and federal subsidies administered by the state are the major revenue sources.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Special Revenue Funds (Continued)

Designated Revenue Fund – This fund accounts for revenues and expenditures of local contributions restricted for specific purposes.

Designated Facilities Fund – This fund is used to account for resources accumulated to fund capital improvements and upgrades to school facilities and for the acquisition and sale of land for school district use.

Student Body Activity Fund – This fund accounts for the revenues and expenditures of the various student clubs and activities.

District Donation Fund – This fund accounts for expenditures of donations made to the District from the Corvallis Public Schools Foundation.

Early Retirement Fund – This fund accounts for the accumulation and payment of funds to employees under the District's early retirement incentive plan.

Grants Fund – The Grants Fund accounts for revenues and expenditures of grants restricted for specific educational and support activities. The primary sources of revenue are federal, state, and local grants.

Capital Projects Fund

New Schools Bond Fund – This fund was used to account for bond funds approved by voters to build a new high school, middle school, and other various remodeling projects. The fund will be closed upon payment of the arbitrage due.

The District reports the following proprietary fund:

Internal Service Fund

Insurance Fund – This internal service fund accounts for the cost and administration by the District for liability insurance premiums and related deductibles and payment of insurance premiums for all employee-paid benefits. The principal source of revenue is charges to other funds for services.

The District reports the following fiduciary fund:

Agency Fund

Corvallis Public Schools Foundation Fund – The Corvallis Public Schools Foundation Fund is used to account for transactions of the foundation.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers between the governmental funds and the proprietary funds. Elimination of these transactions would distort their respective financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The District reports unearned revenue on the balance sheet of the governmental funds. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenue, while the remaining amount of taxes receivable are recorded as unavailable revenue because they are not deemed available to finance operations of the current period.

3. Other Receivables

General receivables are comprised primarily of accounts, interest, common school fund, and reimbursement of costs under various federal and state grants.

4. Grant Revenue

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time earned or when eligible expenditures are incurred. Grant monies received prior to the incurrence of qualifying expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

5. Inventories

Food Service Fund inventories of food and supplies are valued at invoice cost (first-in, first-out). Inventoried items are charged to expenditures of the program at the time of withdrawal from inventory (consumption method).

6. Capital Assets

Capital assets, which include property, plant, equipment, and intangibles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

6. Capital Assets (Continued)

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles and equipment	5-30
Buildings and improvements	20-50

7. Compensated Absences

Amounts of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are also deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

9. Pension Asset

The pension asset consists of three lump-sum payments to PERS totaling \$34,919,733 in partial payment of the District's unfunded actuarial liability. The pension asset is equal to these payments made from the issuance of pension bonds, as well as a \$6 million lump-sum payment less accumulated amortization calculated on the bonds outstanding method, which approximates the effective interest method over the life of the pension obligation bonds or for the lump-sum payment, amortized as a level percentage of projected payroll over the period ending December 31, 2029, as established by PERS.

10. Retirement Plans

Most of the District's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions are made on a current basis as required by the plan and are recorded as expenses or expenditures.

The District provides a single-employer retiree benefit plan that provides access to post-employment health, dental, and vision benefits to eligible employees and their spouses. Benefits and eligibility for members are established through various collective bargaining agreements, and in accordance with ORS 243.303.

11. District Early Retirement Incentive Program

Early retirement benefits are reported as long-term liabilities on the statement of net position. Benefits include a monthly stipend. Amounts vary according to agreed-upon terms at the time of retirement.

12. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and therefore will not be recognized as an inflow of resources until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

13. Fund Equity

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Commitment of fund balance is accomplished through adoption of the budget resolution by the board of directors. Further, commitments of fund balance may be modified or rescinded only through approval of the board of directors via resolution. Authority to assign fund balances has been granted to the Superintendent and Finance and Operations Director.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The District has adopted Board Policy DA: Fiscal Policies, which guides the budget to create sufficient fund balances to provide sustainable program, protects the District from the inability to meet cash flow needs, and provides prudent reserves to meet unexpected events. General Fund reserves should target a 2.5% appropriated contingency, 5.0% appropriated rainy day reserve, 5.0% unappropriated ending fund balance (as a percentage of current resources, net of beginning fund balance), and targeted reserves as may be designated.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

F. Reclassifications

Effective July 1, 2012, the District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Note I-D.12 provides a description of the effects of this statement on the District's financial statements.

Certain accounts, as reported in comparative statements in the management's discussion and analysis, have been reclassified for comparative purposes in order to conform to the presentation in the current year financial statements.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and internal service funds. All funds are budgeted on the modified accrual basis of accounting.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, enterprise and community services, debt service, facilities acquisition and construction, operating contingency, and interfund transfers are the levels of control for the funds established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation 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 of directors at a regular board 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 of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were two supplemental budgets. Appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and four approved appropriation transfers.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Corvallis School District 509J maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP 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. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District's investment policy, which adheres to State of Oregon law, is to limit its investments to the following: issuers within Oregon must be rated "AA" or better (bonds), or "A-1," "P-1," or better (commercial paper) by a nationally recognized statistical rating organization.

Investments

As of June 30, 2013, the District had the following investments:

Investment Type	Carrying Amount	Percentage of Investment Portfolio	Credit Quality Rating
Local Government Investment Pool (LGIP)	\$ 22,144,771	99.97%	Unrated
PERS Custody - LGIP	6,165	0.03%	Unrated
Total	<u>\$ 22,150,936</u>	<u>100.00%</u>	

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Interest Rate Risk

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet the cash requirement for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools; and limiting the average maturity in accordance with the District's cash requirements.

Concentration of Credit Risk

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from one type of security or issuer will be minimized. 100% of the District's investments are in the Oregon Local Government Investment Pool.

The District's investment policy for investing in individual issuers varies depending on the type of investments. U.S. Treasury obligations do not have restrictions regarding concentration with any one issuer. U.S. agency securities are limited, that no more than one-third of the portfolio may be invested in any specific agency. Bankers' acceptances must be purchased from an Oregon-chartered financial institution. Certificates of deposit of commercial banks shall not represent more than 10% of the total portfolio in any single depository at settlement. Investments in commercial paper or corporate indebtedness with any one issuer may not exceed 5% of the total portfolio at the settlement date.

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

<u>Investment Type</u>	<u>Maximum % of portfolio</u>
U.S. Treasury obligations (bills, notes, bonds)	100.0%
Local Government Investment Pool	100.0%
U.S. agency securities	90.0%
Certificates of deposit	50.0%
Bankers' acceptances	25.0%
Repurchase agreements	25.0%
State and local government securities	25.0%
Commercial paper	10.0%

Board investment policy states that the District shall attempt to match investments with anticipated future cash flow requirements. The maximum maturity shall be the anticipated use of the cash or 18 months, whichever is shorter, unless special approval is received from the School Board.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a 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.

The District holds noninterest-bearing accounts at Wells Fargo, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2013, the District's total deposits of \$245,876 were fully insured by the FDIC.

Deposits

The District's deposits and investments at June 30, 2013 are as follows:

Cash on hand	\$ 550
Checking accounts	(1,288,086)
Total investments	<u>22,150,936</u>
 Total deposits and investments	 <u>\$ 20,863,400</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Deposits and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 7,798,668
PERS Debt Service Fund	2,326,927
Nonmajor governmental funds	3,752,761
Insurance Fund	<u>5,499,105</u>
Total governmental activities - unrestricted	<u>19,377,461</u>
Governmental activities - restricted	
Debt Service Fund	311,252
Nonmajor governmental funds	<u>1,174,687</u>
Total governmental activities - restricted	<u>1,485,939</u>
Total deposits and investments	<u><u>\$ 20,863,400</u></u>

Restricted cash is for future payments of principal and interest on long-term debt, and grant expenditures.

B. Receivables

The District's receivables at June 30, 2013 are as follows:

Property taxes receivable	
General Fund	\$ 1,819,251
Debt Service Fund	<u>551,666</u>
Total property taxes receivable	<u>2,370,917</u>
Other receivables	
General Fund	473,159
Nonmajor governmental funds	<u>1,084,528</u>
Total other receivables	<u>1,557,687</u>
Total receivable	<u><u>\$ 3,928,604</u></u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,629,247	\$ -	\$ -	\$ 2,629,247
Construction in progress	<u>263,685</u>	<u>-</u>	<u>(263,685)</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,892,932</u>	<u>-</u>	<u>(263,685)</u>	<u>2,629,247</u>
Capital assets being depreciated				
Buildings and improvements	130,262,653	4,115,291	-	134,377,944
Vehicles and equipment	<u>3,718,691</u>	<u>98,367</u>	<u>(119,701)</u>	<u>3,697,357</u>
Total capital assets being depreciated	<u>133,981,344</u>	<u>4,213,658</u>	<u>(119,701)</u>	<u>138,075,301</u>
Less accumulated depreciation for				
Buildings and improvements	(39,738,310)	(3,420,725)	-	(43,159,035)
Vehicles and equipment	<u>(2,402,387)</u>	<u>(250,283)</u>	<u>119,701</u>	<u>(2,532,969)</u>
Total accumulated depreciation	<u>(42,140,697)</u>	<u>(3,671,008)</u>	<u>119,701</u>	<u>(45,692,004)</u>
Total capital assets being depreciated, net	<u>91,840,647</u>	<u>542,650</u>	<u>-</u>	<u>92,383,297</u>
Governmental activities capital assets, net	<u>\$94,733,579</u>	<u>\$ 542,650</u>	<u>\$ (263,685)</u>	<u>\$ 95,012,544</u>

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 2,629,247	\$ -	\$ 2,629,247
Buildings and improvements	134,377,944	(43,159,035)	91,218,909
Vehicles and equipment	<u>3,697,357</u>	<u>(2,532,969)</u>	<u>1,164,388</u>
Total governmental capital assets	<u>\$ 140,704,548</u>	<u>\$ (45,692,004)</u>	<u>\$ 95,012,544</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Capital Assets (Continued)

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

Instruction	\$ 67,904
Support services	163,428
Enterprise and community services	14,596
Facilities acquisition and construction	<u>3,425,080</u>
Total depreciation expense	<u>\$ 3,671,008</u>

D. Bond Issuance Costs

Bond issuance costs relate to the issuance of the 2002 Limited Tax Pension Obligation and the 2003 General Obligation Bond. Refer to Note III-F for further detail on the bonds.

The following is a summary of bond issuance cost transactions for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities				
Bond issuance costs being amortized				
2002 Limited Tax Pension Obligation	\$ 189,449	\$ -	\$ 11,840	\$ 177,609
2003 General Obligation Bond	<u>410,007</u>	<u>-</u>	<u>25,626</u>	<u>384,381</u>
Total bond issuance costs being amortized	<u>\$ 599,456</u>	<u>\$ -</u>	<u>\$ 37,466</u>	<u>\$ 561,990</u>

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

Instruction	\$ 26,226
Support services	<u>11,240</u>
Total amortization expense	<u>\$ 37,466</u>

E. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Compensated absences	<u>\$ 147,330</u>	<u>\$ 204,173</u>	<u>\$ 196,206</u>	<u>\$ 155,297</u>

The General Fund has traditionally been used to liquidate compensated absences liabilities. Management has considered all compensated absences to be current liabilities.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Limited tax pension obligations							
OSBA 2002	2.06 - 6.1%	\$ 24,299,733	\$ 20,353,359	\$ -	\$ 434,663	\$ 19,918,696	\$ 455,877
OSBA 2005A	3.684 - 4.52%	4,620,000	735,000	-	310,000	425,000	230,000
General obligation bonds							
Series 2003	2 - 5%	86,400,000	3,995,000	-	3,995,000	-	-
Series 2007	4 - 5%	<u>55,800,000</u>	<u>49,875,000</u>	<u>-</u>	<u>2,035,000</u>	<u>47,840,000</u>	<u>6,445,000</u>
Total bonds		171,119,733	74,958,359	-	6,774,663	68,183,696	7,130,877
Unamortized premium on bonds		<u>4,949,821</u>	<u>4,871,272</u>	<u>-</u>	<u>39,377</u>	<u>4,831,895</u>	<u>-</u>
Total bonds payable		<u>\$ 176,069,554</u>	79,829,631	-	6,814,040	73,015,591	7,130,877
Accrued accreted interest			2,279,274	12,392	-	2,291,666	153,006
Early retirement incentive			<u>1,035,843</u>	<u>990,158</u>	<u>520,839</u>	<u>1,505,162</u>	<u>864,914</u>
Total long-term liabilities			<u>\$ 83,144,748</u>	<u>\$ 1,002,550</u>	<u>\$ 7,334,879</u>	<u>\$ 76,812,419</u>	<u>\$ 8,148,797</u>

The General Fund has traditionally been used to liquidate early retirement obligations.

2. Limited Tax Pension Obligation Bonds

Pension obligation bonds will be paid from revenues in the PERS Debt Service Fund generated by charges to other funds. The District participated in the OBSA Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL).

The District issued \$24,299,733 Limited Tax Pension Bonds, Series 2002, which are deferred interest bonds, payable annually through 2028. Interest on the deferred interest bonds is accreted semiannually at rates ranging from 2.06% to 6.10%. The bonds are federally taxable.

The District issued \$4,620,000 Limited Tax Pension Bonds, Series 2005, which are deferred interest bonds payable annually through 2016. Interest on the deferred interest bonds is accreted semiannually at rates ranging from 3.684% to 4.52%. The bonds are federally taxable.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. Long-Term Liabilities (Continued)

3. General Obligation Refunding Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of the District's school facilities. The general obligation bonds will be paid from general property tax revenues from the Debt Service Fund.

On March 15, 2007, the District issued \$55.8 million in general obligation bonds with an average interest rate of 4.8% to advance refund \$3.445 million of outstanding 1999 series bonds with an average interest rate of 5.0% and \$53.395 million of outstanding 2003 series bonds with an average interest rate of 3.5%. As a result, \$56,840,000 of outstanding general obligation bonds is considered defeased.

4. Future Maturities of Long-Term Liabilities

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 7,130,877	\$ 3,711,849	\$ 10,842,726
2015	7,617,190	3,458,120	11,075,310
2016	8,111,698	3,192,145	11,303,843
2017	8,655,754	2,907,080	11,562,834
2018	6,259,378	2,600,455	8,859,833
2019-2023	17,843,800	7,324,355	25,168,155
2024-2028	12,564,999	2,034,908	14,599,907
Total	<u>\$ 68,183,696</u>	<u>\$ 25,228,912</u>	<u>\$ 93,412,608</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

G. Constraints on Fund Balance

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Debt Service Fund	PERS Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable	\$ -	\$ -	\$ -	\$ 124,302	\$ 124,302
Restricted for:					
Debt service	-	344,907	-	-	344,907
Grants	-	-	-	1,592,249	1,592,249
Committed to:					
PERS Debt Service	-	-	2,326,927	-	2,326,927
Student body activities	-	-	-	575,666	575,666
Food service program	-	-	-	555,701	555,701
Contracts and programs	-	-	-	777,496	777,496
Facilities improvements	-	-	-	559,107	559,107
Early retirement incentives	-	-	-	1,468,208	1,468,208
Assigned to:					
Operating contingency	1,237,852	-	-	-	1,237,852
Rainy day fund	2,004,895	-	-	-	2,004,895
Unappropriated ending fund balance	2,475,710	-	-	-	2,475,710
Unassigned	911,499	-	-	-	911,499
Total fund balances	<u>\$ 6,629,956</u>	<u>\$ 344,907</u>	<u>\$ 2,326,927</u>	<u>\$ 5,652,729</u>	<u>\$ 14,954,519</u>

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

B. Retirement Plans

1. Oregon Public Employees Retirement System

Plan Description

The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (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: the pension program and the defined benefit portion of the plan. OPSRP 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. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

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 (ORS) 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. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

Funding Policy

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 and OPSRP rates in effect for the year ended June 30, 2013 were 9.48% and 7.97%, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to pay the employees' contributions in addition to the required employer's contribution. The District has elected to pay the required employee contribution of 6% of covered payroll.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

B. Retirement Plans (Continued)

1. Oregon Public Employees Retirement System (Continued)

Annual Pension Cost

Total payroll was \$30,514,517 and subject payroll was \$29,885,106 for the fiscal year ended June 30, 2013. The District's contributions to PERS for the three years ended June 30, 2011, 2012, and 2013 were equal to the required contribution for each year.

Annual pension expenses/expenditures are summarized as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
2011	\$ 2,474,215	100%
2012	\$ 4,448,723	100%
2013	\$ 4,187,178	100%

C. Other Post-Employment Benefits

1. Early Retirement Incentive Benefits

The School Board, through contract negotiations, previously authorized the District to offer early retirement incentive benefits to all non-temporary employees. To be eligible, retirees must have qualifying consecutive employment with the District and meet certain PERS requirements. These benefits are being phased out as follows:

Certified employees agreed in February 2005 to end the program effective June 30, 2017. Only employees hired before September 1, 1988 are eligible for early retirement incentive benefits. A lump-sum payout was made on April 30, 2005 to end the benefit rights of employees hired between September 1, 1988 and June 30, 1998. Upon retirement, an additional lump-sum payment will be made to those hired before September 1, 1988 in recognition of reduced benefits available after their retirement.

Stipend payments range from 48 months to 72 months based upon eligibility criteria. No employees retiring after April 1, 2005 are eligible to receive insurance benefits.

Retirement incentives for administrative and classified employees ended in June 2008. The current payments and accrued liabilities are for certified employees only.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (Continued)

1. Early Retirement Incentive Benefits (Continued)

The District provides payments in accordance with current employee contracts, primarily on a pay-as-you-go basis. Additional funds were transferred to the Early Retirement Fund in prior years to allow smoothing of General Fund retirement expenditures. At June 30, 2013, the District was providing early retirement benefits to 52 former employees. During the year ended June 30, 2013, governmental fund expenditures related to early retirement benefits totaled \$520,839. The program was fully funded as of June 30, 2013.

Expenditures are recorded in the governmental funds as the incentive payments are paid. The present value of future incentive payments are recorded in the statement of net position.

Actuarial valuations for early retirement incentive activity for the year are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Early retirement payable	<u>\$ 1,035,843</u>	<u>\$ 990,158</u>	<u>\$ 520,839</u>	<u>\$ 1,505,162</u>	<u>\$ 864,914</u>

2. Post-Retirement Health Benefits

The District operates a single-employer retiree benefit plan that provides access to post-employment health, dental, and vision benefits to eligible employees and their spouses. There are 114 retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements.

The District's post-retirement healthcare plan was established in accordance with 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.

Independent actuarial valuations are done every two years. There is not a separate audited GAAP basis post-employment benefit plan report.

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 governmental funds.

CORVALLIS SCHOOL DISTRICT 509J**Benton County, Oregon****NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2013

IV. OTHER INFORMATION (Continued)**C. Other Post-Employment Benefits (Continued)****2. Post-Retirement Health Benefits (Continued)**Funding Policy

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

Annual Pension Cost and Net Pension Obligation

Annual OPEB Cost and Net OPEB Obligation – The District's annual other post-employment benefit cost (expense) is calculated based on 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 (of funding excess) over a period not to exceed 30 years.

	2013	2012	2011
Annual Required Contribution (Medical)	\$ 424,603	\$ 578,868	\$ 562,008
Interest on net OPEB obligation (BOY)	5,483	3,249	1,282
Adjustment to ARC for net OPEB obligation	(10,253)	(6,486)	(354,472)
Annual OPEB cost	419,833	575,631	208,818
Expected contributions	(288,775)	(516,078)	(442,285)
Increase (decrease) in net OPEB obligation	131,058	59,553	(233,467)
Net OPEB obligation - beginning of fiscal year	146,204	86,651	320,118
Net OPEB obligation - end of fiscal year	<u>\$ 277,262</u>	<u>\$ 146,204</u>	<u>\$ 86,651</u>
Percentage of annual OPEB cost contributed	68.78%	89.65%	211.80%

Actuarial Methods and Assumptions

The actuarial cost method used to determine the cost and the liabilities for this plan was the projected unit credit actuarial cost method. Under this method, the unfunded value of all benefits expected to be paid from the plan is spread over the expected working career of all participants in such a way that annual costs are expected to remain level.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (Continued)

2. Post-Retirement Health Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial assumptions included a discounted rate of 3.75%, inflation rate of 2.75%, and an 80% assumption of participants who elect medical coverage at retirement are assumed to cover a spouse as well. They also assume medical and prescription drugs cost would increase at 8% for the current year, grading down to an annual rate of 5% over 20 years, which is consistent with expectations for long-term health care cost inflation and the demographic assumptions, such as those used in the most recent valuation of Oregon PERS benefits for school districts.

Funded Status

As of July 1, 2012, the most recent actuarial valuation date for the period ended June 30, 2013, the District's actuarial accrued liability (AAL) for benefits was \$3,407,576 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,407,576. The covered payroll was \$29,885,106 with 11.40% UAAL as a percentage of covered payroll. The schedules of funding progress and employer contributions, which are 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 liabilities for benefits.

3. 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 post-employment 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 PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (Continued)

3. Retirement Health Insurance Account (RHIA) (Continued)

Plan Description (Continued)

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.

Funding Policy

Participating entities are contractually required to contribute to RHIA at a rate assessed each year by OPERS; currently 0.59% of OPERF and 0.50% of OPSRP 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 within 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 30 years. The District's contributions to RHIA for the years ended June 30, 2011, 2012, and 2013 equaled the required contributions each year, and are summarized as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
2011	\$ 86,479	100%
2012	\$ 166,753	100%
2013	\$ 156,362	100%

CORVALLIS SCHOOL DISTRICT 509J

Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

D. Tax-Deferred Savings Plans

The District also offers its employees a tax-deferred annuity plan, established pursuant to Section 403(b) of the Internal Revenue Code (IRC), and a deferred compensation plan, established pursuant to Section 457 of the IRC. Contributions are made through salary reductions from participating employees up to the amount specified in the IRC. No contributions are required from the District except as agreed to by contract. As of June 30, 2013, 138 employees were participating in the plans.

E. Restatements

Net Position

Beginning net position was restated as follows:

Government-Wide Statements	
	Governmental Activities
Net position - beginning, as originally reported	\$ 65,826,686
To correct amortization of PERS UAL lump sum payment	<u>230,135</u>
Net position - beginning, as restated	<u>\$ 66,056,821</u>

F. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the District beginning with its fiscal year ending June 30, 2014. This statement moves some items from the assets and liabilities sections to the deferred outflows and deferred inflows sections of the statements. Implementation of this statement will require a prior period adjustment of approximately \$561,990, which represents a change in accounting for bond issuance costs.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, will be effective for the District beginning with its fiscal year ending June 30, 2014. This statement improves accounting and financial reporting by resolving conflicting guidance that could diminish the consistency of financial reporting, and thereby enhances the usefulness of the financial reports. Management has not currently determined what impact implementation of this statement will have on future financial statements.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

IV. OTHER INFORMATION (Continued)

F. New Pronouncements (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, will be effective for the District beginning with its fiscal year ending June 30, 2015. This statement replaces the requirements for GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. Management has not currently determined what impact implementation of this statement will have on future financial statements.

G. Subsequent Events

Management has evaluated subsequent events through December 13, 2013, which was the date that the financial statements were available to be issued.

1. Pending Litigation

The District has pending litigation for a claim of negligence of personal injury. The claimant is seeking \$1.2 million. At the time this report was prepared, the litigation was still in preliminary stages, and the District's attorneys have made no evaluation as to the outcome of the case.

2. Property Tax Repayment

In May 2013, the Oregon Tax Court ordered Benton County's taxing districts to refund property tax receipts from Hewlett-Packard due to an overvaluation of the company's Benton County campus over a five year period. An intergovernmental agreement was signed by all taxing districts with Benton County to loan funds in order for repayment to be made to Hewlett-Packard and stop further interest while the ruling is under appeal at the state level. The District's portion of the refund including interest and other deferrals is \$2.7 million. This amount will be withheld from Benton County's tax turnovers in November 2013. As local property tax collections are a factor in the state school funding formula (SSFF), reduced collections are offset by increased revenues from the state. The District expects approximately 65% of the \$2.7 million Hewlett-Packard tax repayment to be covered through the SSFF.

3. Sale of Fairplay School

As approved by the school board in January 2011, Fairplay School was sold to the Corvallis Waldorf School at a price of \$476,830 in August 2013. A \$100,000 down payment was made upon closing and the remaining balance will be paid to Corvallis School District 509J over the next four years.

REQUIRED SUPPLEMENTARY INFORMATION



No content appears on this page by design.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

OTHER POST-EMPLOYMENT HEALTH BENEFITS

Schedule of Funding Progress

	<u>(a)</u>	<u>(b)</u>	<u>(b)-(a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	\$ -	\$ 5,417,733	\$ 5,417,733	0%	\$ 32,176,363	16.84%
2012	\$ -	\$ 5,417,733	\$ 5,417,733	0%	\$ 31,380,474	17.26%
2013	\$ -	\$ 3,407,576	\$ 3,407,576	0%	\$ 29,885,106	11.40%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (Asset)
2011	\$ 442,285	211.80%	\$ 86,651
2012	\$ 516,078	89.65%	\$ 146,204
2013	\$ 288,775	68.78%	\$ 277,262

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	\$ 28,012,800	\$ 28,012,800	\$ 27,146,290	\$ (866,510)
Intermediate revenue	230,000	230,000	302,977	72,977
State revenue	21,263,385	21,263,385	22,053,092	789,707
Federal revenue	<u>8,000</u>	<u>8,000</u>	<u>11,450</u>	<u>3,450</u>
Total revenues	<u>49,514,185</u>	<u>49,514,185</u>	<u>49,513,809</u>	<u>(376)</u>
EXPENDITURES				
Current				
Instruction	30,724,859	30,924,859	30,638,797	(286,062)
Support services	20,284,917	20,718,041	20,371,125	(346,916)
Enterprise and community services	124,300	124,300	123,842	(458)
Facilities acquisition and construction	1	1	-	(1)
Contingency	<u>3,242,747</u>	<u>3,242,747</u>	<u>-</u>	<u>(3,242,747)</u>
Total expenditures	<u>54,376,824</u>	<u>55,009,948</u>	<u>51,133,764</u>	<u>(3,876,184)</u>
Excess (deficiency) of revenues over (under) expenditures	(4,862,639)	(5,495,763)	(1,619,955)	3,875,808
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2)</u>	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Net change in fund balance	(4,862,641)	(5,495,765)	(1,619,955)	3,875,810
Fund balance - beginning	<u>7,338,351</u>	<u>7,971,475</u>	<u>8,249,911</u>	<u>278,436</u>
Fund balance - ending	<u>\$ 2,475,710</u>	<u>\$ 2,475,710</u>	<u>\$ 6,629,956</u>	<u>\$ 4,154,246</u>

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

	Special Revenue Funds			
	Food Service	Designated Revenue	Designated Facilities	Student Body Activity
ASSETS				
Cash and cash equivalents	\$ 284,542	\$ 702,375	\$ 685,187	\$ 587,716
Accounts receivable	313,147	123,937	173,942	-
Other receivables	-	-	-	-
Inventories	124,302	-	-	-
Total assets	<u>\$ 721,991</u>	<u>\$ 826,312</u>	<u>\$ 859,129</u>	<u>\$ 587,716</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 5,759	\$ 48,816	\$ 300,022	\$ 12,050
Unearned revenue	36,229	-	-	-
Total liabilities	<u>41,988</u>	<u>48,816</u>	<u>300,022</u>	<u>12,050</u>
Fund balances				
Nonspendable	124,302	-	-	-
Restricted for:				
Grants	-	-	-	-
Committed to:				
Student body activities	-	-	-	575,666
Food service program	555,701	-	-	-
Contracts and programs	-	777,496	-	-
Facilities improvements	-	-	559,107	-
Early retirement incentives	-	-	-	-
Total fund balances	<u>680,003</u>	<u>777,496</u>	<u>559,107</u>	<u>575,666</u>
Total liabilities and fund balances	<u>\$ 721,991</u>	<u>\$ 826,312</u>	<u>\$ 859,129</u>	<u>\$ 587,716</u>

Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
District Donation	Early Retirement	Grants	New Schools Bond	
\$ 18,033	\$ 1,468,208	\$ 1,174,687	\$ 6,700	\$ 4,927,448
-	-	-	-	611,026
-	-	473,502	-	473,502
-	-	-	-	124,302
<u>\$ 18,033</u>	<u>\$ 1,468,208</u>	<u>\$ 1,648,189</u>	<u>\$ 6,700</u>	<u>\$ 6,136,278</u>
\$ 18,033	\$ -	\$ 29,016	\$ 6,700	\$ 420,396
-	-	26,924	-	63,153
<u>18,033</u>	<u>-</u>	<u>55,940</u>	<u>6,700</u>	<u>483,549</u>
-	-	-	-	124,302
-	-	1,592,249	-	1,592,249
-	-	-	-	575,666
-	-	-	-	555,701
-	-	-	-	777,496
-	-	-	-	559,107
-	1,468,208	-	-	1,468,208
<u>-</u>	<u>1,468,208</u>	<u>1,592,249</u>	<u>-</u>	<u>5,652,729</u>
<u>\$ 18,033</u>	<u>\$ 1,468,208</u>	<u>\$ 1,648,189</u>	<u>\$ 6,700</u>	<u>\$ 6,136,278</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

	Special Revenue Funds			
	Food Service	Designated Revenue	Designated Facilities	Student Body Activity
REVENUES				
Local revenue	\$ 1,257,473	\$ 790,795	\$ 535,040	\$ 1,153,178
Intermediate revenue	-	259,017	-	-
State revenue	21,575	-	-	-
Federal revenue	<u>1,352,222</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,631,270</u>	<u>1,049,812</u>	<u>535,040</u>	<u>1,153,178</u>
EXPENDITURES				
Current				
Instruction	-	759,445	-	997,899
Support services	-	200,589	415,625	75,794
Enterprise and community services	2,817,935	65,226	-	-
Facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>333,778</u>	<u>-</u>
Total expenditures	<u>2,817,935</u>	<u>1,025,260</u>	<u>749,403</u>	<u>1,073,693</u>
Excess (deficiency) of revenues over (under) expenditures	(186,665)	24,552	(214,363)	79,485
Fund balances - beginning	<u>866,668</u>	<u>752,944</u>	<u>773,470</u>	<u>496,181</u>
Fund balances - ending	<u>\$ 680,003</u>	<u>\$ 777,496</u>	<u>\$ 559,107</u>	<u>\$ 575,666</u>

Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
District Donation	Early Retirement	Grants	New Schools Bond	
\$ 461,657	\$ 491,345	\$ 31,348	\$ -	\$ 4,720,836
-	-	96,891	-	355,908
-	-	7,093	-	28,668
-	-	2,461,232	-	3,813,454
<u>461,657</u>	<u>491,345</u>	<u>2,596,564</u>	<u>-</u>	<u>8,918,866</u>
348,533	-	1,835,007	-	3,940,884
19,411	520,840	1,045,889	-	2,278,148
93,713	-	74,822	-	3,051,696
-	-	-	-	333,778
<u>461,657</u>	<u>520,840</u>	<u>2,955,718</u>	<u>-</u>	<u>9,604,506</u>
-	(29,495)	(359,154)	-	(685,640)
-	<u>1,497,703</u>	<u>1,951,403</u>	-	<u>6,338,369</u>
<u>\$ -</u>	<u>\$ 1,468,208</u>	<u>\$ 1,592,249</u>	<u>\$ -</u>	<u>\$ 5,652,729</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOOD SERVICE FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	\$ 1,085,199	\$ 1,085,199	\$ 1,257,473	\$ 172,274
State revenue	17,000	17,000	21,575	4,575
Federal revenue	<u>1,682,180</u>	<u>1,682,180</u>	<u>1,352,222</u>	<u>(329,958)</u>
Total revenues	<u>2,784,379</u>	<u>2,784,379</u>	<u>2,631,270</u>	<u>(153,109)</u>
EXPENDITURES				
Current				
Enterprise and community services	2,784,380	2,834,380	2,817,935	(16,445)
Contingency	<u>645,000</u>	<u>595,000</u>	<u>-</u>	<u>(595,000)</u>
Total expenditures	<u>3,429,380</u>	<u>3,429,380</u>	<u>2,817,935</u>	<u>(611,445)</u>
Excess (deficiency) of revenues over (under) expenditures	(645,001)	(645,001)	(186,665)	458,336
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Net change in fund balance	(645,000)	(645,000)	(186,665)	458,335
Fund balance - beginning	<u>645,000</u>	<u>645,000</u>	<u>866,668</u>	<u>221,668</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,003</u>	<u>\$ 680,003</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DESIGNATED REVENUE FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	\$ 600,000	\$ 600,000	\$ 790,795	\$ 190,795
Intermediate revenue	<u>400,000</u>	<u>400,000</u>	<u>259,017</u>	<u>(140,983)</u>
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,049,812</u>	<u>49,812</u>
EXPENDITURES				
Current				
Instruction	1,000,000	1,000,000	759,445	(240,555)
Support services	375,000	360,000	200,589	(159,411)
Enterprise and community services	99,999	114,999	65,226	(49,773)
Facilities acquisition and construction	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Total expenditures	<u>1,475,000</u>	<u>1,475,000</u>	<u>1,025,260</u>	<u>(449,740)</u>
Excess (deficiency) of revenues over (under) expenditures	(475,000)	(475,000)	24,552	499,552
Fund balance - beginning	<u>475,000</u>	<u>475,000</u>	<u>752,944</u>	<u>277,944</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,496</u>	<u>\$ 777,496</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DESIGNATED FACILITIES FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	\$ 246,000	\$ 246,000	\$ 535,040	\$ 289,040
EXPENDITURES				
Current				
Support services	346,000	546,000	415,625	(130,375)
Facilities acquisition and construction	1,073,500	873,500	333,778	(539,722)
Total expenditures	1,419,500	1,419,500	749,403	(670,097)
Excess (deficiency) of revenues over (under) expenditures	(1,173,500)	(1,173,500)	(214,363)	959,137
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	400,000	400,000	-	(400,000)
Net change in fund balance	(773,500)	(773,500)	(214,363)	559,137
Fund balance - beginning	773,500	773,500	773,470	(30)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 559,107</u>	<u>\$ 559,107</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

STUDENT BODY ACTIVITY FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	\$ 1,050,000	\$ 1,050,000	\$ 1,153,178	\$ 103,178
EXPENDITURES				
Current				
Instruction	1,230,000	1,220,000	997,899	(222,101)
Support services	70,000	80,000	75,794	(4,206)
Total expenditures	1,300,000	1,300,000	1,073,693	(226,307)
Excess (deficiency) of revenues over (under) expenditures	(250,000)	(250,000)	79,485	329,485
Fund balance - beginning	250,000	250,000	496,181	246,181
Fund balance - ending	\$ -	\$ -	\$ 575,666	\$ 575,666

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DISTRICT DONATION FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	\$ 600,000	\$ 600,000	\$ 461,657	\$ (138,343)
EXPENDITURES				
Current				
Instruction	440,000	425,000	348,533	(76,467)
Support services	75,000	75,000	19,411	(55,589)
Enterprise and community services	84,999	99,999	93,713	(6,286)
Facilities acquisition and construction	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Total expenditures	<u>600,000</u>	<u>600,000</u>	<u>461,657</u>	<u>(138,343)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

EARLY RETIREMENT FUND

For the Year Ended June 30, 2013

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	\$ 550,650	\$ 491,345	\$ (59,305)
EXPENDITURES			
Current			
Support services	765,665	520,840	(244,825)
Contingency	634,985	-	(634,985)
Total expenditures	1,400,650	520,840	(879,810)
Excess (deficiency) of revenues over (under) expenditures	(850,000)	(29,495)	820,505
Fund balance - beginning	1,490,000	1,497,703	7,703
Fund balance - ending	\$ 640,000	\$ 1,468,208	\$ 828,208

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GRANTS FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	\$ 50,000	\$ 50,000	\$ 31,348	\$ (18,652)
Intermediate revenue	100,000	100,000	96,891	(3,109)
State revenue	100,000	100,000	7,093	(92,907)
Federal revenue	<u>2,750,000</u>	<u>2,750,000</u>	<u>2,461,232</u>	<u>(288,768)</u>
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,596,564</u>	<u>(403,436)</u>
EXPENDITURES				
Current				
Instruction	2,925,000	2,925,000	1,835,007	(1,089,993)
Support services	2,012,999	1,982,999	1,045,889	(937,110)
Enterprise and community services	62,000	92,000	74,822	(17,178)
Facilities acquisition and construction	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Total expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,955,718</u>	<u>(2,044,282)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,000,000)	(2,000,000)	(359,154)	1,640,846
Fund balance - beginning	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,951,403</u>	<u>(48,597)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,592,249</u>	<u>\$ 1,592,249</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2013

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	\$ 8,453,212	\$ 8,395,690	\$ (57,522)
EXPENDITURES			
Debt service	<u>8,653,213</u>	<u>8,653,213</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(200,001)	(257,523)	(57,522)
Fund balance - beginning	<u>200,001</u>	<u>602,430</u>	<u>402,429</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 344,907</u>	<u>\$ 344,907</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

PERS DEBT SERVICE FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	\$ 2,019,200	\$ 2,019,200	\$ 1,984,023	\$ (35,177)
EXPENDITURES				
Debt service	2,004,227	2,004,237	2,004,237	-
Contingency	2,304,973	2,304,963	-	(2,304,963)
Total expenditures	4,309,200	4,309,200	2,004,237	(2,304,963)
Excess (deficiency) of revenues over (under) expenditures	(2,290,000)	(2,290,000)	(20,214)	2,269,786
Fund balance - beginning	2,290,000	2,290,000	2,347,141	57,141
Fund balance - ending	\$ -	\$ -	\$ 2,326,927	\$ 2,326,927

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

INSURANCE FUND

For the Year Ended June 30, 2013

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	\$ 12,334,850	\$ 11,083,630	\$ (1,251,220)
EXPENSES			
Current			
Support services	14,658,700	10,059,992	(4,598,708)
Facilities acquisition and construction	<u>3,800,000</u>	<u>3,517,828</u>	<u>(282,172)</u>
Total expenses	<u>18,458,700</u>	<u>13,577,820</u>	<u>(4,880,880)</u>
Excess (deficiency) of revenues over (under) expenses	(6,123,850)	(2,494,190)	3,629,660
Net position - beginning	<u>6,123,850</u>	<u>6,908,603</u>	<u>784,753</u>
Net position - ending	<u>\$ -</u>	<u>\$ 4,414,413</u>	<u>\$ 4,414,413</u>



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Faith Ringgold
3rd Grade 2013

CAPITAL ASSETS SCHEDULES



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

COMPARATIVE SCHEDULE OF CAPITAL ASSETS USED IN
OPERATION OF GOVERNMENTAL FUNDS BY SOURCE

For the Year Ended June 30, 2013

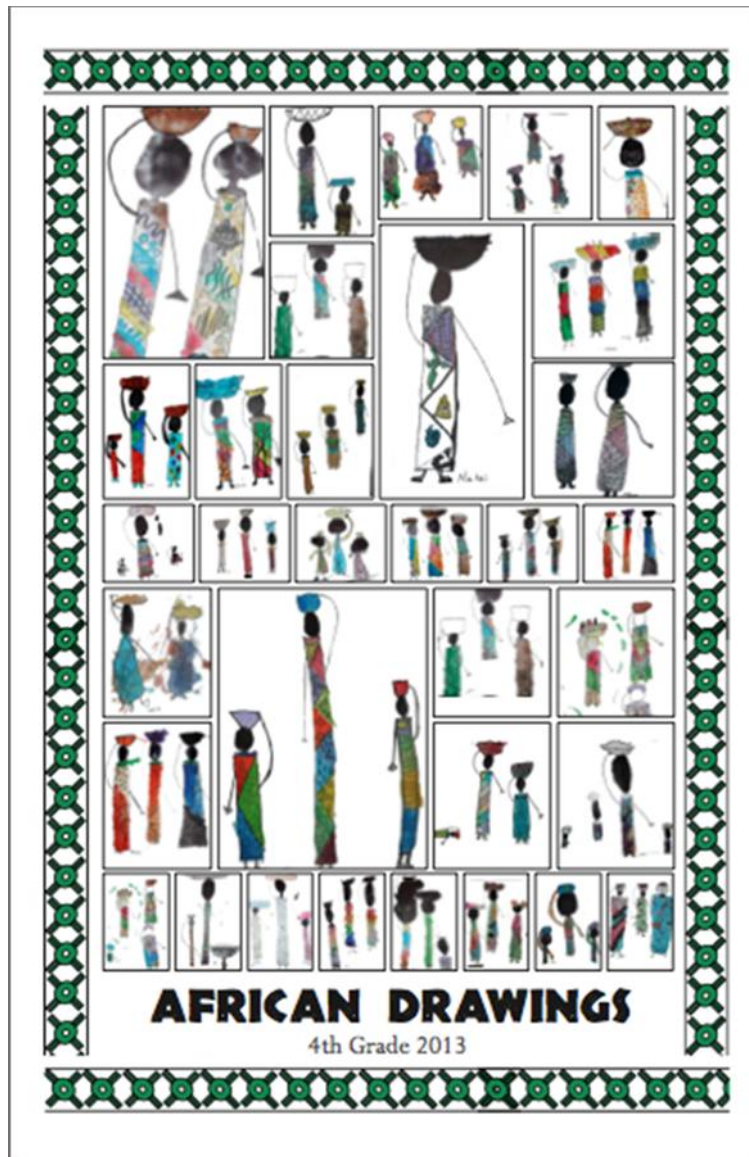
	<u>2013</u>	<u>2012</u>
General Government Capital Assets		
Land	\$ 2,629,247	\$ 2,629,247
Buildings and site improvements	134,377,944	130,262,653
Vehicles and equipment	3,697,357	3,718,691
Construction in progress	<u>-</u>	<u>263,685</u>
Total general government capital assets	<u>\$ 140,704,548</u>	<u>\$ 136,874,276</u>
Investments in Governmental Capital Assets by Source		
General Fund	\$ 42,287,741	\$ 42,355,078
Special revenue funds	2,782,805	2,411,024
Capital projects fund	92,108,174	92,108,174
Internal service fund	<u>3,525,828</u>	<u>-</u>
Total investments in governmental capital assets by source	<u>\$ 140,704,548</u>	<u>\$ 136,874,276</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

For the Year Ended June 30, 2013

	Land	Buildings and Site Improvements	Vehicles and Equipment	Total
General government capital assets				
Instruction	\$ -	\$ -	\$ 1,617,520	\$ 1,617,520
Support services	-	117,656	1,815,731	1,933,387
Community services	-	-	141,804	141,804
Facilities acquisition	<u>2,629,247</u>	<u>134,260,287</u>	<u>122,303</u>	<u>137,011,837</u>
 Total general government capital assets	 <u>\$ 2,629,247</u>	 <u>\$ 134,377,943</u>	 <u>\$ 3,697,358</u>	 <u>\$ 140,704,548</u>



OTHER FINANCIAL SCHEDULES



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENT -

GENERAL OBLIGATION BONDS

Year Ending June 30	Refunding Bond - 2007 Issue		
	Principal	Interest	Total
2014	\$ 6,445,000	\$ 2,392,000	\$ 8,837,000
2015	7,000,000	2,069,750	9,069,750
2016	7,575,000	1,719,750	9,294,750
2017	8,160,000	1,341,000	9,501,000
2018	5,755,000	933,000	6,688,000
2019	6,210,000	645,250	6,855,250
2020	6,695,000	334,750	7,029,750
Total	<u>\$ 47,840,000</u>	<u>\$ 9,435,500</u>	<u>\$ 57,275,500</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENT -

PERS UAL LIMITED TAX PENSION BONDS

Year Ending June 30	PERS UAL Limited Tax Pension Bond - 2002 Issue			PERS UAL Limited Tax Pension Bond - 2005 Issue		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 455,877	\$ 1,300,956	\$ 1,756,833	\$ 230,000	\$ 18,893	\$ 248,893
2015	472,190	1,379,643	1,851,833	145,000	8,727	153,727
2016	486,698	1,470,135	1,956,833	50,000	2,260	52,260
2017	495,754	1,566,080	2,061,834	-	-	-
2018	504,378	1,667,455	2,171,833	-	-	-
2019	511,665	1,775,168	2,286,833	-	-	-
2020	517,135	1,889,696	2,406,831	-	-	-
2021	-	956,383	956,383	-	-	-
2022	1,835,000	911,833	2,746,833	-	-	-
2023	2,075,000	811,275	2,886,275	-	-	-
2024	2,330,000	697,358	3,027,358	-	-	-
2025	2,605,000	568,043	3,173,043	-	-	-
2026	2,900,000	423,465	3,323,465	-	-	-
2027	3,225,000	262,515	3,487,515	-	-	-
2028	1,504,999	83,527	1,588,526	-	-	-
Total	<u>\$ 19,918,696</u>	<u>\$ 15,763,532</u>	<u>\$ 35,682,228</u>	<u>\$ 425,000</u>	<u>\$ 29,880</u>	<u>\$ 454,880</u>

Total PERS UAL Limited Tax Pension Bonds			Total of All Bond Issues		
Principal	Interest	Total	Principal	Interest	Total
\$ 685,877	\$ 1,319,849	\$ 2,005,726	\$ 7,130,877	\$ 3,711,849	\$ 10,842,726
617,190	1,388,370	2,005,560	7,617,190	3,458,120	11,075,310
536,698	1,472,395	2,009,093	8,111,698	3,192,145	11,303,843
495,754	1,566,080	2,061,834	8,655,754	2,907,080	11,562,834
504,378	1,667,455	2,171,833	6,259,378	2,600,455	8,859,833
511,665	1,775,168	2,286,833	6,721,665	2,420,418	9,142,083
517,135	1,889,696	2,406,831	7,212,135	2,224,446	9,436,581
-	956,383	956,383	-	956,383	956,383
1,835,000	911,833	2,746,833	1,835,000	911,833	2,746,833
2,075,000	811,275	2,886,275	2,075,000	811,275	2,886,275
2,330,000	697,358	3,027,358	2,330,000	697,358	3,027,358
2,605,000	568,043	3,173,043	2,605,000	568,043	3,173,043
2,900,000	423,465	3,323,465	2,900,000	423,465	3,323,465
3,225,000	262,515	3,487,515	3,225,000	262,515	3,487,515
1,504,999	83,527	1,588,526	1,504,999	83,527	1,588,526
<u>\$ 20,343,696</u>	<u>\$ 15,793,412</u>	<u>\$ 36,137,108</u>	<u>\$ 68,183,696</u>	<u>\$ 25,228,912</u>	<u>\$ 93,412,608</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS - GENERAL FUND

For the Year Ended June 30, 2013

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2012</u>	<u>2012-2013 Levy</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2013</u>
2012-2013	\$ -	\$ 27,623,336	\$ (700,098)	\$ 25,984,681	\$ 938,557
2011-2012	639,626	-	(41,361)	223,050	375,215
2010-2011	253,889	-	(40,347)	75,706	137,836
2009-2010	400,804	-	(26,495)	58,432	315,877
2008-2009	40,291	-	(1,109)	45,967	(6,785)
2007-2008	16,066	-	(465)	9,018	6,583
2006-2007	9,287	-	(132)	5,087	4,068
Prior	<u>56,086</u>	<u>-</u>	<u>(1,880)</u>	<u>6,306</u>	<u>47,900</u>
Subtotal - Prior	<u>1,416,049</u>	<u>-</u>	<u>(111,789)</u>	<u>423,566</u>	<u>880,694</u>
Total	<u>\$ 1,416,049</u>	<u>\$ 27,623,336</u>	<u>\$ (811,887)</u>	<u>26,408,247</u>	<u>\$ 1,819,251</u>
Add:					
Other taxes and interest				92,629	
Adjustments				<u>-</u>	
Total available				26,500,876	
Accrual of current receivables:					
June 30, 2012				(105,269)	
June 30, 2013				<u>107,253</u>	
Total property tax revenues (budgetary basis)				<u>\$ 26,502,860</u>	

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS - DEBT SERVICE FUND

For the Year Ended June 30, 2013

<u>Tax Year</u>	<u>Taxes Receivable July 1, 2012</u>	<u>2012-2013 Levy</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2013</u>
2012-2013	\$ -	\$ 8,726,323	\$ (223,754)	\$ 8,206,071	\$ 296,498
2011-2012	203,573	-	(13,134)	71,049	119,390
2010-2011	79,345	-	(12,591)	23,667	43,087
2009-2010	121,951	-	(8,052)	17,832	96,067
2008-2009	5,578	-	(1,430)	13,937	(9,789)
2007-2008	5,106	-	(148)	2,862	2,096
2006-2007	3,584	-	(67)	1,952	1,565
Prior	<u>4,875</u>	<u>-</u>	<u>(129)</u>	<u>1,994</u>	<u>2,752</u>
Subtotal - Prior	<u>424,012</u>	<u>-</u>	<u>(35,551)</u>	<u>133,293</u>	<u>255,168</u>
Total	<u>\$ 424,012</u>	<u>\$ 8,726,323</u>	<u>\$ (259,305)</u>	<u>8,339,364</u>	<u>\$ 551,666</u>
Add:					
Other taxes and interest				28,769	
Adjustments				<u>-</u>	
Total available				8,368,133	
Accrual of current receivables:					
June 30, 2012				(32,983)	
June 30, 2013				<u>33,656</u>	
Total property tax revenues (budgetary basis)				<u>\$ 8,368,806</u>	



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STATISTICAL SECTION

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

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.



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FINANCIAL TRENDS

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

REVENUES AND OTHER FINANCING SOURCES BY SOURCE
(BUDGETARY BASIS) - LAST TEN FISCAL YEARS

GENERAL FUND

For the Year Ended June 30, 2013

	2013	2012	2011	2010
Local revenue				
Current year's taxes	\$ 22,066,237	\$ 22,095,674	\$ 21,460,033	\$ 20,412,348
Current year's local option taxes	3,958,783	4,378,597	4,860,893	5,489,512
Prior year's taxes	392,922	608,910	503,659	430,005
Prior year's local option taxes	84,917	141,239	119,828	85,401
Tuition	-	-	-	19,474
Interest	132,397	131,345	93,130	195,479
Rentals	77,313	103,574	83,546	82,040
Miscellaneous	433,721	345,022	308,906	348,190
Total local revenue	<u>27,146,290</u>	<u>27,804,361</u>	<u>27,429,995</u>	<u>27,062,449</u>
Intermediate revenue				
County school fund	125,668	115,144	97,831	86,322
Other revenues	<u>177,309</u>	<u>166,431</u>	<u>172,128</u>	<u>166,666</u>
Total intermediate revenue	<u>302,977</u>	<u>281,575</u>	<u>269,959</u>	<u>252,988</u>
State revenue				
State school support fund	20,961,214	21,392,277	21,509,888	23,494,565
Common school fund	906,786	823,044	774,269	798,224
Targeted school funds	-	1,392,731	-	-
Other revenue from state sources	<u>185,092</u>	<u>92,346</u>	<u>176,239</u>	<u>129,203</u>
Total state revenue	<u>22,053,092</u>	<u>23,700,398</u>	<u>22,460,396</u>	<u>24,421,992</u>
Federal revenue				
Federal grants	-	18,984	1,992,743	-
Federal forest fees	11,450	35,087	56,621	66,189
Other revenue from federal sources	<u>-</u>	<u>9,623</u>	<u>9,014</u>	<u>1,775,229</u>
Total federal revenue	<u>11,450</u>	<u>63,694</u>	<u>2,058,378</u>	<u>1,841,418</u>
Other financing sources				
Transfers in	-	-	-	-
Sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning	<u>8,249,911</u>	<u>10,171,758</u>	<u>12,834,129</u>	<u>11,713,576</u>
Total revenues and other financing sources	<u>\$ 57,763,720</u>	<u>\$ 62,021,786</u>	<u>\$ 65,052,857</u>	<u>\$ 65,292,423</u>

⁽¹⁾ This schedule includes only revenues and transfers of the General Fund. The General Fund accounts for general operating revenues and transfers of the District.

2009	2008	2007	2006	2005	2004
\$ 20,121,626	\$ 19,425,514	\$ 18,642,561	\$ 18,309,163	\$ 17,528,367	\$ 16,688,736
4,485,404	3,925,886	-	-	1,635,691	1,265,992
338,418	362,233	340,862	301,226	353,584	266,344
44,340	-	12,218	24,419	28,680	114,502
-	-	36,928	25,490	8,620	19,738
455,933	1,042,441	1,099,714	761,378	410,492	184,581
78,658	80,908	216,819	203,908	157,767	121,232
344,865	379,224	375,982	412,804	403,688	328,122
<u>25,869,244</u>	<u>25,216,206</u>	<u>20,725,084</u>	<u>20,038,388</u>	<u>20,526,889</u>	<u>18,989,247</u>
183,338	95,330	316,763	249,742	154,596	465,764
148,174	149,245	142,886	138,576	145,238	151,250
<u>331,512</u>	<u>244,575</u>	<u>459,649</u>	<u>388,318</u>	<u>299,834</u>	<u>617,014</u>
24,454,394	25,586,017	24,826,415	23,832,791	20,878,552	24,453,450
1,099,137	870,814	788,781	389,504	778,894	232,745
1,389,797	1,382,617	-	-	-	-
599,538	101,514	9,673	57	51,947	12,534
<u>27,542,866</u>	<u>27,940,962</u>	<u>25,624,869</u>	<u>24,222,352</u>	<u>21,709,393</u>	<u>24,698,729</u>
-	-	-	-	-	-
74,916	83,439	84,630	87,996	84,847	78,940
1,287,206	17,860	17,742	16,644	16,957	19,573
<u>1,362,122</u>	<u>101,299</u>	<u>102,372</u>	<u>104,640</u>	<u>101,804</u>	<u>98,513</u>
-	-	-	117,946	-	-
-	2,002	20,745	590	5,799	-
-	2,002	20,745	118,536	5,799	-
<u>10,111,274</u>	<u>10,182,245</u>	<u>7,885,631</u>	<u>4,620,643</u>	<u>3,897,557</u>	<u>1,244,003</u>
<u>\$ 65,217,018</u>	<u>\$ 63,687,289</u>	<u>\$ 54,818,350</u>	<u>\$ 49,492,877</u>	<u>\$ 46,541,276</u>	<u>\$ 45,647,506</u>

CORVALLIS SCHOOL DISTRICT 509J**Benton County, Oregon****EXPENDITURES AND TRANSFERS BY PROGRAM
(BUDGETARY BASIS) - LAST TEN FISCAL YEARS****GENERAL FUND**

For the Year Ended June 30, 2013

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular programs				
Primary, K-5	\$ 10,688,930	\$ 11,493,072	\$ 11,497,765	\$ 11,015,626
Middle school	5,060,967	5,602,361	5,558,731	5,425,454
High school	8,086,502	8,592,641	8,823,378	8,172,030
Special programs				
Restrictive disability programs	1,712,379	1,664,796	1,813,646	1,662,028
Learning resource rooms	2,918,683	2,800,472	3,073,064	2,608,108
Alternative education	612,817	787,595	755,305	1,155,536
Charter school	495,636	434,431	332,753	-
Other	<u>1,062,883</u>	<u>1,164,595</u>	<u>1,265,609</u>	<u>1,183,691</u>
Total instruction	<u>30,638,797</u>	<u>32,539,963</u>	<u>33,120,251</u>	<u>31,222,473</u>
Support services				
Students				
Attendance and social work	671,295	744,725	671,157	555,439
Guidance	1,432,333	1,610,565	1,745,263	1,704,299
Health	247,247	225,654	112,551	178,759
Psychological	-	60,970	106,544	174,349
Speech and pathology	649,830	642,477	502,283	553,235
Other student treatment services	148,927	128,124	150,033	143,550
Service direction, student support services	551,614	545,371	471,391	522,953
Instructional services and educational media				
Improvement of instruction	803,445	944,712	933,704	889,069
Educational media	521,462	646,802	716,413	716,092
Assessment and testing	169,228	169,687	56,463	4,010
Instructional staff development	149,623	183,818	154,022	167,175
General administration				
Board of education	118,761	119,857	199,837	97,084
Executive administration	325,174	339,392	345,573	334,154
School administration	4,034,903	3,977,020	3,990,330	3,878,282
Business support services				
Business services	661,236	701,872	746,860	727,184
Facilities operation	5,316,667	5,540,355	6,261,277	5,721,352
Pupil transportation	2,392,508	2,371,704	2,264,899	2,239,967
Central services	1,548,517	1,657,446	1,761,555	1,623,649
Supplemental retirement program	<u>628,355</u>	<u>540,650</u>	<u>503,000</u>	<u>878,000</u>
Total support services	<u>20,371,125</u>	<u>21,151,201</u>	<u>21,693,155</u>	<u>21,108,602</u>
Enterprise and community services	123,842	80,711	67,694	127,221
Facilities acquisition	-	-	-	-
Debt service	-	-	-	-
Total General Fund expenditures and transfers	<u>\$ 51,133,764</u>	<u>\$ 53,771,875</u>	<u>\$ 54,881,100</u>	<u>\$ 52,458,296</u>

⁽¹⁾ This schedule includes only expenditures and transfers of the General Fund. The General Fund accounts for the operating revenue and transfers out of the District.

2009	2008	2007	2006	2005	2004
\$ 11,126,991	\$ 11,415,549	\$ 9,181,209	\$ 8,443,534	\$ 8,106,808	\$ 8,025,899
5,685,916	5,513,988	4,422,061	3,873,889	3,801,206	3,862,818
8,485,644	8,427,494	6,633,097	6,283,896	6,046,885	6,312,060
1,313,530	1,492,423	834,893	709,991	698,381	816,771
2,876,667	2,494,158	2,293,567	2,197,500	2,438,065	2,633,966
1,180,237	1,152,111	718,004	691,065	648,319	534,071
-	-	-	-	-	-
1,117,764	1,060,858	846,675	755,464	745,943	788,687
31,786,749	31,556,581	24,929,506	22,955,339	22,485,607	22,974,272
598,797	541,878	634,667	658,893	615,823	715,643
1,659,618	1,592,619	1,008,771	922,454	854,547	909,276
159,782	123,070	39,617	38,993	33,530	41,914
244,025	289,781	232,828	237,686	93,865	160,249
564,689	562,540	461,549	388,765	256,408	256,436
102,230	126,145	108,082	93,996	69,021	231,003
392,980	402,216	313,751	292,939	187,193	-
880,984	725,661	373,259	232,808	223,207	406,840
787,151	743,412	662,794	679,146	679,921	717,310
92,437	50,372	28,228	8,590	6,999	4,392
177,479	461,063	242,896	219,445	206,859	190,805
124,999	148,805	109,355	93,318	222,406	139,868
322,618	306,829	307,401	341,914	303,637	332,218
3,684,088	3,545,589	3,175,065	3,252,417	2,993,177	2,718,713
637,585	591,210	579,717	563,267	588,168	569,116
5,986,638	5,763,786	5,331,527	5,392,089	4,907,227	4,758,763
2,191,614	2,109,924	1,923,654	1,935,065	1,652,432	1,587,216
1,605,354	1,753,122	1,644,257	1,260,256	1,190,720	1,184,147
1,378,000	2,000,000	2,400,000	1,895,000	4,237,150	2,650,000
21,591,068	21,838,022	19,577,418	18,507,041	19,322,290	17,573,909
125,625	109,734	108,001	114,063	109,736	107,592
-	71,678	13,611	-	-	-
-	-	7,569	30,804	-	37,726
\$ 53,503,442	\$ 53,576,015	\$ 44,636,105	\$ 41,607,247	\$ 41,917,633	\$ 40,693,499

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CONDENSED STATEMENT OF NET POSITION - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets				
Current and other assets	\$ 22,405,199	\$ 29,834,637	\$ 30,610,324	\$ 41,672,146
Restricted assets	2,511,107	996,970	798,328	608,800
Capital assets, net of accumulated depreciation	95,012,544	94,733,579	98,160,211	100,655,405
Other noncurrent assets	<u>27,547,523</u>	<u>28,484,381</u>	<u>26,706,582</u>	<u>19,920,504</u>
Total assets	<u>147,476,373</u>	<u>154,049,567</u>	<u>156,275,445</u>	<u>162,856,855</u>
Liabilities				
Current liabilities	11,721,126	12,193,011	3,798,836	9,587,588
Noncurrent liabilities	<u>68,940,884</u>	<u>76,029,870</u>	<u>88,103,921</u>	<u>94,904,364</u>
Total liabilities	<u>80,662,010</u>	<u>88,222,881</u>	<u>91,902,757</u>	<u>104,491,952</u>
Net position				
Net investment in capital assets	42,340,649	35,992,307	35,573,378	32,990,512
Restricted	1,937,156	881,427	667,069	464,253
Unrestricted	<u>22,536,558</u>	<u>28,952,952</u>	<u>28,132,241</u>	<u>24,910,138</u>
Total net position	<u>\$ 66,814,363</u>	<u>\$ 65,826,686</u>	<u>\$ 64,372,688</u>	<u>\$ 58,364,903</u>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 37,707,761	\$ 37,259,493	\$ 38,931,814	\$ 37,498,705	\$ 43,308,089	\$ 77,403,203
454,214	927,437	791,000	689,582	541,339	329,578
102,243,356	101,465,718	98,113,332	95,369,464	84,088,771	50,871,966
<u>21,314,965</u>	<u>22,709,424</u>	<u>24,103,883</u>	<u>25,498,342</u>	<u>26,892,801</u>	<u>23,341,719</u>
<u>161,720,296</u>	<u>162,362,072</u>	<u>161,940,029</u>	<u>159,056,093</u>	<u>154,831,000</u>	<u>151,946,466</u>
12,120,128	12,092,468	11,772,038	10,925,285	7,762,229	11,645,754
<u>102,197,795</u>	<u>109,023,103</u>	<u>116,936,567</u>	<u>120,153,360</u>	<u>126,899,171</u>	<u>120,393,378</u>
<u>114,317,923</u>	<u>121,115,571</u>	<u>128,708,605</u>	<u>131,078,645</u>	<u>134,661,400</u>	<u>132,039,132</u>
29,640,240	26,038,450	27,845,759	21,942,674	18,646,654	16,276,200
175,498	-	-	-	-	2,573,368
<u>17,586,635</u>	<u>15,208,051</u>	<u>5,385,665</u>	<u>6,034,774</u>	<u>1,522,946</u>	<u>1,057,766</u>
<u>\$ 47,402,373</u>	<u>\$ 41,246,501</u>	<u>\$ 33,231,424</u>	<u>\$ 27,977,448</u>	<u>\$ 20,169,600</u>	<u>\$ 19,907,334</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CHANGES IN NET POSITION - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Program revenues				
Charges for services				
Instruction	\$ 2,634,605	\$ 2,526,933	\$ 1,476,721	\$ 1,469,496
Support services	974,804	836,668	1,011,828	1,035,376
Enterprise and community services	158,076	131,148	127,332	134,998
Operating grants and contributions				
Instruction	461,792	2,912,226	4,838,728	6,035,884
Support services	658,885	1,943,376	3,315,427	4,252,760
Enterprise and community services	196,601	317,025	417,226	554,498
Facilities acquisition and construction	<u>3,824,904</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>8,909,667</u>	<u>8,667,376</u>	<u>11,187,262</u>	<u>13,483,012</u>
General revenues				
Property taxes	35,385,511	35,778,834	35,394,977	34,966,360
State school fund	20,978,373	22,801,900	21,527,205	23,511,852
Common school fund	906,786	823,044	774,269	798,224
Unrestricted state and local revenue	426,120	501,910	180,406	126,026
Investment earnings	200,227	226,649	247,029	377,005
Gain on sale of capital assets	-	-	24,878	-
Miscellaneous	<u>84,638</u>	<u>241,697</u>	<u>1,757,745</u>	<u>1,530,618</u>
Total general revenues	<u>57,981,655</u>	<u>60,374,034</u>	<u>59,906,509</u>	<u>61,310,085</u>
Total revenues	<u>66,891,322</u>	<u>69,041,410</u>	<u>71,093,771</u>	<u>74,793,097</u>
Program expenses				
Instruction	34,581,788	37,057,203	33,705,813	31,916,004
Support services	21,140,455	19,895,700	25,523,086	22,487,360
Enterprise and community services	3,190,135	3,113,790	2,906,333	2,932,024
Facilities acquisition and construction	3,342,099	3,409,000	3,361,692	1,898,024
Interest expense	<u>3,879,303</u>	<u>4,111,719</u>	<u>4,409,440</u>	<u>4,597,155</u>
Total program expenses	<u>66,133,780</u>	<u>67,587,412</u>	<u>69,906,364</u>	<u>63,830,567</u>
Change in net position	<u>\$ 757,542</u>	<u>\$ 1,453,998</u>	<u>\$ 1,187,407</u>	<u>\$ 10,962,530</u>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 1,546,985	\$ 1,693,899	\$ 1,291,236	\$ 1,206,680	\$ 1,220,914	\$ 121,232
128,658	130,908	266,819	253,908	204,767	19,738
1,357,289	1,412,368	1,550,741	1,629,883	1,612,847	1,372,125
6,777,942	6,117,235	4,962,617	4,542,398	4,383,800	3,047,901
-	-	-	-	-	1,384,881
1,168,689	1,057,061	1,230,759	1,018,092	901,552	1,129,316
-	-	-	-	-	-
<u>10,979,563</u>	<u>10,411,471</u>	<u>9,302,172</u>	<u>8,650,961</u>	<u>8,323,880</u>	<u>7,075,193</u>
32,489,763	31,354,094	26,348,817	26,087,601	29,230,724	25,502,724
24,454,394	25,604,779	24,826,415	23,832,791	20,878,552	24,453,450
1,099,137	870,814	788,781	389,504	778,894	232,745
870,771	301,643	429,058	1,339,496	1,529,619	1,379,069
856,899	2,124,384	2,263,094	1,635,100	1,497,842	1,023,994
-	-	-	-	-	-
<u>1,169,176</u>	<u>1,105,049</u>	<u>3,570,687</u>	<u>2,559,094</u>	<u>3,174,045</u>	<u>2,181,128</u>
<u>60,940,140</u>	<u>61,360,763</u>	<u>58,226,852</u>	<u>55,843,586</u>	<u>57,089,676</u>	<u>54,773,110</u>
<u>71,919,703</u>	<u>71,772,234</u>	<u>67,529,024</u>	<u>64,494,547</u>	<u>65,413,556</u>	<u>61,848,303</u>
32,906,224	33,423,150	28,597,354	28,022,844	25,277,298	22,595,706
23,699,624	20,749,456	21,255,617	18,885,751	24,422,402	23,793,005
2,740,637	2,901,915	2,778,232	2,263,043	2,627,201	2,056,599
1,650,277	1,754,768	1,769,180	1,451,488	211,907	660,652
<u>4,767,069</u>	<u>4,927,618</u>	<u>7,874,665</u>	<u>6,063,573</u>	<u>4,469,010</u>	<u>4,861,993</u>
<u>65,763,831</u>	<u>63,756,907</u>	<u>62,275,048</u>	<u>56,686,699</u>	<u>57,007,818</u>	<u>53,967,955</u>
<u>\$ 6,155,872</u>	<u>\$ 8,015,327</u>	<u>\$ 5,253,976</u>	<u>\$ 7,807,848</u>	<u>\$ 8,405,738</u>	<u>\$ 7,880,348</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

FUND BALANCES OF GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund				
Assigned				
Designated for operating contingency	\$ 1,237,852	\$ 1,276,100	\$ 1,344,488	\$ 1,350,000
Designated for PERS litigation contingency	-	-	-	-
Designated for local option levy reserve	-	-	1,592,777	2,442,735
Designated for targeted expenditures	-	-	431,125	848,180
Designated for rainy day fund	2,004,895	3,341,500	2,688,976	2,249,700
Designated for unappropriated ending fund balance	2,475,710	2,552,200	2,688,976	250,000
Unassigned	<u>911,499</u>	<u>1,080,111</u>	<u>1,425,416</u>	<u>5,443,514</u>
Total General Fund balance	<u>6,629,956</u>	<u>8,249,911</u>	<u>10,171,758</u>	<u>12,584,129</u>
All other governmental funds				
Special revenue funds	4,060,480	4,386,966	4,758,454	4,288,773
Grants funds	1,592,249	1,951,403	2,364,088	2,364,088
Capital projects funds	-	-	-	-
Debt service funds	<u>2,671,834</u>	<u>2,949,571</u>	<u>2,637,111</u>	<u>8,530,779</u>
Total other governmental fund balances	<u>8,324,563</u>	<u>9,287,940</u>	<u>9,759,653</u>	<u>15,183,640</u>
Total fund balances	<u>\$ 14,954,519</u>	<u>\$ 17,537,851</u>	<u>\$ 19,931,411</u>	<u>\$ 27,767,769</u>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 1,350,000	\$ 1,350,000	\$ 1,600,000	\$ 1,100,000	\$ -	\$ -
-	-	-	1,400,000	-	-
2,897,435	840,000	-	-	-	-
1,370,000	1,852,000	3,035,000	1,652,000	-	-
2,700,000	2,700,000	-	-	-	-
250,000	250,000	-	-	-	-
<u>3,146,141</u>	<u>3,119,274</u>	<u>5,547,245</u>	<u>3,733,631</u>	<u>4,620,643</u>	<u>3,897,557</u>
<u>11,713,576</u>	<u>10,111,274</u>	<u>10,182,245</u>	<u>7,885,631</u>	<u>4,620,643</u>	<u>3,897,557</u>
4,306,819	4,528,821	4,318,131	3,326,696	3,508,415	2,907,526
-	-	-	-	-	-
376,759	2,671,147	6,990,641	10,216,994	22,203,940	54,966,073
<u>6,109,227</u>	<u>5,287,587</u>	<u>4,105,109</u>	<u>3,490,433</u>	<u>3,316,931</u>	<u>2,045,403</u>
<u>10,792,805</u>	<u>12,487,555</u>	<u>15,413,881</u>	<u>17,034,123</u>	<u>29,029,286</u>	<u>59,919,002</u>
<u>\$ 22,506,381</u>	<u>\$ 22,598,829</u>	<u>\$ 25,596,126</u>	<u>\$ 24,919,754</u>	<u>\$ 33,649,929</u>	<u>\$ 63,816,559</u>

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

	2013	2012	2011	2010
REVENUES				
Local revenue	\$ 42,246,839	\$ 43,383,947	\$ 45,162,611	\$ 44,942,528
Intermediate revenue	658,885	626,440	771,646	543,399
State revenue	22,081,760	23,739,668	22,488,952	26,804,441
Federal revenue	<u>3,824,904</u>	<u>3,966,675</u>	<u>7,090,015</u>	<u>7,193,241</u>
Total revenues	<u>68,812,388</u>	<u>71,716,730</u>	<u>75,513,224</u>	<u>79,483,609</u>
EXPENDITURES				
Current				
Instruction	34,579,681	36,773,782	37,541,262	36,222,886
Support services	22,649,273	23,029,771	24,801,535	24,195,042
Enterprise and community services	3,175,538	3,144,048	2,900,641	2,927,181
Facilities acquisition and construction	-	-	-	-
Debt service				
Principal	6,774,663	6,397,566	7,670,535	5,680,594
Interest	3,882,787	4,060,426	4,256,610	4,438,721
Capital outlay	<u>333,778</u>	<u>704,697</u>	<u>576,499</u>	<u>507,797</u>
Total expenditures	<u>71,395,720</u>	<u>74,110,290</u>	<u>77,747,082</u>	<u>73,972,221</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,583,332)</u>	<u>(2,393,560)</u>	<u>(2,233,858)</u>	<u>5,511,388</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	405,755	-	-
Transfers out	-	(405,755)	-	-
Issuance of debt	-	-	-	-
Payments to escrow agent	-	-	-	-
Proceeds from the sale of assets	<u>-</u>	<u>-</u>	<u>147,500</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>147,500</u>	<u>-</u>
Special item sources (uses)				
Lump sum payment to PERS	<u>-</u>	<u>-</u>	<u>(6,000,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (2,583,332)</u>	<u>\$ (2,393,560)</u>	<u>\$ (8,086,358)</u>	<u>\$ 5,511,388</u>
Debt service as a percentage of noncapital expenditures	15.0%	14.2%	15.5%	13.8%

2009	2008	2007	2006	2005	2004
\$ 42,569,864	\$ 43,127,507	\$ 38,585,672	\$ 36,579,372	\$ 39,967,747	\$ 35,271,040
604,811	487,098	680,443	609,495	452,889	617,014
27,677,831	28,275,489	25,648,815	25,233,149	22,952,503	27,136,343
<u>5,380,839</u>	<u>4,543,773</u>	<u>4,952,651</u>	<u>4,350,653</u>	<u>4,061,206</u>	<u>3,754,982</u>
<u>76,233,345</u>	<u>76,433,867</u>	<u>69,867,581</u>	<u>66,772,669</u>	<u>67,434,345</u>	<u>66,779,379</u>
36,267,455	36,495,373	29,969,907	28,892,936	28,184,040	27,978,592
24,722,939	25,025,168	22,700,547	21,667,634	29,122,020	21,423,413
2,799,022	2,944,778	2,778,232	2,886,547	2,627,201	2,494,942
196,253	698,671	905,305	1,479,610	1,884,737	3,076,623
5,318,329	4,982,405	5,309,635	3,650,000	3,703,597	2,455,017
4,565,499	4,689,946	4,139,446	5,813,216	4,782,669	5,872,456
<u>2,458,329</u>	<u>4,598,143</u>	<u>3,740,202</u>	<u>11,116,539</u>	<u>31,928,050</u>	<u>27,001,466</u>
<u>76,327,826</u>	<u>79,434,484</u>	<u>69,543,274</u>	<u>75,506,482</u>	<u>102,232,314</u>	<u>90,302,509</u>
<u>(94,481)</u>	<u>(3,000,617)</u>	<u>324,307</u>	<u>(8,733,813)</u>	<u>(34,797,969)</u>	<u>(23,523,130)</u>
-	-	-	117,946	-	-
-	-	-	(117,946)	-	-
-	-	60,749,821	-	4,620,000	-
-	-	(60,418,501)	-	-	-
<u>2,033</u>	<u>3,320</u>	<u>20,745</u>	<u>3,638</u>	<u>11,339</u>	<u>3,273</u>
<u>2,033</u>	<u>3,320</u>	<u>352,065</u>	<u>3,638</u>	<u>4,631,339</u>	<u>3,273</u>
-	-	-	-	-	-
<u>\$ (92,448)</u>	<u>\$ (2,997,297)</u>	<u>\$ 676,372</u>	<u>\$ (8,730,175)</u>	<u>\$ (30,166,630)</u>	<u>\$ (23,519,857)</u>
13.4%	12.9%	14.4%	14.7%	12.1%	13.2%



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REVENUE CAPACITY



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

**ASSESSED VALUES OF TAXABLE PROPERTY WITHIN CORVALLIS SCHOOL DISTRICT BOUNDARIES -
LAST TEN FISCAL YEARS**

For the Year Ended June 30, 2013

Year Ending June 30	Real Property	Personal Property	Public Utility	Total Assessed Value	Total Direct Tax Rate	Real Market Taxable Value	Assessed Value as a % of Actual Value
2013	\$ 5,032,368,664	\$ 140,071,007	\$ 125,431,963	\$ 5,297,871,634	7.65	\$ 6,960,738,141	76%
2012	4,940,211,136	161,948,679	135,848,370	5,238,008,185	7.65	7,208,123,702	73%
2011	4,793,853,294	156,682,133	134,078,720	5,084,614,147	7.65	7,222,456,095	70%
2010	4,581,101,159	173,475,743	130,639,830	4,885,216,732	7.67	7,544,560,225	65%
2009	4,493,229,366	182,294,930	87,139,690	4,762,663,986	7.22	7,571,150,272	63%
2008	4,325,607,127	160,070,535	88,693,230	4,574,370,892	7.25	7,060,558,658	65%
2007	4,149,708,456	161,274,896	83,794,390	4,394,777,742	6.16	6,496,148,417	68%
2006	4,064,554,510	171,905,750	83,462,263	4,319,922,523	6.24	5,541,584,337	78%
2005	3,907,012,286	147,812,688	98,579,222	4,153,404,196	7.15	5,318,250,583	78%
2004	3,695,118,143	161,465,577	85,045,668	3,941,629,388	7.13	4,754,939,971	83%

Notes

Beginning July 1, 1997, property taxes were based on an assessed value. Assessed value is defined as the lower of "maximum assessed value" or "real market value." For the 1997-98 tax year, "maximum assessed value" was set at the 1995-96 real market value less 10%. Assessed value for later years is limited to 3% annual increases.

The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

Source

Benton County Assessment Department; Linn County Tax Assessor's Office

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

DIRECT AND OVERLAPPING PROPERTY TAX RATES - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

District Direct Rates

Year Ending June 30	General Tax Permanent Rate	Local Option	General Obligation Debt Service Facilities	Total Direct Tax Rate
2013	4.46	1.50	1.65	7.61
2012	4.46	1.50	1.69	7.65
2011	4.46	1.50	1.69	7.65
2010	4.46	1.50	1.71	7.67
2009	4.46	1.20	1.56	7.22
2008	4.46	1.10	1.69	7.25
2007	4.46	-	1.70	6.16
2006	4.46	-	1.78	6.24
2005	4.46	0.83	1.86	7.15
2004	4.46	0.76	1.91	7.13

Overlapping Total Property Tax Rates

Year Ending June 30	City of Corvallis	Benton County	Linn-Benton ESD	Linn-Benton Community College	Benton County Library
2013	5.81	3.00	0.30	0.68	0.39
2012	6.09	2.21	0.30	0.68	0.39
2011	5.59	2.85	0.30	0.67	0.39
2010	5.63	2.80	0.30	0.68	0.39
2009	5.64	3.11	0.30	0.68	0.39
2008	5.62	2.47	0.30	0.67	0.39
2007	5.64	2.47	0.30	0.68	0.39
2006	5.65	2.50	0.30	0.69	0.39
2005	5.60	2.50	0.30	0.68	0.39
2004	5.68	2.87	0.30	0.68	0.39

Notes

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.

In 1996-97, property tax limitation Measure 5 was approved. In November 1996, voters approved Measure 47 to cap property tax revenues for school districts at \$5.00 per thousand of assessed value excluding local-option and debt service levies.

Source

Benton County Assessment Department

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

PRINCIPAL PROPERTY TAXPAYERS FOR BENTON COUNTY - CURRENT AND NINE YEARS AGO

For the Year Ended June 30, 2013

Taxpayer	2013 (Current year)			2004 (Nine years ago)		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Ten largest taxpayers						
Hewlett Packard Company	\$ 328,485,796	1	4.75%	\$ 471,307,296	1	9.42%
Comcast Corporation	41,229,000	2	0.60%	-		-
Pacificorp	35,923,000	3	0.52%	24,737,000	4	0.49%
NW Natural Gas	23,868,000	4	0.35%	24,004,600	5	0.48%
Starker Forests Inc.	23,407,088	5	0.34%	15,655,998	8	0.31%
Evanite Fiber Corporation	23,274,797	6	0.34%	24,069,224	3	0.48%
Avery Investments, LLC	19,074,656	7	0.28%	14,909,394	6	0.30%
Witham Hill Oaks Apartments, LLC	15,100,042	8	0.22%	11,572,926	9	0.23%
Suncor Partners, LLC	11,797,364	9	0.17%	-		-
Bender Equities, Inc.	11,558,753	10	0.17%	-		-
Accu Fab Systems, Inc.	-		-	10,423,205	10	0.21%
Pioneer Telephone Coop	-		-	16,774,083	7	0.34%
Qwest Corporation	-		-	37,098,681	2	0.74%
Subtotal of ten largest taxpayers	<u>533,718,496</u>		<u>7.72%</u>	<u>650,552,407</u>		<u>13.00%</u>
All other taxpayers	<u>6,378,721,985</u>		<u>92.28%</u>	<u>4,354,281,501</u>		<u>87.00%</u>
Total all taxpayers	<u>\$ 6,912,440,481</u>		<u>100.00%</u>	<u>\$ 5,004,833,908</u>		<u>100.00%</u>

Source

Benton County Assessment Department
Corvallis School District 509J 2004 CAFR

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

Year Ending June 30	Total Extended Tax Levy	Current Tax Collections	Current Tax Collections as a % of Current Levy	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a % of Current Levy
2013	\$ 36,349,659	\$ 34,190,752	94.1%	\$ 557,661	\$ 34,748,413	95.6%
2012	36,626,105	34,824,203	95.1%	918,109	35,742,312	97.6%
2011	36,232,808	34,397,971	94.9%	744,552	35,142,523	97.0%
2010	34,933,033	33,706,540	96.5%	693,510	34,400,050	98.5%
2009	32,460,699	31,578,582	97.3%	519,919	32,098,501	98.9%
2008	31,358,743	30,675,470	97.8%	513,044	31,188,514	99.5%
2007	26,148,198	25,570,879	97.8%	452,333	26,023,212	99.5%
2006	26,138,321	25,618,287	98.0%	400,893	26,019,180	99.5%
2005	27,077,651	26,531,246	98.0%	473,424	27,004,670	99.7%
2004	25,534,102	24,954,885	97.7%	552,364	25,507,249	99.9%

Notes

Collections are defined as actual receipts including interest.

Amounts are based upon the tax collection year July 1 to June 30. Revenues as recorded in the financial statements are recognized when measurable and available.

Source

District Comprehensive Annual Financial Report

Uncollected Taxes	Uncollected Taxes as a % of Current Levy
\$ 2,370,917	6.52%
1,840,063	5.02%
1,975,669	5.45%
1,866,952	5.34%
1,403,981	4.33%
1,094,596	3.49%
1,008,886	3.86%
925,097	3.54%
917,842	3.39%
927,454	3.63%



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DEBT CAPACITY



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

General Bonded Debt

Year Ending June 30	General Obligation Bonds Outstanding ¹	% of Actual Taxable Value of Property ²	Per Student ³	Per Capita ⁴
2013	\$ 47,840,000	0.90%	\$ 7,595	N/A
2012	53,870,000	1.03%	8,581	623
2011	59,475,000	1.17%	9,222	692
2010	64,695,000	1.32%	9,885	753
2009	69,515,000	1.46%	10,446	842
2008	73,955,000	1.63%	11,007	904
2007	78,045,000	1.78%	11,555	962
2006	83,505,000	1.93%	12,148	1,042
2005	87,155,000	2.10%	12,593	1,097
2004	90,710,000	2.30%	12,843	1,149

Other Governmental Activities Debt

Year Ending June 30	City of Corvallis Street Assessment and Small Scale Energy Loan Programs	Total District	Per Student ³	Per Capita ⁴
2013	\$ -	\$ 47,840,000	\$ 7,611	N/A
2012	-	53,870,000	8,581	623
2011	-	59,475,000	9,222	692
2010	-	64,695,000	9,885	753
2009	-	69,515,000	10,446	842
2008	-	73,955,000	11,007	904
2007	-	78,045,000	11,555	962
2006	7,510	83,512,510	12,149	1,043
2005	36,860	87,191,860	12,598	1,097
2004	64,419	90,774,419	12,852	1,150

Notes

¹Details regarding the District's outstanding debt can be found in the notes to the financial statements.

²See the Schedule of Assessed Values of Taxable Property for property value data.

³Student enrollment data can be found in Schedule of Demographic and Economic Statistics

⁴Per capita is calculated using the population data listed in the Schedule of Demographic and Economic Statistics.



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2013

Overlapping Issuer	Net Property Tax Backed Debt ¹	% Overlapping	Overlapping Debt
Benton County	\$ 1,320,000	70.25%	\$ 927,300
Benton County School District 17J (Philomath)	37,465,416	0.21%	78,677
City of Corvallis	6,015,000	99.25%	5,969,888
Linn-Benton Community College	<u>9,249,424</u>	38.58%	<u>3,568,428</u>
 Total net property tax backed debt	 <u>\$ 54,049,840</u>		
 Subtotal, overlapping debt			 <u>10,544,293</u>
 Direct district net property tax backed debt			 <u>47,840,000</u>
 Total direct and overlapping debt			 <u>\$ 58,384,293</u>

¹Net property tax backed debt includes all general obligation bonds and limited tax bonds, less self-supporting unlimited tax and self-supporting limited tax bonded debt.

Overlapping debt is calculated by the State Treasurer by shared market value.

Source

Municipal Debt Advisory Commission, State of Oregon

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

LEGAL DEBT MARGIN INFORMATION - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Real Market Value	\$ 6,960,738,141	\$ 7,208,123,702	\$ 7,222,456,095	\$ 7,544,560,225
Debt Limit	553,378,682	573,045,834	574,185,260	599,792,538
Total net debt applicable to limit	<u>47,495,093</u>	<u>53,267,571</u>	<u>59,085,168</u>	<u>64,479,643</u>
Legal debt margin	<u>505,883,589</u>	<u>519,778,263</u>	<u>515,100,092</u>	<u>535,312,895</u>
Total net debt applicable to the limit as a % of debt limit	8.6%	9.3%	10.3%	10.8%

Legal Debt Margin Calculation for Fiscal Year 2013

Real Market Value	\$ 6,960,738,141
Debt limit (7.95%) ¹	553,378,682
Amount of debt applicable to debt limit:	
General obligation bonded debt	47,840,000
Less amount available in debt service funds	<u>344,907</u>
Amount of debt applicable to debt limit	<u>47,495,093</u>
Legal debt margin	<u>\$ 505,883,589</u>

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

- (A) For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value.
- (B) For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value.

Therefore, the allowable percentage of real market value is calculated as:

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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 7,571,150,272	\$ 7,060,558,658	\$ 6,496,148,417	\$ 5,541,584,337	\$ 5,318,250,583	\$ 4,754,939,971
601,906,447	561,314,413	516,443,799	440,555,955	422,800,921	378,017,728
<u>69,339,502</u>	<u>73,225,147</u>	<u>77,474,734</u>	<u>83,025,237</u>	<u>86,808,627</u>	<u>90,534,628</u>
<u>532,566,945</u>	<u>488,089,266</u>	<u>438,969,065</u>	<u>357,530,718</u>	<u>335,992,294</u>	<u>287,483,100</u>
11.5%	13.0%	15.0%	18.8%	20.5%	23.9%



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DEMOGRAPHIC AND ECONOMIC INFORMATION



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN CALENDAR YEARS

For the Year Ended June 30, 2013

<u>Year Ending June 30</u>	<u>Benton County Population</u>	<u>Personal Income (Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>509J Enrollment</u>	<u>OSU Enrollment</u>
2013	N/A	N/A	N/A	N/A	6,299	26,393
2012	86,430	N/A	N/A	6.1%	6,278	24,977
2011	85,928	3,323,437	38,677	6.6%	6,449	23,761
2010	85,527	3,193,015	37,333	7.3%	6,553	21,969
2009	82,605	3,132,559	37,922	7.9%	6,663	20,320
2008	81,775	3,087,387	37,755	4.5%	6,729	19,753
2007	81,151	2,953,718	36,398	4.1%	6,754	19,362
2006	80,110	2,800,361	34,956	4.7%	6,874	19,236
2005	79,452	2,642,224	33,256	4.9%	6,921	19,162
2004	78,949	2,719,294	34,444	5.4%	7,063	18,979

Notes

N/A - Data unavailable at time of printing.

509J enrollment is as of September 30th; kindergartners counted as whole. Does not include charter school or YES House.

Benton County population estimates are continually revised as more data becomes available from the US Census Bureau.

Source

Oregon Employment Department, Workforce Analyst

Oregon State University

US Census Bureau

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

PRINCIPAL EMPLOYERS FOR THE CORVALLIS AREA - CURRENT AND NINE YEARS AGO

For the Year Ended June 30, 2013

Employer	2013 (Current year)			2004 (Nine years ago)		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Ten largest taxpayers						
Oregon State University	9,453	1	23.49%	9,091	1	24.08%
Samaritan Health Services	2,632	2	6.54%	1,400	3	3.71%
Hewlett Packard	1,550	3	3.85%	4,200	2	11.13%
Corvallis School District 509J	550	4	1.37%	734	4	1.94%
Corvallis Clinic	535	5	1.33%	570	5	1.51%
CH2M Hill	400	6	0.99%	420	7	1.11%
City of Corvallis	397	7	0.99%	420	7	1.11%
Benton County	381	8	0.95%	385	9	1.02%
Fiserv ¹	247	9	0.61%	460	6	1.22%
ATS Systems Oregon	190	10	0.47%	220	10	0.58%
Subtotal of ten largest employers	<u>16,335</u>		<u>40.59%</u>	<u>17,900</u>		<u>47.42%</u>
All other employers	<u>23,905</u>		<u>59.41%</u>	<u>19,850</u>		<u>52.58%</u>
Total Corvallis area employment	<u>40,240</u>		<u>100.00%</u>	<u>37,750</u>		<u>100.00%</u>

Notes

⁽¹⁾Fiserv was formally known as Summit Information Systems.

Total employment is for the Corvallis Metropolitan Area (MSA), which is Benton County.

Source

City of Corvallis

OPERATING INFORMATION



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

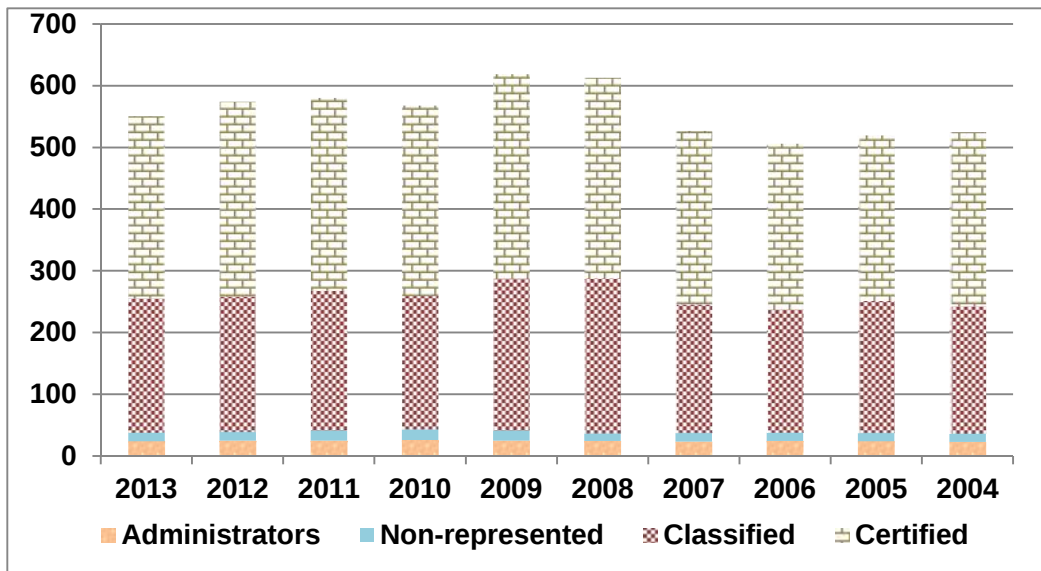
NUMBER OF FULL TIME EQUIVALENT (FTE) EMPLOYEES - GENERAL FUND
LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

Year Ending June 30	Certified	Classified	Non-represented Support	Administrators	Total
2013	295.0	217.8	13.8	24.0	550.6
2012	316.0	219.1	14.0	24.9	574.0
2011	312.2	227.1	16.3	24.7	580.3
2010	308.2	216.1	17.3	26.0	567.6
2009	331.7	245.7	16.3	24.9	618.6
2008	325.2	251.0	12.3	24.4	612.9
2007	280.6	208.6	14.0	23.4	526.6
2006	268.9	199.4	13.2	24.6	506.1
2005	268.4	214.0	13.4	24.0	519.8
2004	282.0	206.3	13.4	23.0	524.7

Source
School District Records

Number of FTE Employees - General Fund



CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

OPERATING STATISTICS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2013

<u>Year Ending June 30</u>	<u>General Fund Expenditures</u>	<u>Enrollment</u>	<u>Cost per Pupil</u>	<u>% Change</u>	<u>Certified Staff</u>
2013	\$ 51,133,764	6,299	\$ 8,118	-5.2%	295.0
2012	53,771,874	6,278	8,565	0.6%	316.0
2011	54,881,099	6,448	8,511	6.3%	312.2
2010	52,458,294	6,553	8,005	-0.3%	308.2
2009	53,503,442	6,663	8,030	0.9%	331.7
2008	53,576,016	6,729	7,962	20.5%	327.5
2007	44,636,104	6,757	6,606	7.7%	280.6
2006	41,607,246	6,781	6,136	0.0%	268.9
2005	41,917,633	6,835	6,133	4.5%	267.4
2004	40,693,499	6,933	5,870	3.3%	281.8

Notes

Student enrollment figures are as of October 1 and kindergartners are counted as whole.

Does not include Muddy Creek Charter School or YES House.

Source

School District Records

Pupil/Teacher Ratio	Student Attendance %	Free/Reduced Lunch %
21.35	96.3%	36.2%
19.87	98.8%	37.0%
20.65	97.2%	35.7%
21.26	93.7%	35.0%
20.09	93.9%	36.0%
20.55	92.9%	33.0%
24.08	93.6%	32.0%
25.22	93.0%	32.0%
25.56	93.4%	30.0%
24.60	93.4%	27.0%

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

OPERATING STATISTICS - LAST FIVE FISCAL YEARS

For the Year Ended June 30, 2013

<u>Schools</u>	<u>Year Built</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Adams	1962					
Square Feet - Structural		46,063	46,063	46,063	46,063	46,063
Square Feet - Temp/Mod		2,558	2,558	2,558	2,558	2,558
Square Feet		48,621	48,621	48,621	48,621	48,621
Enrollment		353	363	390	411	417
Franklin	1947					
Square Feet - Structural		35,944	35,944	35,944	35,944	35,944
Square Feet		35,944	35,944	35,944	35,944	35,944
Enrollment		354	343	329	320	324
Jefferson	1960					
Square Feet - Structural		37,915	37,915	37,915	37,915	37,915
Square Feet - Temp/Mod		2,240	2,240	2,240	2,240	2,240
Square Feet		40,155	40,155	40,155	40,155	40,155
Enrollment		330	313	329	331	347
Garfield	1955					
Square Feet - Structural		43,676	43,676	43,676	43,676	43,676
Square Feet - Temp/Mod		3,116	3,116	3,116	3,116	3,116
Square Feet		46,792	46,792	46,792	46,792	46,792
Enrollment		394	385	380	369	377
Hoover	1968					
Square Feet - Structural		40,300	40,300	40,300	40,300	40,300
Square Feet - Temp/Mod		4,602	4,602	4,602	4,602	4,602
Square Feet		44,902	44,902	44,902	44,902	44,902
Enrollment		395	413	419	405	410
Mt View	1954					
Square Feet - Structural		47,470	47,470	47,470	47,470	47,470
Square Feet - Temp/Mod		3,588	3,588	3,588	3,588	3,588
Square Feet		51,058	51,058	51,058	51,058	51,058
Enrollment		287	313	344	362	376
Wilson	1962					
Square Feet - Structural		39,901	39,901	39,901	39,901	39,901
Square Feet		39,901	39,901	39,901	39,901	39,901
Enrollment		341	345	369	379	346
Lincoln	1949					
Square Feet - Structural		35,986	35,986	35,986	35,986	35,986
Square Feet - Temp/Mod		3,659	3,659	3,659	3,659	3,659
Square Feet		39,645	39,645	39,645	39,645	39,645
Enrollment		361	348	325	388	425

(Continued)

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

OPERATING STATISTICS - LAST FIVE FISCAL YEARS

For the Year Ended June 30, 2013

(Continued)

<u>Schools</u>	<u>Year Built</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cheldelin	1967					
Square Feet		106,699	106,699	106,699	106,699	106,699
Enrollment		563	543	598	615	640
Linus Pauling	2004					
Square Feet		131,327	131,327	131,327	131,327	131,327
Enrollment		701	697	724	698	692
Corvallis High	2005					
Square Feet		252,352	252,352	252,352	252,352	252,352
Enrollment		1,235	1,196	1,154	1,216	1,263
Crescent Valley High	1971					
Square Feet		247,071	247,071	247,071	247,071	247,071
Enrollment		985	1,019	1,088	1,052	1,046
Harding Center	1923/1976					
Square Feet		37,441	37,441	37,441	37,441	37,441
Administrative	1963					
Square Feet		32,750	32,750	32,750	32,750	32,750
Physical Plant	1963					
Square Feet		33,400	33,400	33,400	33,400	33,400
Western View Center	1988					
Square Feet- Structural		6,400	6,400	6,400	6,400	6,400
Square Feet- Temp/Mod		1,592	1,592	1,592	1,592	1,592
Square Feet		7,992	7,992	7,992	7,992	7,992

Source

School District Records



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Impressionist
7th Grade 2013

SINGLE AUDIT SECTION



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

Federal Grantor, Pass through Grantor, Program Title	CFDA	Grant Period	Expenditures
<u>U.S. Department of Education</u>			
Passed through Oregon State Department of Education			
Title I, Part A Cluster*			
Title I D - Yes House	84.010	07/01/12 - 09/30/13	\$ 29,241
Title IA/D - NCLB	84.010	07/01/11 - 09/30/13	66,470
Title IA/D - NCLB	84.010	07/01/12 - 09/30/13	1,201,886
Model School	84.010	09/01/12 - 09/30/13	<u>1,709</u>
Total Title I, Part A Cluster			<u>1,299,306</u>
Special Education Cluster*			
IDEA Enhancement	84.027	10/01/12 - 09/30/13	6,801
Extended Assessment Training	84.027	09/01/12 - 06/30/13	515
IDEA Special Education, SPR&I	84.027	08/01/12 - 06/30/13	4,305
IDEA Part B, Section 611	84.027	07/01/12 - 09/30/14	768,155
IDEA Part B, Section 619 Preschool	84.173	07/01/11 - 09/30/13	<u>2,309</u>
Total Special Education Cluster			<u>782,085</u>
Teacher Quality and ELL Cluster			
EBISS	84.323	07/01/12 - 06/30/14	5,486
EBISS Depth 2012 Live Mtg	84.323	07/01/12 - 03/31/13	55
Title III - English Language Acquisition	84.365	07/01/12 - 09/30/13	48,094
Title III - English Language Acquisition	84.365	07/01/11 - 06/30/13	5,740
Title IIA - Teacher Quality	84.367	07/01/11 - 06/30/13	89,133
Title IIA - Teacher Quality	84.367	07/01/12 - 09/30/13	<u>197,179</u>
Total Teacher Quality and ELL Cluster			<u>345,687</u>
Total U.S. Department of Education			<u>2,427,078</u>

*Major program

(Continued)

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

(Continued)

Federal Grantor, Pass through Grantor, Program Title	CFDA	Grant Period	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Benton and Linn Counties			
School and Roads Cluster			
Federal Forest Fees	10.665	07/01/12 - 06/30/13	\$ 11,450
Passed through Oregon State Department of Education			
Child Nutrition Cluster			
Food Commodities	10.555	07/01/12 - 06/30/13	93,166
School Breakfast Program	10.553	07/01/12 - 06/30/13	273,556
National School Lunch Program	10.555	07/01/12 - 06/30/13	723,634
Summer Food Service Program for Children	10.559	07/01/12 - 06/30/13	117,482
Food Commodities - Summer Food Service Program	10.559	07/01/12 - 06/30/13	693
Total Child Nutrition Cluster			1,208,531
Childcare Food	10.558	07/01/12 - 06/30/13	143,692
Total U.S. Department of Agriculture			1,363,673
<u>U.S. Department of Highway Planning and Construction</u>			
Passed through State Department of Transportation			
Highway Planning and Construction Cluster			
Safe Routes to School	20.205	10/01/12 - 09/30/13	22,828
Safe Routes to School	20.205	10/01/11 - 09/30/12	8,899
Total U.S. Department of Highway Planning and Construction			31,727
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Human Services			
DHS Sex Education Curriculum	93.235	01/01/13 - 06/30/13	2,425
Total U.S. Department of Health and Human Services			2,425
Total expenditures of federal awards			\$ 3,824,903

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

I. PURPOSE OF SCHEDULE

The schedule of expenditures of federal awards is a supplementary schedule to Corvallis School District 509J's basic financial statements and is presented for 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 net position, nor the operating funds' revenues and expenses.

II. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The information in the schedule of expenditures of federal awards is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

B. Federal Financial Assistance

Pursuant to the Single Audit Act of 1984 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 of expenditures of federal awards, 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.

C. Major Programs

The Single Audit Act of 1984 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. Major programs include Title I, Part A Cluster, CFDA 84.010 and Special Education Cluster, CFDA 84.027 and CFDA 84.173.

D. Reporting Entity

The reporting entity is fully described in the notes to the District's basic financial statements. Additionally, the schedule of expenditures of federal awards includes all federal programs administered by the District for the year ended June 30, 2013.

E. Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting.



KOONTZ, PERDUE, BLASQUEZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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***

Board of Directors
Corvallis School District 509J
Corvallis, Oregon 97333

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Corvallis School District 509J as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Corvallis School District 509J's internal control over financial reporting (internal control) to determine our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

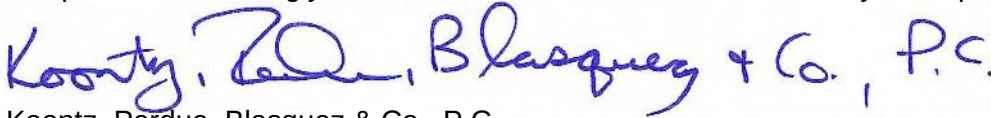
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corvallis School District 509J'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as described below:

1. The District was not in compliance with regard to public contracts and purchasing requirements. The District did not obtain three informal bids, which is in violation of ORS 297.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Koontz, Perdue, Blasquez & Co., P.C." The signature is stylized and cursive.

Koontz, Perdue, Blasquez & Co., P.C.

Albany, Oregon
December 13, 2013



KOONTZ, PERDUE, BLASQUEZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Corvallis School District 509J
Corvallis, Oregon 97333

Report on Compliance for Each Major Federal Program

We have audited Corvallis School District 509J's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Corvallis School District 509J's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Corvallis School District 509J complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

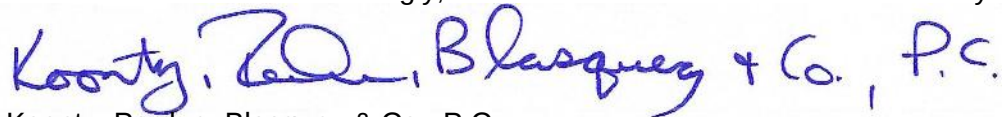
Report on Internal Control Over Compliance

Management of Corvallis School District 509J is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Corvallis School District 509J's internal control over compliance.

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

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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Koontz, Perdue, Blasquez & Co., P.C.

Albany, Oregon
December 13, 2013

CORVALLIS SCHOOL DISTRICT 509J**Benton County, Oregon****SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS***Financial Statements***

Type of auditor's opinion issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified not considered to be material weaknesses? No

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 Circular A-133, Section 510(a)? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A Cluster
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? Yes

SECTION II – STATUS OF PRIOR YEAR FINDINGS

<u>Finding Number</u>	<u>Status of Prior Year Findings</u>
12-01	Corrected this fiscal year.



AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS



KOONTZ, PERDUE, BLASQUEZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Corvallis School District 509J
Corvallis, Oregon 97333

We have audited the basic financial statements of Corvallis School District 509J as of and for the year ended June 30, 2013, and have issued our report thereon dated December 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether Corvallis School District 509J'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 162-010-0000 through 162-010-0320 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:

Accounting records

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

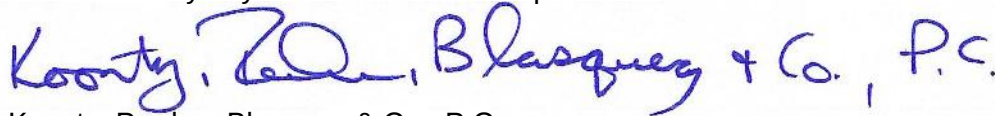
In connection with our testing, nothing came to our attention that caused us to believe that the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

1. The District was not in compliance with regard to public contracts and purchasing requirements. The District did not obtain three informal bids, which is in violation of ORS 297.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

This report is intended solely for the information and use of the board of directors and management of Corvallis School District 509J and the Oregon Secretary of State, and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in blue ink that reads "Koontz, Perdue, Blasquez & Co., P.C." The signature is written in a cursive, flowing style.

Koontz, Perdue, Blasquez & Co., P.C.

December 13, 2013



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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2013

Part A is needed for computing Oregon's full allocation for ESEA, Title I, and other Federal Funds for Education.

A. Energy Bill for Heating – **All Funds:**

Please enter your expenditures for electricity and heating fuel for these Functions and Objects.

	Objects 325 and 326
Function 2540	\$ 968,949
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, and 1132 Co-curricular Activities
 1140 Pre-Kindergarten
 1300 Continuing Education
 1400 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

REVENUE SUMMARY - ALL FUNDS

June 30, 2013

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300
1110 Ad Valorem Taxes Levied by District	\$ 22,459,160	\$ -	\$ 8,368,806
1120 Local Option Ad Valorem Taxes Levied by District	4,043,700	-	-
1130 Construction Excise Tax	-	426,120	-
1500 Earnings on Investments	132,397	12,515	44,622
1600 Food Service	-	1,248,852	-
1700 Extracurricular Activities	-	1,149,159	-
1800 Community Services Activities	-	40,014	-
1910 Rentals	77,313	16,065	-
1920 Contributions and Donations From Private Sources	-	461,792	-
1960 Recovery of Prior Years' Expenditure	165,390	-	-
1970 Services Provided Other Funds	50,000	-	1,966,285
1980 Fees Charged to Grants	134,618	-	-
1990 Miscellaneous	83,712	874,974	-
Total Revenue from Local Sources	\$ 27,146,290	\$ 4,229,491	\$ 10,379,713

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300
2101 County School Funds	\$ 125,668	\$ -	\$ -
2200 Restricted Revenue	177,309	355,908	-
Total Revenue from Intermediate Sources	\$ 302,977	\$ 355,908	\$ -

Revenue from State Sources

	Fund 100	Fund 200	Fund 300
3101 State School Fund - General Support	\$ 20,961,214	\$ -	\$ -
3102 State School Fund - School Lunch Match	-	17,159	-
3103 Common School Fund	906,786	-	-
3199 Other Unrestricted Grants-in-Aid	185,092	-	-
3299 Other Restricted Grants-in-Aid	-	11,509	-
Total Revenue from State Sources	\$ 22,053,092	\$ 28,668	\$ -

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300
4200 Unrestricted Revenue From the Federal Government Through the State	\$ -	\$ 1,258,364	\$ -
4500 Restricted Revenue From the Federal Government Through the State	-	2,461,232	-
4801 Federal Forest Fees	11,450	-	-
4900 Revenue for/on Behalf of the District	-	93,858	-
Total Revenue from Federal Sources	\$ 11,450	\$ 3,813,454	\$ -

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300
5400 Resources - Beginning Fund Balance	\$ 8,249,911	\$ 4,840,666	\$ 2,949,571
Total Revenue from Other Sources	\$ 8,249,911	\$ 4,840,666	\$ 2,949,571

Grand Totals

\$ 57,763,720	\$ 13,268,187	\$ 13,329,284
----------------------	----------------------	----------------------

Fund 600	Fund 700
\$ -	\$ -
-	-
-	-
-	13,303
-	-
-	-
-	-
-	-
-	514,848
8,612	-
11,071,674	-
-	-
3,344	480,650
\$ 11,083,630	\$ 1,008,801

Fund 600	Fund 700
\$ -	\$ -
-	-
\$ -	\$ -

Fund 600	Fund 700
\$ -	\$ -
-	-
-	-
-	-
-	-
\$ -	\$ -

Fund 600	Fund 700
\$ -	\$ -
-	-
-	-
-	-
\$ -	\$ -

Fund 600	Fund 700
\$ 6,908,603	\$ 1,942,582
\$ 6,908,603	\$ 1,942,582

\$ 17,992,233	\$ 2,951,383
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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

June 30, 2013

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 10,688,893	\$ 6,634,951	\$ 3,720,287
1121 Middle/Junior High Programs	5,042,829	3,091,839	1,726,294
1122 Middle/Junior High School Extracurricular	18,154	5,624	1,683
1131 High School Programs	7,360,734	4,472,772	2,433,330
1132 High School Extracurricular	725,777	522,948	175,009
1210 Programs for the Talented and Gifted	208	-	-
1220 Restrictive Programs for Students with Disabilities	1,712,380	997,382	711,344
1250 Less Restrictive Programs for Students with Disabilities	2,918,684	1,772,321	1,124,135
1280 Alternative Education	1,108,459	312,349	189,728
1291 English Second Language Programs	1,062,679	596,748	390,521
Total Instruction Expenditures	\$ 30,638,797	\$ 18,406,934	\$ 10,472,331

Support Services Expenditures

	Totals	Object 100	Object 200
2110 Attendance and Social Work Services	\$ 671,296	\$ 368,175	\$ 301,614
2120 Guidance Services	1,432,332	849,430	572,831
2130 Health Services	247,247	32,809	27,316
2150 Speech Pathology and Audiology Services	649,832	427,070	213,940
2160 Other Student Treatment Services	148,927	85,963	47,880
2190 Service Direction, Student Support Services	551,617	348,008	189,287
2210 Improvement of Instruction Services	803,448	490,902	236,399
2220 Educational Media Services	521,464	264,773	212,085
2230 Assessment & Testing	169,227	93,311	73,059
2240 Instructional Staff Development	149,625	65,856	36,801
2310 Board of Education Services	118,762	-	-
2320 Executive Administration Services	325,173	202,941	96,440
2410 Office of the Principal Services	4,034,908	2,539,550	1,377,782
2510 Direction of Business Support Services	159,984	96,421	53,805
2520 Fiscal Services	501,253	278,864	156,509
2540 Operation and Maintenance of Plant Services	5,264,604	1,657,978	1,142,275
2550 Student Transportation Services	2,392,506	38,296	22,620
2570 Internal Services	52,061	25,267	23,082
2630 Information Services	77,938	46,138	31,255
2640 Staff Services	433,863	247,253	135,307
2660 Technology Services	1,036,703	400,100	218,874
2700 Supplemental Retirement Program	628,355	605,610	22,745
Total Support Services Expenditures	\$ 20,371,125	\$ 9,164,715	\$ 5,191,906

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3300 Community Services	\$ 123,842	\$ 25,404	\$ 15,383
Total Enterprise and Community Services Expenditures	\$ 123,842	\$ 25,404	\$ 15,383

Grand Total

\$ 51,133,764	\$ 27,597,053	\$ 15,679,620
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Object 300	Object 400	Object 500	Object 600
\$ 76,313	\$ 257,207	\$ -	\$ 135
55,268	169,428	-	-
6,960	3,887	-	-
90,138	364,494	-	-
23,610	4,210	-	-
208	-	-	-
1,985	1,669	-	-
10,149	12,079	-	-
595,628	10,754	-	-
1,670	73,740	-	-
\$ 861,929	\$ 897,468	\$ -	\$ 135

Object 300	Object 400	Object 500	Object 600
\$ 927	\$ 580	\$ -	\$ -
3,922	6,030	-	119
184,614	2,508	-	-
1,057	7,765	-	-
98	14,521	-	465
12,166	1,931	-	225
35,966	33,153	-	7,028
1,272	43,334	-	-
1,950	907	-	-
40,889	5,460	-	619
74,364	5,445	-	38,953
15,850	3,802	-	6,140
78,738	35,106	-	3,732
3,518	4,948	-	1,292
34,069	10,664	-	21,147
1,708,838	274,920	2,640	477,953
2,331,590	-	-	-
3,712	-	-	-
-	145	-	400
30,144	19,246	-	1,913
227,540	142,771	47,118	300
-	-	-	-
\$ 4,791,224	\$ 613,236	\$ 49,758	\$ 560,286

Object 300	Object 400	Object 500	Object 600
\$ -	\$ -	\$ -	\$ 83,055

\$ - \$ - \$ - \$ 83,055

\$ 5,653,153	\$ 1,510,704	\$ 49,758	\$ 643,476
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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

June 30, 2013

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 299,498	\$ 116,583	\$ 48,494
1121 Middle/Junior High Programs	88,969	31,117	8,371
1122 Middle/Junior High School Extracurricular	145,091	10,973	1,964
1131 High School Programs	341,516	85,571	29,189
1132 High School Extracurricular	1,055,423	125,604	22,942
1220 Restrictive Programs for Students with Disabilities	18,142	7,706	1,835
1250 Less Restrictive Programs for Students with Disabilities	904,825	474,885	389,508
1272 Title I	1,045,341	618,898	369,931
1280 Alternative Education	994	-	-
1291 English Second Language Programs	14,262	9,013	5,033
1299 Other Programs	15,386	11,895	3,491
1400 Summer School Programs	11,437	8,630	2,152
Total Instruction Expenditures	\$ 3,940,884	\$ 1,500,875	\$ 882,910

Support Services Expenditures

	Totals	Object 100	Object 200
2110 Attendance and Social Work Services	\$ 16,005	\$ -	\$ -
2120 Guidance Services	172,269	3,685	305
2140 Psychological Services	29	-	-
2190 Service Direction, Student Support Services	27,789	13,939	13,850
2210 Improvement of Instruction Services	152,891	104,480	43,257
2220 Educational Media Services	3,886	-	-
2240 Instructional Staff Development	251,395	113,237	21,660
2320 Executive Administration Services	461	-	-
2410 Office of the Principal Services	6,069	-	-
2540 Operation and Maintenance of Plant Services	639,381	57	4
2550 Student Transportation Services	90,410	-	-
2640 Staff Services	9,507	2,490	615
2660 Technology Services	252,597	26,963	20,367
2690 Other Support Services - Central	134,619	-	-
Total Support Services Expenditures	\$ 1,757,308	\$ 264,851	\$ 100,058

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3100 Food Services	\$ 2,817,935	\$ 880,501	\$ 769,550
3300 Community Services	233,761	138,752	62,859
Total Enterprise and Community Services Expenditures	\$ 3,051,696	\$ 1,019,253	\$ 832,409

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200
4150 Building Acquisition, Construction, and Improvement Services	\$ 333,778	\$ -	\$ -
Total Facilities Acquisition and Construction Expenditures	\$ 333,778	\$ -	\$ -

Grand Total

\$ 9,083,666	\$ 2,784,979	\$ 1,815,377
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Object 300	Object 400	Object 500	Object 600
\$ 55,796	\$ 78,625	\$ -	\$ -
13,031	36,450	-	-
95,304	35,595	-	1,255
59,667	148,979	9,195	8,915
341,183	446,877	-	118,817
(55)	8,656	-	-
16,420	24,012	-	-
4,132	52,380	-	-
408	586	-	-
-	216	-	-
-	-	-	-
-	655	-	-
\$ 585,886	\$ 833,031	\$ 9,195	\$ 128,987

Object 300	Object 400	Object 500	Object 600
\$ 12,788	\$ 3,217	\$ -	\$ -
168,279	-	-	-
29	-	-	-
-	-	-	-
688	4,466	-	-
-	3,886	-	-
106,814	9,684	-	-
-	461	-	-
896	5,173	-	-
126,703	481,202	31,415	-
90,410	-	-	-
2,046	4,356	-	-
4,363	200,904	-	-
-	-	-	134,619
\$ 513,016	\$ 713,349	\$ 31,415	\$ 134,619

Object 300	Object 400	Object 500	Object 600
\$ 34,771	\$ 1,071,590	\$ -	\$ 61,523
15,202	16,599	-	349

\$ 49,973 \$ 1,088,189 \$ - \$ 61,872

Object 300	Object 400	Object 500	Object 600
\$ -	\$ -	\$ 333,778	\$ -

\$ - \$ - \$ 333,778 \$ -

\$ 1,148,875	\$ 2,634,569	\$ 374,388	\$ 325,478
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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUNDS

June 30, 2013

Other Uses Expenditures
5100 Debt Service

	Totals	Object 600
	\$ 10,657,450	\$ 10,657,450
Total Other Uses Expenditures	\$ 10,657,450	\$ 10,657,450

Grand Total

\$ 10,657,450	\$ 10,657,450
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CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - INTERNAL SERVICE FUND

June 30, 2013

Support Services Expenditures

2520 Fiscal Services

2540 Operation and Maintenance of Plant Services

Total Support Services Expenditures

Totals	Object 100	Object 200
\$ 10,008,968	\$ 102,336	\$ 47,944
51,024	-	-
\$ 10,059,992	\$ 102,336	\$ 47,944

Facilities Acquisition and Construction Expenditures

4150 Building Acquisition, Construction, and Improvement
Services

**Total Facilities Acquisition and Construction
Expenditures**

Totals	Object 100	Object 200
\$ 3,517,828	\$ -	\$ -
\$ 3,517,828	\$ -	\$ -

Grand Total

\$ 13,577,820	\$ 102,336	\$ 47,944
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Object 300	Object 400	Object 500	Object 600
\$ 168,578	\$ 12,714	\$ -	\$ 9,677,396
43,024	-	8,000	-
\$ 211,602	\$ 12,714	\$ 8,000	\$ 9,677,396

Object 300	Object 400	Object 500	Object 600
\$ -	\$ -	\$ 3,517,828	\$ -
\$ -	\$ -	\$ 3,517,828	\$ -
\$ 211,602	\$ 12,714	\$ 3,525,828	\$ 9,677,396

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - FIDUCIARY FUND

June 30, 2013

Support Services Expenditures

2700 Supplemental Retirement Program

Total Support Services Expenditures

Totals	Object 100	Object 200
\$ 520,840	\$ 495,800	\$ 25,040
\$ 520,840	\$ 495,800	\$ 25,040

Enterprise and Community Services Expenditures

3300 Community Services

Total Enterprise and Community Services Expenditures

Totals	Object 100	Object 200
\$ 827,353	\$ -	\$ -
\$ 827,353	\$ -	\$ -

Grand Total

\$ 1,348,193	\$ 495,800	\$ 25,040
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Object 300	Object 400	Object 600
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -

Object 300	Object 400	Object 600
\$ 473,293	\$ 2,671	\$ 351,389

\$ 473,293 \$ 2,671 \$ 351,389

\$ 473,293	\$ 2,671	\$ 351,389
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Corvallis

SCHOOL DISTRICT

XII. EXECUTIVE SESSION - The Board will meet in Executive Session at 5:30 p.m. under ORS 192.660(2)(d) - To consult with persons designated for labor negotiations.

XIII. ADJOURNMENT

*All times are approximate.

Note: The Chair of the Board may alter the order of business as they deem proper and necessary.



Corvallis

SCHOOL DISTRICT

Agendas – Agendas and supporting materials are available online at <https://v3.boardbook.org/Public/PublicHome.aspx?ak=1000829> a few days before each School Board meeting. For more information, please contact Kim Nelson at kimberly.nelson@corvallis.k12.or.us.

Communication With The School Board – Communication with the Board can be made by telephone, letter, e-mail and public testimony. Letters may be addressed to individual Board members or the Board as a whole and sent to 1555 SW 35th Street, Corvallis, OR 97333. E-mail may be sent to schoolboard@corvallis.k12.or.us and will be sent to all board members simultaneously as well as to key District Office staff. For more information, please contact Kim Nelson at kimberly.nelson@corvallis.k12.or.us.

Consolidated Action Agenda – The purpose of the consolidated action agenda is to expedite action on routine agenda items. All agenda items that are not held for discussion at the request of a Board member or staff member will be approved/accepted as written as part of the consolidated motion. Items designated or held for discussion will be acted upon individually.

Public Comment –

Guidelines are at: <https://www.csd509j.net/about-us/school-board/provide-input-and-be-informed/>

Executive Session – Permissible purposes of Executive Sessions include: ORS 192.660(2)(a) – Employment of Public Officers, Employees and Agents; ORS 192.660(2)(b) – Discipline of Public Officers and Employees; ORS 192.660(2)(d) – Labor Negotiator Consultations; ORS 192.660(2)(e) – Real Property Transactions; ORS 192.660(2)(f) – Exempt Public Records; ORS 192.660(2)(h) – Legal Counsel; ORS 192.660(2)(i) – Performance Evaluations of Public Officers and Employees; ORS 192.660(2)(j) – Public Investments.

Grievance Process - ORS 192.705

Grievances alleging a violation by a governing body of provisions in Public Meetings Law may be submitted in writing to Kim Nelson at kim.nelson@corvallis.k12.or.us or submitted between 8:00 am – 5:00 pm Monday through Friday at 1555 SW 35th Street, Corvallis, OR 97333. Additional information is available on the district website.

SCHOOL BOARD MEMBERS			
Judah Largent	541-231-8415	Terese Jones, Co-Vice Chair	541-230-1673
Sami Al-Abdrabbuh	541-283-6611	Shauna Tominey, Co-Vice Chair	541-829-8411
Chris Hawkins	541-602-2045	Luhui Whitebear, Chair	541-714.3305
Bernie Wang	541-704-7298		

EXECUTIVE STAFF MEMBERS	
Ryan Noss, Superintendent	541-757-5841
Melissa Harder, Assistant Superintendent / Human Resources Director	541-766-4857
Lauren Wolfe, Finance Director	541-757-5874
Byron Bethards, Student Growth & Experience Director	541-757-5470
Kim Patten, Operations Director	541-757-3849
Kim Nelson, Executive Assistant to the Superintendent; Board Secretary	541-757-5841