

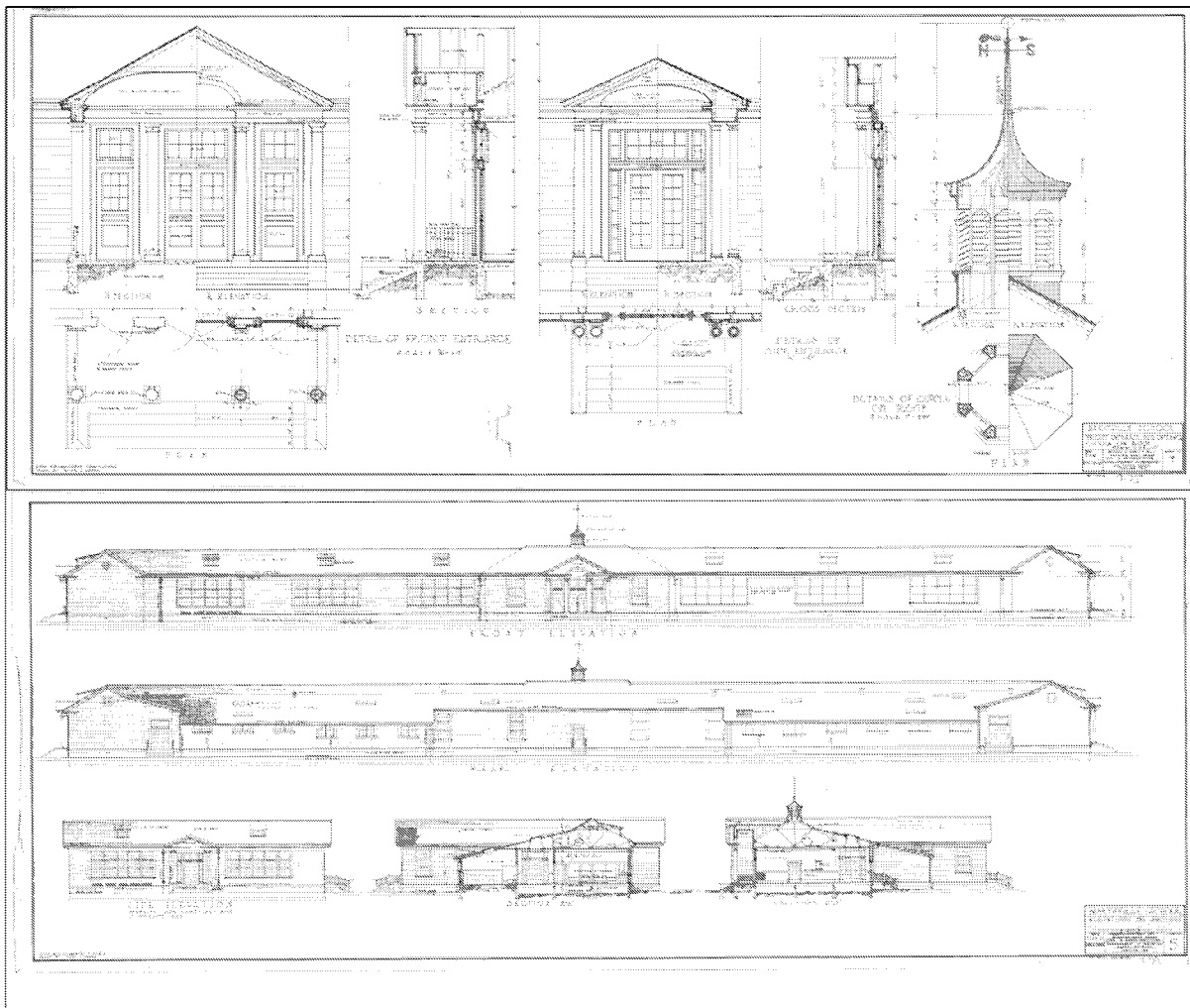
School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2010



Marysville School Architect's elevations (1925)

At Portland Public Schools, this is our goal: By the end of elementary, middle, and high school, every student by name will meet or exceed academic standards and will be fully prepared to make productive life decisions. Portland Public Schools is an equal opportunity educator and employer.

About the cover

Situated in the Foster-Powell neighborhood of southeast Portland, Marysville Elementary School was built in stages between 1921 and 1925. Constructed during an era of rapid growth, changing demographics and new ideas about safety, sanitation and child centered education, Marysville was one of 25 schools designed for Portland Public Schools by District Architect, George Jones.

When a fire broke out during class sessions on November 10, 2009, the school was quickly evacuated. A large showing of community support following the fire helped families replace lost belongings. Donations and volunteer effort allowed Marysville to quickly reopen at Rose City Park School. The District plans to rebuild with the hope that Marysville will continue to serve the children and families of southeast Portland.

Source of cover elevations: Blair Fitzgibbon, District Architect

Portland Public Schools

Comprehensive Annual Financial Report

For the year ended June 30, 2010

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Accounting and Payroll Services Department



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2010

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 For the Year Ended June 30, 2010

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PORTLAND PUBLIC SCHOOLS

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OFFICE OF THE SUPERINTENDENT

Carole Smith
Superintendent

December 13, 2010

To Members of the Board of Education:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District) for the fiscal year ended June 30, 2010, together with the audit opinion thereon of our auditors as required by Oregon Revised Statutes 297.405 through 297.555, referred to as the Municipal Audit Law. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the financial statements and related information are stated fairly in all material aspects in reflecting the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain maximum understanding of the District's financial affairs have been included.

To provide a reasonable basis for making these representations, District management has established and maintains an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Our internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control structure is subject to periodic evaluation by management. We believe our internal control structure adequately safeguards the assets and provides reasonable assurance of proper recording of all financial transactions. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Financial Statement Presentation

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

The *Introductory Section* includes the table of contents, this transmittal letter, the District's organizational chart, and copies of certificates awarded for Portland Public Schools' 2009 CAFR.

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

The *Statistical Section* includes selected financial and demographic information, generally presented on a multi-year basis. This CAFR marks the sixth year for implementation of GASB Statement No. 44, resulting in new schedules designed to improve the understandability and usefulness of the information presented in the statistical section.

The *Audit Comments and Disclosures Section* contains disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

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

Profile of the District

Established in 1851, Portland Public Schools is the largest and oldest school district in the State of Oregon. The District covers an area over 145 square miles and has a population in excess of 500,000 including portions of the cities of Portland (estimated pop. 566,100), Lake Oswego (estimated pop. 37,500), and Milwaukie (estimated pop. 20,800). The District maintains over 100 facilities with a total floor area of approximately 9.2 million square feet. Please see the Statistical Section, Schedule 16 for details of each building's size, age, and enrollment.

Student enrollment in the fall of 2009 was 46,596. October 1 enrollment counts are reported to the state in November of each year, allowing time for data entry and confirmation of student records. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

Program Type	Grade ranges ⁽¹⁾	Number of Programs	Enrollment	Enrollment Distribution
Regular Schools and Programs				
Elementary Schools	K-5, K-8, PK-8, PK-5, 1-8	58	25,629	55%
Middle Schools	6-8	10	5,211	11%
High Schools	9-12, 8-12, 6-11, 6-12	14	11,034	24%
Total Regular Schools		82	41,874	90%
Magnet/Special Focus Programs	PK, K-12, 9-12, 10-12, 11-12	4	1,642	3%
Total Regular & Special Focus		86	43,516	93%
Community-Based Programs	9-12, 6-8, 6-12	24	1,206	3%
Special Education Programs	K-12	15	500	1%
Public Charter Programs	K-4, K-5, K-12, 6-8, 9-12	7	1,374	3%
Total Programs and Enrollment		132	46,596	100%

⁽¹⁾ Definitions: PK:Pre-Kindergarten. K:Kindergarten

Source: PPS; Enrollment Summaries, October 2009

The District has experienced more than a decade of steady enrollment decline, due to declining family size and lack of affordable housing within the city. The October, 2009 enrollment count showed the first increase in student numbers with an additional 550 students over the previous year. That growth was primarily in the younger grades, with middle and high school grade levels generally showing continued declines, in keeping with projections from the Portland State University Population Research Center. Preliminary October 2010 counts show an increase of 390 students from last year, again with growth predominantly in younger grades, and also in expanding District charter schools and community-based alternative programs that are generally designed to serve high school-age students who might otherwise drop out. Again, according to PSU projections, Portland Public Schools forecasts stable or slightly increasing enrollments over the next several years.

The District is governed by a seven-member Board of Education elected by the voters of the District for staggered four-year terms. The chief administrative officer of the District is the Superintendent, who is appointed by the Board. The Board is accountable for all fiscal matters that significantly influence operations.

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

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law as outlined in Oregon Revised Statutes 294.305 through 294.565, inclusive. The budget for each individual fund is a plan for the financial operations to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the Board of Education after certification by the Multnomah County Tax Supervising and Conservation Commission. After adoption, the budget may be amended through procedures specified in State statute and Board policy.

Service Efforts and Accomplishments – The PPS Milestones Framework

Portland Public Schools' core mission is to provide 47,000 students the instruction and support they need to succeed at every grade, so they graduate on time and are prepared for college, career and citizenship. The District has set measures – a Milestones Framework – to gauge student achievement at key learning stages, from the earliest grades through graduation day.

The Milestones Framework relies on existing tools and statistics – including annual state assessment results, ACT scores and graduation rates – to measure how students are performing at particular points in their education. Research shows that these measures, at these junctures, predict whether students will graduate on time and ready for college or a career. We have set goals for better student performance so we can hold ourselves accountable to our families and our community, and to see which educational strategies are working to produce better results.

Results for 2009-2010

There are five Milestones Measures. PPS sorts data results by racial subgroups to quantify the achievement gap – the extent to which race predicts academic success. While Hispanic and white students are showing solid progress at most milestones, PPS schools need to do more to help other groups of students improve, particularly African-American and Native American students.

1. Students entering first grade should be ready to read

- Result: 76 percent of students met this measure. This is a 6 percent gain from 2007-08, the most recent measure available.
- How it's measured: Teachers evaluate students' ability to recognize letter names, sounds and parts of words.
- Racial achievement gap: The largest gap exists between Hispanic and white students (28 percent).

2. By the end of third grade, students should be reading to learn

- Result: 46 percent of third-graders met this measure, an increase of 4 percent from 2008-09.
- How it's measured: Third-graders must exceed the benchmark on a state reading test. Students who exceed (not merely meet) this measure are far more likely to succeed in eighth grade and demonstrate readiness for high school.
- Racial achievement gap: The largest gap exists between black and white students (43 percent).

3. Students should be ready for high school

- This Milestone has three parts:
 - Seventh-graders must meet the state writing benchmark. In 2009-10 52 percent of seventh-graders met this benchmark, a decline of 3 percent from the previous year.

- Students must pass algebra by the start of high school. In 2009-10, 57 percent of eighth-graders passed algebra, an increase of 13 percent.
- Attendance must be 90 percent or greater. In 2009-10, 83 percent of seventh-graders met this mark, a 1 percent increase.
- Racial achievement gap:
 - For the seventh-grade writing benchmark, the largest gap is between black and white students (33 percent).
 - For eighth-grade algebra, the largest gap is also between black and white students (26 percent).
 - For attendance, the largest gap is between American Indian/Alaskan Native and Asian students (39 percent).

4. Sophomores should be on track to graduate

- Result: 54 percent of students met this milestone, an increase of 3 percent from 2008-09.
- How it's measured: Students must enter 10th grade with six or more credits and earn a "C" or above in core subjects (science, social studies, math and English).
- Racial achievement gap: The largest gap exists between Native American and white students (34 percent).

5. Students should graduate on time, equipped for work and college

- This Milestone has two parts:
 - Students must meet "college ready" benchmarks on the ACT test. In 2009-10, 23 percent of sophomores scored "college ready on three of four ACT tests, a decline of 2 percent from the previous year.
 - Students must graduate within four years. In 2009-10, 66 percent of students from PPS' nine neighborhood campuses graduated on time, a 2 percent decrease.
- Racial achievement gap:
 - For the ACT test, the largest gap is between black and white students (29 percent).
 - For the graduation rate, the largest gap is between Asian/Pacific Islander and Hispanic students (38 percent).

Portland Public Schools improved across all five Milestones for all students in 2009-10, except seventh-grade writing and ACT college entrance exam scores. Much work remains to ensure all students graduate on time and well-equipped for the future. Writing, especially, is a weak spot and achievement gaps still loom large.

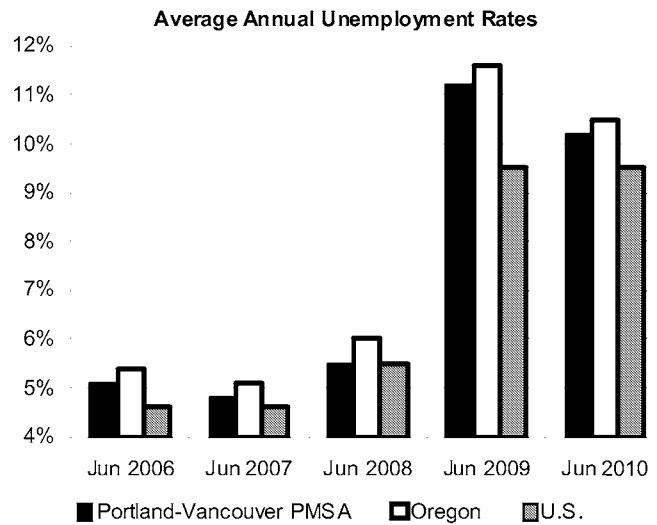
PPS is taking action to improve student performance, providing greater support for high-needs "Academic Priority Zone" schools, nurturing collaboration across schools, offering focused professional development to improve curriculum and instruction, ensuring students have access to rigorous courses and continuing to support intervention programs such as the Nike School Innovation Fund-sponsored Summer Academies.

Another indicator of student achievement is the state report cards issued by the Oregon Department of Education. The report cards assign a rating of "Outstanding", "Satisfactory" or "In Need of Improvement" to schools across the state based on student achievement, attendance, high school graduation rate, and percent of students tested on the state assessment tests. For 2009-10, 40 District schools (44 percent) were rated Outstanding, 44 schools (49 percent) were rated Satisfactory, and 6 schools (7 percent) were rated In Need of Improvement. This compares with the state, where 37 percent were Outstanding, 59 percent were Satisfactory and 4 percent were In need of Improvement.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

State economy. Oregon's June 2010 unemployment rate of 10.5%, is an improvement over the prior year rate of 11.6%, but the rate indicates an economy that remains weaker than the nation as a whole. Reduced housing and construction activity, coupled with reduced home values have been contributing factors in the overall decline in state funding for education. Federal stimulus funding has replaced some lost State revenues but is not expected to continue beyond the next fiscal year. State forecasts call for slow recovery with Oregon following



Employment by Industry (not seasonally adjusted)	June		
	2008	2009	2010
Education, health services & hospitality	22%	23%	24%
Trade, transportation & utilities	24%	20%	19%
Government	14%	15%	16%
Professional, business & other services	13%	13%	16%
Manufacturing	12%	11%	11%
Information, financial & real estate	9%	13%	9%
Construction & mining	6%	5%	5%
Total nonfarm workforce (in thousands)	1,041	974	958
Workforce decrease over prior year	0%	-6%	-2%

national efforts. The same forecasts expect slow population growth statewide.

Local economy. The Portland metropolitan area has a diversified economy, with centralized, accessible schools, and excellent public transportation. The area is a major West Coast distribution point for wholesale trade and high tech exports. But, with recession now moving into its third year, the local workforce continues to decline, although at a slower rate of 2%.

Long-term financial planning. Portland Public Schools (PPS) operates well over 100 buildings on its 85 school campuses. The average age of those school buildings is roughly 65, about 20 years older than the average for school buildings nationally. Through more than a decade of tight budgets and shortfalls, PPS has chosen to support core instructional services, and has not invested General Fund dollars in capital improvements to its buildings.

In 2009-10, the District completed some capital projects through partnerships and innovative financing, including energy-efficient school roof replacements. In 2009-10 the Board also established an IT Projects Fund to improve classroom technology information systems. In 2010-11 the District is taking advantage of federal recovery zone bonds to fund approximately \$11 million in projects to improve building energy and water-efficiency. The federal subsidy reimburses nearly half of the interest expense, with utility savings expected to cover the other costs.

Portland Public Schools is developing a new five-year Strategic Plan. That strategic plan, expected to be adopted by the School Board in early 2011, will lay out the instructional and student achievement direction for the District; it will also involve long-term plans that will have an impact on the District's finances. A long-range facilities plan, a key component of the strategic plan, was initiated in November 2010, when Superintendent Carol Smith presented a "Smarter, Safer Schools" plan to the Board that includes a six-year, \$548 million capital bond measure that would go before District voters in May 2011.

Independent Audits

The provisions of Oregon Revised Statutes, Section 297.405 to 297.555 require an independent audit of the financial records and fiscal affairs of the District. The auditors selected by the Board of Education, Talbot, Korvola & Warwick, LLP, have completed their examination of the basic financial statements and, accordingly, have included their unqualified Independent Auditor's Report in the financial section of this report.

The Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 require state and local governments that expend \$500,000 or more in federal assistance in a year have a special form of audit conducted for that year. Since 1989, Portland Public Schools has issued a separate report on these requirements and the requirements of the implementing circular, U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*. Talbot, Korvola & Warwick, LLP have also provided various required reports. Contained in the separately issued Single Audit Report is the Schedule of Expenditures of Federal Awards, and the required reports on internal controls and compliance with laws and regulations.

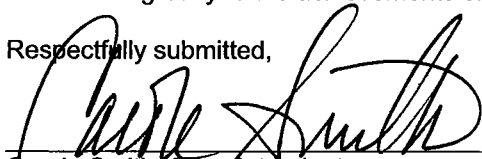
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the 30th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for this coveted Certificate.

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the 30th consecutive year that the District earned this significant award. Receiving the Award is recognition that the District has met the highest standards of excellence in school financial reporting as adopted by ASBO. The District believes that this 2010 CAFR, which will be submitted to ASBO for review, will also conform to these standards.

We wish to express our appreciation to the staff of Accounting and Payroll Services and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We further extend our appreciation to the members of the Board of Education, employees of the District, and the citizens of Portland whose continued cooperation, support, and assistance have contributed greatly to the achievements of Portland Public Schools.

Respectfully submitted,



Carole Smith, Superintendent



Neil Sullivan, RSBO, CGFM, Chief Financial Officer



Carol Ann Kirby, CPA, CIA, Director, Accounting and Payroll Services

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Principal Officials
At June 30, 2010

SCHOOL BOARD

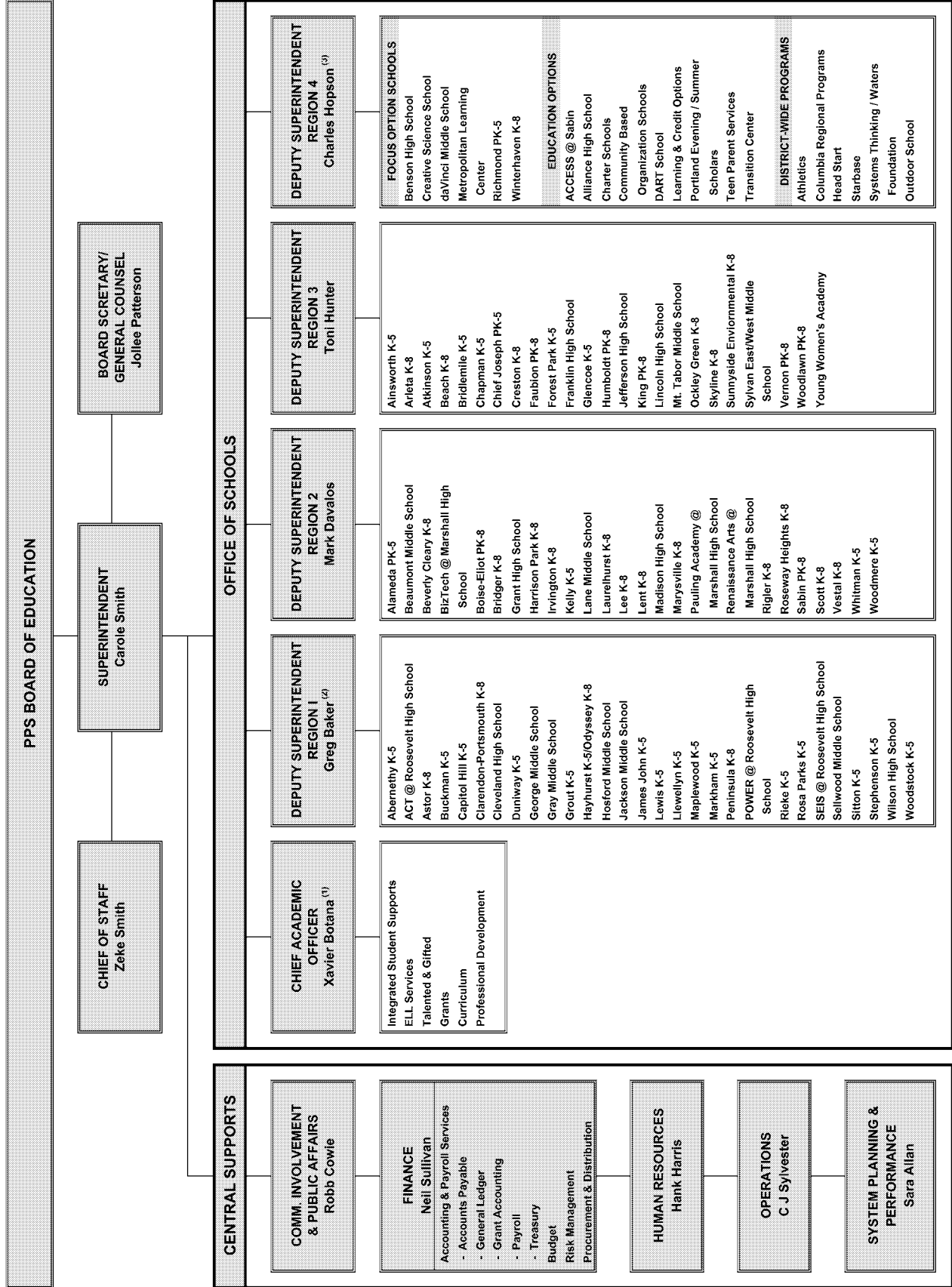
<u>Member</u>	<u>Zone</u>	<u>Term Expires</u>	<u>Phone</u>	<u>Email</u>
Ruth Adkins	1	June 30, 2011	503-351-9278	radkins@pps.k12.or.us
David Wynde	2	June 30, 2011	503-916-6153	dwynde@pps.k12.or.us
Bobbie Regan	3	June 30, 2011	503-292-0659	bregan@pps.k12.or.us
Martin Gonzalez	4	June 30, 2013	971-409-3245	mgonzalez@pps.k12.or.us
Pam Knowles	5	June 30, 2013	503-312-7178	pknowles@pps.k12.or.us
Trudy Sargent	6	June 30, 2013	503-916-6655	tsargent@pps.k12.or.us
Dilafruz Williams	7	June 30, 2011	503-775-2158	dwillia1@pps.k12.or.us

ADMINISTRATIVE STAFF

Carole Smith	Superintendent
Zeke Smith.....	Chief of Staff
C. J. Sylvester, MSSN.....	Chief Operating Officer
Neil Sullivan, RSBO, CGFM.....	Chief Financial Officer
Xavier Botana M Ed ⁽¹⁾	Chief Academic Officer
Jollee Patterson, J.D.....	General Counsel

⁽¹⁾ On August 11, 2010, Xavier Botana resigned and the Superintendent appointed Carla Randall as the Chief Academic Officer.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
ORGANIZATIONAL STRUCTURE
June 30, 2010**



(1) On August 11, 2010, Xavier Botana resigned and Superintendent appointed Carla Randall as the Chief Academic Officer.

(2) On June 30, Greg Baker resigned and the Superintendent appointed Cynthia Gilliam as the Region 1 Deputy Superintendent.

(3) On June 30, Charles Hopson resigned. In July 2010, the District reassigned the Region 4 programs and restructured the Office of Schools to 3 regions.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

School District No. 1J,
Multnomah County, Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

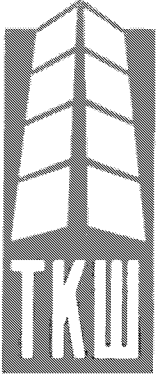
For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

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

President

Executive Director



INDEPENDENT AUDITOR'S REPORT

December 13, 2010

To the Board of Education
School District No. 1J, Multnomah County, Oregon
Portland, Oregon

4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

P 503.274.2849

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We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon, (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2010, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010, 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* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Board of Education
School District No. 1J, Multnomah County, Oregon
December 13, 2010
Page 2

Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Required Supplementary Information consisting of the budgetary comparison information for the General, Grant, and PERS Stabilization Reserve Funds and Other Postemployment Benefits Schedule of Funding Progress, and the accompanying Supplementary Information consisting of combining and individual non-major fund financial statements and other schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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.

The accompanying Introductory and Statistical sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 
Timothy R. Gillette, Partner

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON Management's Discussion and Analysis

As management of School District No.1J, Multnomah County, Oregon (Portland Public Schools or the District), we offer readers this narrative overview and analysis of the financial activities of the Portland Public Schools for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

All dollar amounts, unless otherwise indicated, are expressed in thousands.

FINANCIAL HIGHLIGHTS

- ◆ Portland Public School's assets exceeded its liabilities at June 30, 2010 by \$230.2 million shown as net assets. Of that amount \$186.8 million was invested in capital assets net of related debt, \$8.4 million was restricted for capital projects and \$35.0 million was unrestricted. Further analysis can be found on page 5 in the Analysis of Net Assets.
- ◆ Total net assets decreased during the year by \$1.67 million as shown in the Analysis of Activities on page 6. This is the smallest decrease in net assets the District has reported in recent years, and it is the result of multiple factors that are further explained by management below and in the following sections of this Discussion and Analysis.
- ◆ During the current year the District added \$15.0 million in long-term debt to fund information technology projects and it reduced outstanding debt by \$15.5 million. This is further explained on page 10.
- ◆ To address aging infrastructure the District has expended \$15.9 million of the School Modernization Fund since its inception in 2009. Much of that funding is invested in energy efficient roofing for schools. The School Modernization Fund is funded with a \$25.75 million loan from the General Fund and currently reports a deficit of \$14.5 million. The Board has committed to seek outside funding to repay the loan to the General Fund. The School Modernization Fund is reported as a major fund of the District on pages 16-19, and a budgetary comparison schedule is on page 78.
- ◆ On November 10, 2009, 460 students and 17 staff at Marysville Elementary School were safely evacuated when fire broke out. The 85-year old structure was originally designed as one of the District's early efforts in fire-safety and received commendations from local fire officials for its wide hallways and convenient exits. The District received strong community support that allowed it to relocate the students and staff to Rose City Park School, reopening in less than one week. Commercial insurance will cover much of the loss at Marysville, and the District has recognized a gain on the recoveries, and recorded a loss on the impairments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 42. In order to use the insurance proceeds wisely, the District is evaluating several design options to rebuild Marysville, options that are based on district-wide planning to improve the overall service level of its schools, and the desire – as in the early 20th Century – to build schools based on the latest information about designing for safety. A decision on the final design is expected in December, 2010. Further explanation is offered in Financial Statement Notes 7 and 16.
- ◆ The District implemented GASB Statement No. 51 this year and has capitalized personnel and contractor costs related to internally generated software. These "intangible" costs are reported in the District's equipment asset classification. More explanation is offered in Financial Statement Note 7.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Portland Public Schools' 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 basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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 government-wide financial statements can be found on pages 14-15 of this report.

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. 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 the Portland Public Schools can be divided into two categories: governmental funds and proprietary funds. Reports by fund and fund group are shown in the Financial Section of the report beginning on page 16.

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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Portland Public Schools designates four major governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) for the General Fund, the Grant Fund, the PERS Rate Stabilization Reserve Fund and the School Modernization Fund (formerly titled the 21st Century Capital Projects Fund), all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Portland Public Schools adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for each fund individually in either required or supplementary information to demonstrate compliance with the fund level budgets.

The basic governmental fund financial statements can be found on pages 16-21 of this report.

Proprietary funds are used to account for a government's business-type activities. The District maintains only one type of proprietary fund, which is an internal service fund.

Internal service funds are accounting devices used to accumulate and allocate costs among various internal functions. The District uses an internal service fund to account for its Self-Insurance activities. Because Portland Public Schools has no business-type functions, this service benefits governmental functions and has been included within the governmental activities in the government-wide financial statements.

Internal service funds provide the same type of information as the government-wide financial statements. The internal service fund financial statements provide separate information for the Self-Insurance Fund, which is considered to be a major fund of Portland Public Schools.

The basic internal service fund financial statements can be found on pages 22-24 of this report.

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 25-46 of this report.

Required Supplementary Information (RSI) is located directly after the notes to the basic financial statements and represents the required comparison of the budget and actual results on the District's budgetary basis for the General Fund, the Grant Fund and the PERS Stabilization Reserve Fund. In addition the RSI discloses the actuarial estimate of funding progress of the District's other post employment healthcare benefits obligations. This information is on pages 47-54.

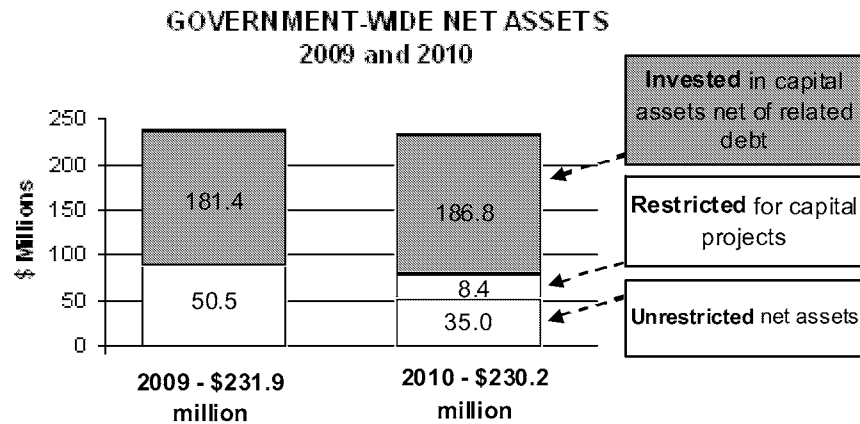
Supplementary Information (SI), presented on pages 55-88, includes combining statements for the nonmajor governmental funds, budgetary comparison schedules for nonmajor and other funds, and other financial schedules.

Government-Wide Financial Analysis

Analysis of Net Assets. The Statement of Net Assets presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time net assets may serve as a useful indicator of the District's financial position. Other indicators that can be useful in reviewing the District's financial health include enrollment trends, debt capacity and the condition of facilities.

Net Assets	Government-wide			
	2009	2010	Change	% change
Assets				
Current or other assets	\$ 630,338	\$ 620,119	\$ (10,219)	-1.6%
Net capital assets	185,571	194,725	9,154	4.9%
Total Assets	815,909	814,844	(1,065)	-0.1%
Liabilities				
Long-term liabilities outstanding	487,838	491,333	3,495	0.7%
Other liabilities	96,163	93,270	(2,893)	-3.0%
Total Liabilities	584,001	584,603	602	0.1%
Net Assets				
Invested in capital assets, net of related debt	181,442	186,783	5,341	2.9%
Restricted for capital projects	-	8,426	8,426	-
Unrestricted	50,466	35,032	(15,434)	-30.6%
Total Net Assets	\$ 231,908	\$ 230,241	\$ (1,667)	-0.7%

Net Assets - 2010 compared to 2009. Total net assets at Portland Public Schools decreased \$1.67 million (0.7%) during the current fiscal year. Although it is a minimal decline there have been significant shifts within the net assets components. *Restricted Net Assets* (\$8.4 million) is a new component this year, that reports the unspent portion of a new \$15.0 million information technology capital projects loan. *Net Assets Invested in Capital Assets Net of Related Debt* increased \$5.3 million; this is the increased construction activity this year, net of the related debt used to acquire and construct new capital assets. *Unrestricted Net Assets*, which are the remaining net assets, have decreased by \$15.4 million during the year. Aside from the effect of the other net assets components, several factors account for the remaining portions of the \$15.4 million decline in Unrestricted Net Assets that are further explained in the financial highlights and other analysis sections of this Management's Discussion and Analysis.



Analysis of Activities. The Statement of Activities presents expenses and related revenues by program, showing how the District's net assets changed during the most recent fiscal year. The statement reports revenues earned and expenses incurred under the accrual basis of accounting, where changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes, and earned but unused vacation leave).

The Statement of Activities of the government-wide financial statements distinguishes functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Portland Public Schools currently does not have any business-type, or enterprise fund, activities. Additional detail regarding revenue and expense changes are presented below to provide a better understanding of the District's operations in 2010 compared to 2009.

Revenues. Because the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. The District does charge for non-core services such as facilities rentals, activities fees, lunches and kindergarten programs beyond the mandatory half-day class. Therefore, general revenues provide most of the funding required for governmental programs, primarily property taxes and State School Funds.

Expenses. Portland Public Schools program activities include Instruction, Support Services, Enterprise and Community Services, Non-capital Facilities Maintenance and Replacement, and Interest and Fees on Long-term Debt. The District's activities mirror its chart of accounts which is mandated by the Oregon Department of Education for all Oregon public schools.

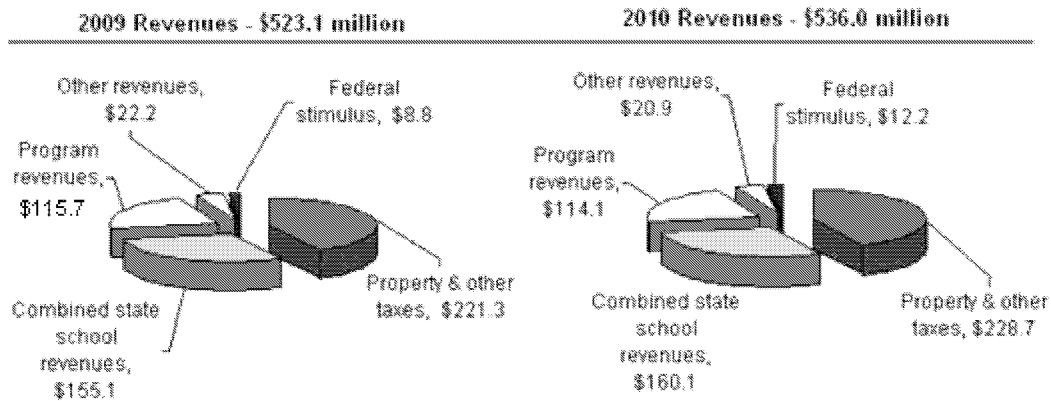
Statement of Activities

	Government-wide				
	2009	2010	% of total 2010	Change	% change
Revenues					
Program Revenues					
Charges for services	\$ 12,300	\$ 12,436	2.3%	\$ 136	1.1%
Operating grants and contributions	103,463	101,671	19.0%	(1,792)	-1.7%
Total Program Revenues	115,763	114,107	21.3%	(1,656)	-1.4%
General Revenues					
Property and other taxes	181,928	189,234	35.4%	7,306	4.0%
Local tax options	37,364	38,292	7.1%	928	2.5%
County and intermediate sources	10,271	10,223	1.9%	(48)	-0.5%
Construction excise tax	1,962	1,192	0.2%	(770)	-39.2%
State School Fund	151,376	155,566	29.0%	4,190	2.8%
Common School Funds	3,717	4,544	0.8%	827	22.2%
Federal stimulus funds	8,816	12,182	2.3%	3,366	38.2%
Investment earnings	3,477	781	0.1%	(2,696)	-77.5%
Other	8,359	7,924	1.5%	(435)	-5.2%
Gain on disposal of capital assets	104	1,981	0.4%	1,877	1804.8%
Total General Revenues	407,374	421,919	78.7%	14,545	3.6%
Total Revenues	523,137	536,026	100.0%	12,889	2.5%
Expenses					
Instruction	306,993	323,190	60.0%	16,197	5.3%
Support services	196,857	183,267	34.0%	(13,590)	-6.9%
Enterprise and community services	16,653	17,135	3.2%	482	2.9%
Non-capital facilities maintenance and replacement	6,899	14,177	2.5%	7,278	105.5%
Interest and fees on long-term debt	1,600	1,642	0.3%	42	2.6%
Total Expenses	529,002	539,411	100.0%	10,409	2.0%
Decrease in net assets before extraordinary items	(5,865)	(3,385)	-1.5%	2,480	-42.3%
Extraordinary items					
Net gain from Marysville fire	-	1,718	0.7%	1,718	-
Decrease in net assets	(5,865)	(1,667)	-0.8%	4,198	-71.6%
Net assets - beginning of year	237,773	231,908	100.8%	(5,865)	-2.5%
Net assets - end of year	\$ 231,908	\$ 230,241	100.0%	\$ (1,667)	-0.7%

Revenues – 2010 compared to 2009. Total 2010 revenues increased \$12.9 million from \$523.1 million to \$536.0 million. Modest increases in property and other taxes (\$7.4 million), state school fund revenues (\$5.0 million), federal stimulus dollars (\$3.4 million) and other revenues (\$1.8 million) were offset by decreased investment earnings (\$2.7 million) and program revenues (\$1.7 million).

Charges for services make up 2.3% of total revenues, and remained somewhat constant over the year in spite of the local economic recession.

Operating grants and contributions represent 19.0% of the total revenues and minimal fluctuation from revenues of the prior period (-1.7%).



Expenses by function – 2010 compared to 2009. Total expenses rose by 2.0% or \$10.4 million, with increases in instruction (\$16.2 million), facilities maintenance and other functions (\$7.8 million) offset by reductions in support services (\$13.6 million). Several factors account for the increase in instruction such as instructional salaries and related costs (\$10.1 million), and facilities improvements and other costs (\$6.1 million). Several factors also account for the decrease in support services, including salaries and related costs (\$3.8 million) and purchased services and other costs (\$0.8 million), offset by capitalized improvements (-\$18.2 million). Instruction and support services account for 94% of the District’s expenses in 2010, a decrease from 2009 of 1.4%. The District’s emphasis on updating its infrastructure to support infrastructure can be seen in the \$7.3 million increase in non-capital facilities maintenance and replacement expenses.

Expenses by object. Salaries, the largest expense component, increased \$11.0 million or 4%, primarily due to District teacher contracts that ended in June 2008, and were subsequently renegotiated and settled with retroactive payments during the current year. Employee benefits and OPEB costs increased by \$1.8 million, due to proportional increases in the other benefits categories partially offset by lower OPEB costs. Increases in purchased services (\$1.5 million) and student transportation and travel (\$1.1 million), have been offset by reductions in spending and greater efficiencies in materials, services and other categories (\$5.0 million), as well as the greater amount of overall District effort that was capitalized in the current year.

Extraordinary items. Extraordinary items are both unusual in nature and infrequently occurring. The District is reporting as an extraordinary item the financial impact of the November 2009 fire at Marysville Elementary School (discussed earlier in the Financial Highlights section). A \$1.7 million gain, which increases District net assets, represents the realized and realizable insurance recoveries netted against losses that have been based on historical cost. More information is available in Financial Statement Footnotes 7 and 16.

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. 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 financial requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

General Fund. The General Fund is the major operating fund of the District. The year's activities saw the General Fund's ending fund balance increase by \$3.8 million to \$53.8 million, or an increase of 7.6%. Of the \$53.8 million fund balance, \$27.1 million (50.4%) was unreserved. The remainder of \$26.7 million was reserved for interfund receivables (\$25.8 million), notes receivable (\$0.8 million) and prepaid items (\$0.09 million).

General Fund revenues in 2010 were about \$6.3 million higher than 2009. Some volatility in revenues was evidenced in increased property taxes (\$9.0 million), increased revenues from the first full year of federal stimulus support (\$3.4 million) and other revenues (\$0.6 million) that was offset by reductions in combined state school support (\$-4.4 million) and investment earnings (-\$2.3 million).

Grant Fund. Of the \$79.5 million in grant funds received in 2009-10, \$75.1 million is attributable to federal and state grants. Funding for Title I and other federal Title funds of \$27.4 million was targeted to provide additional services to students disadvantaged by poverty, to support migrant education, innovative programs, and safe and drug-free schools. Approximately \$42.3 million was received for Special Education, Head Start, Striving Readers, Voluntary Public School Choice and 21st Century Grants. Public and private-entity awards and other federal and state sources accounted for \$9.8 million.

School Modernization Fund (formerly The 21st Century Projects Fund). This fund began in February 2009 with capital provided by an interfund loan of \$25.8 million from the General Fund. During the current year the School Modernization Fund expended \$13.3 million in school capital improvement projects, including energy efficient solar roofs for many schools that will reduce energy costs in future periods. Because the primary revenue source has been loan proceeds from the General Fund, the School Modernization Fund currently has a fund deficit of -\$14.5 million. The Board intends to repay the loan and it is anticipated that future capital bond measures will allow the District to continue its school modernization efforts.

PERS Rate Stabilization Reserve Fund. In fiscal 2004-05 the PERS Rate Stabilization Reserve Fund was established with transfers from the General Fund. The fund was intended to achieve several objectives including: (1) to help minimize large fluctuations in the OPERS rate assessed on salaries and wages ultimately used for the OPERS unfunded actuarial liability borrowing relative to the District's participation in the Oregon School Boards Association Pension Bond Program; (2) to provide prudent reserves to mitigate the investment risk inherent in the OPERS system; and (3) to set aside sufficient funding to cover increased debt service of the 2002-2003 series Limited Tax Pension and Refunding Bonds that will occur in the 2020-2028 time period.

Budgetary Highlights

The 2009-10 budget was adjusted twice during the year to reflect updated ending balances from the prior year, as well as new opportunities and expenses after the budget was adopted. The Board approved changes can be briefly summarized as follows:

GENERAL FUND

- Schools completed their staffing after the budget was adopted in June. The General Fund Final Budget reflects staffing realignment changes for the year of \$2.0 million.
- The net change in fund balance in the adopted budget of \$12.1 million was realigned with an increase of \$12.1 million in the final budget to agree to the prior year \$24.2 million ending actual budgetary basis ending fund balance.
- The General Fund adopted budget for state and federal revenues were increased by \$9.5 million due to the State Fiscal Stabilization Fund (SFSF) allocation methodology and amount.

CAPITAL PROJECTS FUNDS

- The budget for the School Modernization Fund was increased \$1.5 million to align with the prior year actual ending budgetary basis ending fund balance.
- The IT System Project Fund budget was increased from \$10.0 million to \$15.0 million to reflect the issuance of debt.

SELF INSURANCE FUND

- During the year \$2.6 million was added to the Self Insurance Fund to cover expenses related to the Marysville School fire in November 2009.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets includes land, building and improvements, vehicles and equipment, and construction in progress. As of June 30, 2010, the District had invested \$194.7 million in capital assets, net of depreciation and amortization, as shown in the following table:

Capital assets	Government-wide			
	2009	2010	change	% change
Land	\$ 8,700	\$ 8,274	\$ (426)	-4.9%
Buildings	316,796	331,175	14,379	4.5%
Vehicles and Equipment	36,122	37,586	1,464	4.1%
Construction in Progress	5,589	10,421	4,832	86.5%
Less accumulated depreciation and amortization	(181,636)	(192,731)	(11,095)	6.1%
Capital assets, net of depreciation and amortization	\$ 185,571	\$ 194,725	\$ 9,154	4.9%

During the year 2009-10, the District sold the Whitaker Lakeside property to the Native American Youth and Family Center, which has operated an alternative school at the site since the District closed Whitaker Middle School in 2006. Significant increases in construction in progress reflect the District's efforts to begin renewing the infrastructure of its school buildings by re-roofing several of its schools. District-wide,

capital assets increased by \$21.6 million in FY2009-10, and \$11.6 million in depreciation and amortization was recorded. The impact of all events has increased net capital assets by \$9.2 million. Additional information on the District's capital assets can be found in Note 7 on page 35.

Debt Administration. At the end of the current fiscal year, the District had total debt outstanding of \$484.3 million, which is comprised of limited tax pension and refunding bonds (\$450.1 million) and debt backed by the full faith and credit of the District (\$34.2 million). During the year the District reduced debt by making scheduled debt service payments of \$15.5 million, and increased debt by \$15.0 million in new long-term borrowing to fund information technology system projects, resulting in an overall net reduction of \$0.5 million in outstanding debt. Further explanation of debt is offered in Note 9 of the Financial Statements.

Outstanding Debt	Government-wide				
	2009	increases	decreases	2010	% change
Limited tax pension and refunding bonds	\$ 459,756	\$ -	\$ (9,631)	\$ 450,125	-2.1%
Other long-term debt	25,083	15,000	(5,901)	34,182	36.3%
Total outstanding debt	\$ 484,839	\$ 15,000	\$ (15,532)	\$ 484,307	-0.1%

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 District. The District's general obligation bond debt capacity is 7.95% of Real Market Value or \$6.19 billion. More information is available in Statistical Section Schedule 11 on page 102 of this report.

OPERS is Oregon's public pension system. Under the pension plan, the actuarial liability is the present value of the plan's current and expected benefits payments (plus administrative expenses). If the fund's actuarial liability exceeds its assets, then the fund has a shortfall that is known as an unfunded actuarial liability ("UAL"). OPERS requires that school districts pay (or "amortize") this UAL over a period of 20 years (Tier1/Tier2 portion) and (RHIA portion) for 10 years, both with interest at 8% a year. Since interest rates had been at historic lows, an opportunity to benefit from lowered interest was created.

The District participated in the Oregon School Board Association ("OSBA") sponsored pooled pension obligation bond program, in which the proceeds from bond issues were used to offset a portion of the OPERS Unfunded Actuarial Liability (UAL). The reduced rate charged for the UAL, that has resulted from the District's decision to borrow, has saved an estimated \$21 million in the current year; savings that the District has used to provide more instruction and support services. Over time, this reduction in rates should dampen the effects of future increases in the District's UAL. So long as OPERS' investment returns exceed the costs of servicing the bonds, the benefits of this program will exceed the costs. The District's UAL was reduced but was not eliminated by these borrowing transactions. Statutes, legislation, regulations, and rules regarding OPERS can change at any time. Because of the significant investment declines experienced by OPERS and other plans across the nation in 2008, OPERS rates are expected to increase, although at a much lower rate than the District would have experienced had it not participated in the pooled pension obligation bond program.

Additional information on the District's long-term debt can be found in Note 9 on page 36 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- In October 2010, the Superintendent and Board decided the major points in high school system design that will begin in 2011-2012. The goals of the new design will be improved graduation rates and to ensure that students have equal access to community high schools with both the common core program, including support classes, and advanced offerings. Annual high school enrollment has dropped by 2,500 students during the last decade. In order to provide the common core program at every neighborhood high school – a goal endorsed by the community through a large-scale engagement effort – the Superintendent and Board agreed to ensure that each high school would have student numbers robust enough to offer the program under current budget and staffing realities.
- In November 2010, the Superintendent proposed a six-year, \$548 million capital bond measure. The proposed bond measure, if referred by the Board of Education, would go before District voters in May 2011. This bond is the first phase of a 20-30 year effort to modernize every school in the district. If passed, this first bond would fund:
 - Updating safety, ADA accessibility, security and structural systems.
 - Rebuilding nine schools (3 high schools and 6 elementary / K-8 schools).
 - Design at one high school (through construction drawings).
 - Interim updates to classroom learning environments and school facilities, including: teaching technology, science labs (for grades 6-8), and other classroom improvements, outdoor PE and recreation spaces, and fields.
- Portland-Vancouver unemployment rates remain high. Local unemployment, a lagging indicator, was 11.5% in June 2009, and dropped slightly to 10.5% for most of the year ended June 2010, a full point above the national average unemployment rate of 9.5%. Expectations are that recovery will be slow in the region and unemployment will remain higher than normal for an extended period of time.
- The state's current budget, which includes school funding, faces greater uncertainties created by the weak economy.
- In 2011-12, District contributions to OPERS for Retiree Health Insurance will increase due to an updated actuarial valuation (see Note 11B of the Financial Statements). The remaining federal stimulus funds will be ending under the current program. When combined with growing costs of employee total compensation and pending contract negotiations with the District's two largest bargaining units (PAT and PFTCE), and the state's own highly uncertain revenues and school support, the District faces budget challenges to maintain and improve student learning and growth in the coming budgetary cycles.
- In FY2009-10 the District completed negotiations with the Portland Association of Teachers (PAT), which covers the period July 2008 through June 2011 and with the Portland Federation of Teachers and Classified Employees (PFTCE). During FY2010-11 the District has reached tentative agreements with its other bargaining groups for salaries and benefits: Service Employees International Union (SEIU), District Council of Unions (DCU) and the Amalgamated Transit Union (ATU).
- The District's five-year Local Option Levy tax, which provides between \$33 and \$38 million per annum, will expire on June 30, 2012.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Portland Public Schools' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Accounting and Payroll Services Department, Portland Public Schools, 501 N Dixon, Portland, OR, 97227. An electronic copy of this and other prior year financial reports are available at the District website: www.pps.k12.or.us/departments/accounting/, site shortcut: **Financial Statements**.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Statement of Net Assets
June 30, 2010
(amounts expressed in thousands)

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 83,456
Cash and cash equivalents held by fiscal agents	3,932
Investments	39,999
Accounts and other receivables	28,537
Property taxes and other taxes receivable	13,163
Inventories	1,132
Bond issue costs, net of accumulated amortization	3,530
Note receivable - due within one year	71
Noncurrent assets:	
Prepaid pension and other prepaid costs	445,555
Note receivable - due in more than one year	744
Capital assets, net of accumulated depreciation:	
Land	8,274
Construction in progress	10,421
Buildings and capital improvements	167,962
Vehicles and equipment	8,068
Total assets	814,844
LIABILITIES	
Accounts payable	9,732
Accrued wages and benefits payable	60,913
Accrued bond interest payable	137
Unearned revenues	796
Claims payable	3,977
Non-current liabilities:	
Due within one year	17,715
Due in more than one year	466,592
Net other post employment benefit obligation	24,741
Total liabilities	584,603
NET ASSETS	
Invested in capital assets, net of related debt	186,783
Restricted for capital projects	8,426
Unrestricted	35,032
Total net assets	\$ 230,241

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Statement of Activities

For the year ended June 30, 2010

(amounts expressed in thousands)

<u>Functions/Programs</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 323,190	\$ 4,898	\$ 71,538	\$ (246,754)
Support services	183,267	2,883	27,585	(152,799)
Enterprise and Community Services	17,135	4,655	2,548	(9,932)
Non-capital facilities maintenance and replacement	14,177	-	-	(14,177)
Interest and fees on long-term debt	1,642	-	-	(1,642)
Total governmental activities	<u>\$ 539,411</u>	<u>\$ 12,436</u>	<u>\$ 101,671</u>	<u>(425,304)</u>
GENERAL REVENUES (UNRESTRICTED)				
Property taxes, levies for operations				189,234
Construction excise tax				1,192
Local option taxes				38,292
State School Fund				155,566
State Common School Fund				4,544
County and intermediate sources				10,223
Investment earnings				781
Federal stimulus				12,182
Other				7,924
Gain on disposal of capital assets				1,981
Total general revenues				<u>421,919</u>
Change in net assets before extraordinary items				(3,385)
EXTRAORDINARY ITEMS (Note 16)				
Personal property loss			\$ (370)	
Gain on impairment, net of insurance recovery			<u>2,088</u>	
Total extraordinary items				<u>1,718</u>
Change in net assets				(1,667)
Net assets - beginning of year				<u>231,908</u>
Net assets - end of year				<u>\$ 230,241</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Governmental Funds

Balance Sheet

June 30, 2010

(amounts expressed in thousands)

	<u>General Fund</u>	<u>Grant Fund</u>
ASSETS		
Cash and cash equivalents	\$ 43,261	\$ -
Cash and cash equivalents held by fiscal agents	3,932	-
Investments	20,994	-
Prepaid items	86	-
Accounts receivable	5,525	19,494
Notes receivable	815	-
Property taxes and other taxes receivable	12,784	-
Due from other funds	37,030	-
Inventories	686	-
Total assets	<u>\$ 125,113</u>	<u>\$ 19,494</u>
LIABILITIES		
Accounts payable	\$ 6,461	\$ 1,761
Accrued wages and benefits	51,642	5,858
Due to other funds	941	11,279
Deferred revenues	12,167	596
Other liabilities	130	-
Total liabilities	<u>71,341</u>	<u>19,494</u>
FUND BALANCES (DEFICIT)		
Reserved for interfund receivable	25,750	-
Reserved for notes receivable	815	-
Reserved for prepaid items	86	-
Reserved for capital projects	-	-
Unreserved, designated, PERS liability	-	-
Unreserved, undesignated, reported in:		
General fund	27,121	-
Special revenue funds	-	-
Capital projects	-	-
Total fund balances (deficit)	<u>53,772</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 125,113</u>	<u>\$ 19,494</u>

PERS Rate Stabilization Fund	School Modernization Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,315	\$ 20,618	\$ 75,194
-	-	-	3,932
16,800	-	-	37,794
-	-	-	86
-	4	1,582	26,605
-	-	-	815
-	-	379	13,163
-	-	940	37,970
-	-	446	1,132
<u>\$ 16,800</u>	<u>\$ 11,319</u>	<u>\$ 23,965</u>	<u>\$ 196,691</u>
\$ -	\$ 82	\$ 759	\$ 9,063
-	23	1,112	58,635
-	25,750	-	37,970
-	-	-	12,763
-	-	-	130
<u>-</u>	<u>25,855</u>	<u>1,871</u>	<u>118,561</u>
-	-	-	25,750
-	-	-	815
-	-	-	86
-	-	11,691	11,691
16,800	-	-	16,800
-	-	-	27,121
-	-	10,403	10,403
-	(14,536)	-	(14,536)
<u>16,800</u>	<u>(14,536)</u>	<u>22,094</u>	<u>78,130</u>
<u>\$ 16,800</u>	<u>\$ 11,319</u>	<u>\$ 23,965</u>	<u>\$ 196,691</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

For the year ended June 30, 2010

(amounts expressed in thousands)

	<u>General Fund</u>	<u>Grant Fund</u>
REVENUES		
Property and other taxes	\$ 188,913	\$ -
State School Fund	155,566	-
State Common School Fund	4,544	-
Federal and state support	-	60,446
Federal stimulus	12,182	14,790
Local option taxes	38,470	-
County and intermediate sources	7,270	1,778
Charges for services	4,177	-
Extracurricular activities	-	-
Investment earnings	962	-
Other	7,316	2,487
Total revenues	<u>419,400</u>	<u>79,501</u>
EXPENDITURES		
Current Operating:		
Instruction	246,337	49,010
Support services	165,731	27,585
Enterprise and Community Services	-	2,548
Non-capital facilities maintenance and replacement	131	358
Debt Service:		
Principal	767	-
Interest	161	-
Total expenditures	<u>413,127</u>	<u>79,501</u>
Excess (deficit) of revenues over (under) expenditures	<u>6,273</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	1,033	-
Transfers out	(6,436)	-
Proceeds from the sale of capital assets	2,942	-
Issuance of debt	-	-
Total other financing sources (uses)	<u>(2,461)</u>	<u>-</u>
Net change in fund balances	3,812	-
Fund balances (deficit) - beginning of year	49,960	-
Fund balances (deficit) - end of year	<u>\$ 53,772</u>	<u>\$ -</u>

PERS Rate Stabilization Fund	School Modernization Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,192	\$ 190,105
-	-	-	155,566
-	-	-	4,544
-	1,237	12,372	74,055
-	-	-	26,972
-	-	-	38,470
-	-	1,176	10,224
-	-	8,259	12,436
-	-	7,423	7,423
-	33	42	1,037
-	-	3,328	13,131
-	1,270	33,792	533,963
-	-	15,499	310,846
-	-	6,667	199,983
-	-	14,558	17,106
-	13,062	615	14,166
-	-	5,134	5,901
-	277	1,302	1,740
-	13,339	43,775	549,742
-	(12,069)	(9,983)	(15,779)
-	-	6,517	7,550
-	-	(1,114)	(7,550)
-	-	-	2,942
-	-	15,000	15,000
-	-	20,403	17,942
-	(12,069)	10,420	2,163
16,800	(2,467)	11,674	75,967
\$ 16,800	\$ (14,536)	\$ 22,094	\$ 78,130

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Assets
For the Year Ended June 30, 2010
(amounts expressed in thousands)

Fund balances - total governmental funds (page 17)	\$ 78,130
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are not financial resources and are not reported in governmental funds.	194,725
Long-term taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	11,352
Assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	7,622
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(484,307)
Prepaid pension costs are not reported in the governmental funds.	445,469
Bond issue costs are not amortized over the life of the bonds in the governmental funds and therefore are expensed in the year of the bond issue.	3,530
Notes receivable are not collectable in the current period and therefore deferred revenue is recognized in the governmental funds.	815
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(2,245)
Accrued interest payable is not recognized as a liability in the governmental funds.	(137)
Other post employment benefit liability obligation is not reported in governmental funds.	(24,713)
Net assets of governmental activities (page 14)	<u>\$ 230,241</u>

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2010
(amounts expressed in thousands)

Net change in fund balances - total governmental funds (page 19) \$ 2,163

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

Governmental funds report all capital outlay as expenditures. However, in the Statement of Activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and other capitalized costs of \$20,704 in the current period exceeded depreciation of \$11,550. 9,154

Governmental funds do not report the long-term portion of notes receivable from the sale of capital assets in the current year. Revenue is recorded at the time the note payment is received. This is the amount that the long term portion was reduced in the current year. (53)

Property tax revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This is the change in deferred revenue related to property taxes. 176

The Internal Service Fund is used to account for all costs incurred for claims arising from workers' compensation, general liabilities, and property and fire losses. The primary resources are charges to other funds and insurance recoveries. This amount is the net loss for the year. 3,116

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences. 391

Governmental funds reported the prepayment of the PERS unfunded actuarial liability as an Other Financing Use in prior years. However, in the Statement of Activities the expense is the amortization of the prepaid asset. (9,631)

Other post employment benefits expenses are reported in the Statement of Activities but they are not reported as expenditures in the governmental funds. (6,969)

Other expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in compensated absences 6
Change in bond interest payable (20)

Change in net assets of governmental activities (page 15) \$ (1,667)

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Net Assets
June 30, 2010
(amounts expressed in thousands)

ASSETS

Current Assets

Cash and cash equivalents	\$ 8,262
Investments	2,204
Accounts and other receivables	44
Insurance recovery receivable	1,889
Total assets	12,399

LIABILITIES

Current Liabilities

Accounts payable	139
Accrued wages and benefits	33
Claims payable	3,977
Accrued charges	600
Total current liabilities	4,749

Long-term Liabilities

Other post employment benefit obligation	28
Total liabilities	4,777

NET ASSETS

Unrestricted	\$ 7,622
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The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2010
(amounts expressed in thousands)

OPERATING REVENUES

Charges for services	\$ 5,193
Insurance recoveries	162
Total operating revenues	5,355

EXPENSES

Salaries and benefits	496
Materials and services	482
Claims expense	3,296
Total expenses	4,274

Operating income	1,081
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NON-OPERATING REVENUE

Investment earnings	20
Income before extraordinary items	1,101

EXTRAORDINARY ITEMS (Note 16)

Personal property loss	(370)
Insurance recovery	2,385
Total extraordinary items	2,015

Change in net assets	3,116
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Net assets - beginning of year	4,506
Net assets - end of year	\$ 7,622

The notes to the basic financial statements are an integral part of this financial statement.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2010
(amounts expressed in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from interfund services provided and used	\$	5,193
Cash received from insurance recoveries		128
Cash payments for salaries and benefits		(485)
Cash payments for goods and services		(134)
Cash payments for claims		(3,425)
Net cash from operating activities		1,277

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Insurance recoveries related to capital impairment		2,675
Cash payments related to personal property loss		(2,237)
Net cash from capital and related activities		438

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments		(2)
Investment earnings		20
Net cash from investing activities		18

Net increase in cash and cash equivalents		1,733
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Cash and cash equivalents at beginning of year		6,529
Cash and cash equivalents at end of year	\$	8,262

RECONCILIATION OF OPERATING INCOME TO CASH FROM OPERATING ACTIVITIES

Operating income	\$	1,081
Adjustments to reconcile operating income to net cash from operating activities:		
Increase in accounts receivable		(34)
Increase in accounts payable and other current payables		349
Decrease in claims payable		(129)
Increase in accrued wages and benefits		1
Increase in net other post employment benefits obligation		9
Total adjustments		196
Net cash from operating activities	\$	1,277

The notes to the basic financial statements are an integral part of this financial statement.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

School District No. 1J, Multnomah County, Oregon, known as Portland Public Schools or the District, is governed by a seven-member elected board. The District is the special-purpose primary government exercising financial accountability for all public K-12 education within its boundaries. As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present all significant activities and organizations of the District. The District reports no component units, nor is the District a component unit of any other entity, and specifically has no relationship or connection with Multnomah County, Oregon.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the governing body and establishes governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the District. The District does not report any fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements except that interfund services provided and used are not eliminated in the process of consolidation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges 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. Certain functional expenditures contain an element of indirect cost.

Separate financial statements are provided for governmental funds and the Self-Insurance Fund, which is an internal service fund (proprietary fund). The Self-Insurance Fund is included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. In the internal service fund, all revenues and expenses except interest earnings, transfers and fire-related insurance recoveries and costs, are considered to be related to operations.

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 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 year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and expenditures related to compensated absences are recorded only when payment is due.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

Property taxes and grant reimbursements are considered to be susceptible to accrual, if received in cash by the District or a county collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current fiscal year or soon thereafter.

The District reports the following major governmental funds:

General – Accounts for the general operations of the District. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's resources are available to the District for any purpose provided they are expended or transferred according to a resolution of the District and/or the laws of Oregon.

Grant – Accounts for revenues and expenditures of grants restricted for specific projects. Principal revenue sources are federal, state and local grants.

PERS Rate Stabilization Reserve – Accounts for reserves needed to minimize large fluctuations in the OPERS rate assessed on salaries and wages, as well as to stabilize significant rate increases that will be required to cover increased future debt service payments on OPERS Pension Bonds.

School Modernization (formerly called 21st Century Capital Projects) - Accounts for capital improvements that focus on school modernization and construction. This fund was established in February, 2009.

Additionally, the District reports the following internal service fund:

Self-Insurance – Accounts for all costs incurred for claims arising from workers' compensation, general liabilities, and property and fire losses. The primary resources are charges to other funds, investment earnings and insurance recoveries. The activity and balances of this fund are included in the governmental activities in the government-wide financial statements. All revenues except for investment revenues and transfers in are considered operating revenue. Operating expenses include salaries, benefits, materials, premium costs, claims, and other normal costs related to general operations.

The District reports the following non-major governmental funds:

Special Revenue Funds – funds that are used to account for certain revenues that are restricted to expenditures for designated purposes.

Debt Service Funds – funds used to account for the accumulation of financial resources for the payment of long-term debt principal, interest, and related costs.

Capital Projects Funds – funds used to account for financial resources to be used for the acquisition of technology or construction or renovation of major capital facilities.

B. Appropriations and Budgetary Controls

The District prepares a budget for all funds in accordance with the modified accrual basis of accounting, with certain adjustments, and legal requirements set forth in Local Budget Law.

Consistent with Local Budget Law, expenditures are appropriated by fund for each legally adopted annual operating budget at the following levels of control, as appropriate:

- Instruction
- Support Services
- Enterprise and Community Services

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

- Facilities Acquisition and Construction
- Debt Service
- Contingency
- Fund Transfers

Capital outlay expenditures are appropriated within the service levels for Instruction, Support Services, Enterprise and Community Services, and Facilities Acquisition and Construction. Debt service expenditures in the General Fund are generally appropriated within the supporting services level of control, with the exception of Small Scale Energy Loans and the loan relating to the demolition of Whitaker School. For reporting purposes all other debt service expenditures are segregated from the supporting services budgetary control levels and are presented in the debt service expenditures category.

After the original budget is adopted, the Board of Education may approve appropriation transfers between the levels of control without limitation. Supplemental appropriations may be approved by the Board of Education if any occurrence, condition, or need exists which had not been anticipated at the time the budget was adopted. An appropriations transfer that alters estimated total expenditures by less than 10% of any individual fund may be adopted at the regular meeting of the Board of Education. For conditions that require either supplemental appropriations or an increase in expenditures greater than 10% of an individual fund, a supplemental budget must be adopted, requiring public hearings, publications in newspapers and approval by the Board of Education. Supplemental budgets are submitted, reviewed and certified, similar to the original budget, by the Multnomah County Tax Supervising and Conservation Commission subsequent to approval by the Board of Education. Appropriations lapse at the end of each fiscal year. The District had two supplemental budgets and one appropriation transfer during the year.

C. Encumbrances

During the year encumbrances are recorded in the accounting records when purchase orders are issued. The use of encumbrances indicates to District employees that appropriations are committed, however, all encumbrances expire at year-end.

D. Cash and Cash Equivalents and Investments

For the purpose of the Statement of Cash Flows, the Statement of Net Assets and the Balance Sheet, the District's monies in the Oregon Local Government Investment Pool, savings deposits, demand deposits and cash with county treasurer are considered to be cash and cash equivalents. Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Board approval is required in order to purchase investments with a maturity greater than one year. Other investments are stated at amortized cost, which approximates fair value.

E. Property Taxes

Uncollected real and personal property taxes are reflected on the Statement of Net Assets and the Balance Sheet as receivables. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

F. Inventories and Prepaid Items

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture are included in the District's inventories at USDA wholesale value. The District accounts for the inventory based on the consumption method. Under the consumption method, inventory is recorded when

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

purchased and expenditures are recorded when inventory items are used. Donated foods consumed during the year are reported as revenues and expenditures. The amount of unused donated food at year-end is immaterial. Prepaid assets are recognized as expenses/expenditures when their use benefits the District.

G. Capital Assets

Expenditures for capital assets, which include land, buildings and site improvements, construction in progress, and vehicles and equipment are reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance by function. The District defines capital assets as assets with an initial cost exceeding the threshold amounts shown in the schedule below, and an estimated useful life in excess of one year. District capital assets are recorded at historical cost, or estimated historical cost if purchased or constructed, and depreciated or amortized, where appropriate, using the straight-line method. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are recorded as construction in progress and capitalized as projects are completed. When the District determines that an asset has been impaired as defined by GASB Statement No. 42 it adjusts the asset value. Under the pronouncements of GASB Statement No. 51 the District capitalizes intangible asset costs, such as costs relating to the internally developed computer software. The intangible asset costs are classified as equipment.

Major asset classifications, useful lives and capitalization thresholds are:

<u>Asset</u>	<u>Capitalization threshold</u>	<u>Useful lives, years</u>
Buildings	\$ 25	100
Site improvements	25	5 to 25
Equipment	5	5 to 15
Vehicles	5	5 to 8

H. Grant Accounting

Unreimbursed expenditures due from grantor agencies are recorded in the financial statements as accounts receivable and revenues. Cash received from grantor agencies in excess of related grant expenditures is reflected as unearned/deferred revenue on the Statement of Net Assets and the Balance Sheet.

I. Self-Insurance

The District operates the Self-Insurance Fund to account for the costs of workers' compensation claims, general liability claims, property and fire loss claims, and the payment of premiums. Charges to other funds are recognized as revenues and as expenditures in the fund incurring the charges.

The District recognizes the liabilities for estimated losses to be incurred from pending claims and for claims incurred but not reported (IBNR). The IBNR claims are estimates of claims that are incurred through the end of the fiscal year but have not yet been reported. These liabilities are based on actuarial valuations.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

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

	Self- insured Retention	Excess Coverage per Occurrence
General and Automobile Claims	\$ 1,000	\$ 5,000
Property and Fire Claims	1,000	250,000
Earthquake Claims	250	50,000
Flood Claims	1,000	75,000
Workers' Compensation Claims	1,000	25,000

With the exception of the Marysville School fire (see Note 16), the District has not exceeded the claims limitation on its insurance policies for the last five years.

J. Compensated Absences

Depending on years of service and union membership, employees can earn annual vacation leave between 10 days and 22 days per year. Administrators earn 22 days of annual vacation leave. Employees are allowed to carry over their maximum yearly earned balances from one fiscal year to another. All outstanding vacation leave is payable upon resignation, retirement, or death. Compensated absences are recognized as liabilities in the District's proprietary fund. Compensated absences are not reported as liabilities in the governmental funds because they have not "matured," meaning they are not yet payable to the employee.

Sick leave accumulates each month without a limit on the total hours that can be accumulated. Accumulated sick leave does not vest and is forfeited at resignation, retirement or death. Sick leave is recorded as an expense/expenditure when leave is taken and no liability is recorded.

K. Receivables and Payables

Receivables expected to be collected within sixty days following year-end are considered measurable and available and are recognized as revenues in the fund financial statements. Other receivables, except certain grants, are offset by unearned revenues and, accordingly, have not been recorded as revenue. Receivables, net of any allowance for doubtful accounts, are recorded on the Statement of Net Assets.

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" in the fund financial statements, and are eliminated in the government-wide statements.

L. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations including claims are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs as incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

M. Retirement Plans

Most District employees participate in Oregon's Public Employees Retirement System (OPERS). OPERS requires plan contributions on a current basis. Contributions are made on a current basis as required by the plan and are recorded as expense/expenditures.

The District provides tax-deferred annuity contracts established under Section 403(b) of the Internal Revenue Code. Participation in the program is voluntary. Contributions are made from salary deductions from participating employees within the limits specified in the Code.

N. Early Retirement and Other Post Employment Benefits

Certificated employees who have met the requirements for age and years of service with the District are eligible for early retirement benefits. Early retirement benefits are further explained in Note 10 and other post employment benefits are explained in Note 11.

The District is mandated to contribute to Retirement Health Insurance Accounts (RHIA) for eligible District employees who are members of OPERS, and were plan members before January 1, 2004. The plan was established by the Oregon Legislature.

A health and welfare program the District provides for retirees is accounted for under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB). The OPEB obligation is actuarially determined, is reflected as a long-term liability in the government-wide financial statements, and reflects the present value of expected future payments. The net other post employment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year, and are reported on the pay-as-you-go basis.

O. Net Assets

Net assets represent the difference between the District's total assets and total liabilities. Net assets invested in capital assets, net of related debt, represents capital assets less accumulated depreciation and outstanding principal of capital asset related debt.

P. Management Estimates

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

NOTE 2- BUDGETARY BASIS OF ACCOUNTING

The District reports financial position, results of operations, and changes in fund balance/net assets on the basis of generally accepted accounting principles (GAAP). The budgetary statements provided as part of required or other supplementary information are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 3 - STATE CONSTITUTIONAL PROPERTY TAX LIMITS

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. Property taxes levied for the payment of bonded indebtedness are exempt from the limitation, provided such bonds are either authorized by a specific provision of the Oregon Constitution or approved by the voters of the District for capital construction or improvements.

The District's tax rates for the year ended June 30, 2010 were:

Permanent rate	\$ 5.2781 per \$1 thousand of assessed value
Local option rate	\$ 1.2500 per \$1 thousand of assessed value

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits with financial institutions include bank demand deposits, deposits in the Local Government Investment Pool, time certificates of deposit, and savings account deposits, as authorized by Oregon statutes.

Cash, cash equivalents and investments on June 30, 2010 are comprised of the following:

Oregon Local Government Investment Pool	\$	38,368
Cash in demand deposits		45,083
Petty cash		5
Total cash and cash equivalents		<u>83,456</u>
U.S Government agency securities		12,596
Corporate commercial paper		2,204
Banker's acceptance		16,989
Corporate notes		8,210
Total investments		<u>39,999</u>
Cash and cash equivalents held by fiscal agents		<u>3,932</u>
Total cash, cash equivalents and investments	\$	<u><u>127,387</u></u>

A. Investments

Accounting principles generally accepted in the United States of America require investments with a remaining maturity of more than one year at the time of purchase to be 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 in a forced liquidation sale. District policy requires that all investments with maturities greater than one year require Board approval. Investments with maturities of less than one year are carried at amortized cost.

Investments in the Oregon Local Government Investment Pool (LGIP) are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments maturing more than 270 days from the date the computation is made. If the fair value totals more than one percent of the balance of the LGIP in terms of unrealized gain or loss, the amount is required to be distributed to the pool participants. Fifty percent of the LGIP portfolio must mature within 93 days. Up to 25% of the LGIP

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

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portfolio may mature in over one year and no investment may mature in over three years. At June 30, 2010, the District's share of the amount of unrealized loss reported by the LGIP, in accordance with ORS, was considered immaterial.

The District requires all securities, except for overnight investments used in conjunction with the District's demand deposit account, to be purchased in the District's name and held in third party safekeeping. During the year, the District invested in overnight U.S. government agency securities for which the dealer held the underlying securities.

Included within governmental and agency obligations is \$8,844 held by a financial institution in conjunction with the District lease of Rosa Parks Elementary School (See Note 13).

The Oregon Local Government Investment Pool is unrated. Other investments held at June 30, 2010 are categorized by rating as follows:

	Ratings			Total	Weighted average maturity (yrs)
	Moody's Aaa	Moody's P1	S&P AA		
U.S. Government & agency obligations	\$ 12,596	\$ -	\$ -	\$ 12,596	0.528
Corporate commercial paper	-	2,204	-	2,204	0.249
Banker's acceptance	-	-	16,989	16,989	0.482
Corporate notes	-	-	8,210	8,210	0.279
	\$ 12,596	\$ 2,204	\$ 25,199	\$ 39,999	

Interest rate risk

In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by structuring the investment portfolio, so that securities mature to meet ongoing operations.

Credit risk

Oregon Revised Statutes authorize school districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, bankers' acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port or school district in Oregon (subject to specific standards), and the LGIP, among others. The Board of Education has adopted a more conservative investment policy for the District, which complies with state statutes. The District's investments in U.S. government securities are not required to be rated. Investments in U.S. government agency securities are rated Aaa by Moody's Investors Service. Corporate commercial paper is rated P1 by Moody's and corporate notes are rated AA by Standard and Poor's.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

Concentration of credit risk-investments

In accordance with GASB 40, the District is required to report all individual non-federal investments, which exceed 5% of total invested funds. As of June 30, 2010 the District held the following:

	<u>Value June 30, 2010</u>	<u>% of total investments</u>
US Bank - commercial paper	\$ 2,204	5.5%
Wells Fargo & Co. - corporate notes	1,945	4.9
GE Capital Corp. - corporate notes	6,264	15.7
Wachovia Bank - banker's acceptance	16,989	42.5

Custodial risk-deposits

The District's deposits with financial institutions are insured up to \$250 thousand by the Federal Depository Insurance Corporation (FDIC). To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At June 30, 2010, bank balances of \$754 were insured by the FDIC. Funds not covered by FDIC insurance are covered by the Oregon State Treasury Collateral Pool. At June 30, 2010, the carrying amount of the District's balance was \$45,083 and the bank balance was \$49,951.

Custodial credit risk-investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. 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. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. Investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 5 – RECEIVABLES

Receivables at year-end are summarized as follows:

	General Fund	Grant Fund	School Modernization Fund	Governmental and other funds	Total
Taxes receivable	\$ 12,784	\$ -	\$ -	\$ 379	\$ 13,163
Accounts & other receivables					
Interest	88	-	-	-	88
Accounts receivable	5,285	-	4	1,625	6,914
Federal, state and local grants	-	19,494	-	-	19,494
Insurance recoveries	-	-	-	1,889	1,889
Advances to employees	152	-	-	-	152
Total Accounts & other receivables	5,525	19,494	4	3,514	28,537
Total receivables	\$ 18,309	\$ 19,494	\$ 4	\$ 3,893	\$ 41,700

NOTE 6 – NOTE RECEIVABLE

In 2003, the District sold the broadcast license and capital as

sets of its public broadcasting FM station to a not-for-profit foundation. During the current year the District received principal and interest payments of \$100. In February 2009, the sales agreement was renegotiated to extend the contract for three years and to lower the interest from 7% to 3.5% through December 15, 2009. Interest after December 15, 2009, is adjusted annually for the duration of the contract to the greater of 3.5% or prime less 0.5%. The interest rate at June 30, 2010, as determined under the terms of the contract, was 3.5%. The District considers the receivable to be collectable, and accordingly, no allowance for doubtful accounts is provided.

Future maturities, as renegotiated are:

June 30,	Principal	Interest	Total future payments
2011	\$ 71	\$ 29	\$ 100
2012	74	26	100
2013	77	23	100
2014	593	21	614
	\$ 815	\$ 99	\$ 914

School District No. 1J, Multnomah County, Oregon
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010
(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 7 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010 follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated or amortized				
Land	\$ 8,700	\$ -	\$ (426)	\$ 8,274
Construction in progress	5,589	22,067	(17,235)	10,421
Total capital assets not being depreciated or amortized	<u>14,289</u>	<u>22,067</u>	<u>(17,661)</u>	<u>18,695</u>
Capital assets being depreciated or amortized				
Buildings and site improvements	316,796	15,812	(1,433)	331,175
Vehicles and equipment	36,122	1,464	-	37,586
Total capital assets being depreciated or amortized	<u>352,918</u>	<u>17,276</u>	<u>(1,433)</u>	<u>368,761</u>
Total general capital assets	<u>367,207</u>	<u>39,343</u>	<u>(19,094)</u>	<u>387,456</u>
Less Accumulated depreciation and amortization				
Buildings and site improvements	(155,061)	(8,607)	455	(163,213)
Vehicles and equipment	(26,575)	(2,943)	-	(29,518)
Total accumulated depreciation and amortization	<u>(181,636)</u>	<u>(11,550)</u>	<u>455</u>	<u>(192,731)</u>
Total governmental assets	<u>\$ 185,571</u>	<u>\$ 27,793</u>	<u>\$ (18,639)</u>	<u>\$ 194,725</u>

Depreciation expense for governmental activities is charged to functions as follows:

Instruction	\$ 8,301
Supporting services	3,134
Food services	115
	<u>\$ 11,550</u>

As of June 30, 2010 the District had three schools that were closed and idle: Clarendon, Marysville and Smith. The carrying value of these schools is \$2.3 million and is included in the capital assets summary above.

As further explained in Note 16, Marysville Elementary school was damaged by fire in November 2009. In accordance with the provisions of GASB Statement 42, the \$857 thousand depreciated value of the building has been adjusted by an impairment loss of \$296 thousand.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

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NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances represent cash owed by one fund to another. At June 30, 2010, the General Fund owed the Student Body Activity Fund \$941 and the Grants Fund was advanced \$11,279 by the General Fund to cover unbilled expenses. There is a \$25,750 inter-fund loan from the General Fund to the School Modernization Fund, that incurs interest at a variable rate of return set by the Local Government Investment Pool (LGIP) on a monthly basis. The rate charged at June 30, 2010 was 0.55%. It is the intent of the Board to repay the loan in full no later than February, 2011.

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 37,030	\$ 941
Non-major governmental funds	940	-
School Modernization Fund	-	25,750
Grant Funds	-	11,279
	<u>\$ 37,970</u>	<u>\$ 37,970</u>

The District made transfers from the General Fund of \$6,436 to Debt Service Funds to fund bond payments. The IT Projects Fund transferred \$1,033 to the General Fund to repay funds that were advanced.

The composition of interfund transfers as of June 30, 2010, is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 1,033	\$ 6,436
Non-major Governmental funds	6,517	1,114
	<u>\$ 7,550</u>	<u>\$ 7,550</u>

NOTE 9 – BONDED AND OTHER LONG-TERM DEBT

Changes in District long-term debt during fiscal year 2010 were as follows:

<u>Type of Debt</u>	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Repayments</u>	<u>Ending Balance</u>
Limited tax pension bonds					
Series 2002	\$ 210,104	\$ 199,990	\$ -	\$ (3,024)	\$ 196,966
Series 2003	<u>281,170</u>	<u>259,766</u>	<u>-</u>	<u>(6,607)</u>	<u>253,159</u>
Total pension debt (see Note 10)	<u>491,274</u>	<u>459,756</u>	<u>-</u>	<u>(9,631)</u>	<u>450,125</u>
Limited tax general obligation refunding bonds, Series 2004	11,900	5,866	-	(1,360)	4,505
Small scale energy loan programs	8,335	2,091	-	(723)	1,369
Notes payable	2,125	2,036	-	(44)	1,992
Full faith and credit bonds, Series 2007A and 2007B	15,090	15,090	-	(3,005)	12,085
2009 Credit facility	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>(769)</u>	<u>14,231</u>
Total other debt	<u>52,450</u>	<u>25,083</u>	<u>15,000</u>	<u>(5,901)</u>	<u>34,182</u>
Total long-term debt	<u>\$ 543,724</u>	<u>\$ 484,839</u>	<u>\$ 15,000</u>	<u>\$ (15,532)</u>	<u>\$ 484,307</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

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Limited Tax Pension Bonds

In October 2002 Portland Public Schools participated as one of forty-one Oregon school districts and education service districts in issuing limited tax pension bonds. The proceeds were used to finance a portion of the estimated unfunded actuarial liability of each participating school district with the Oregon Public Employees Retirement System ("OPERS"). The Oregon School Boards Association ("OSBA") sponsored this pooled limited tax pension bond program. The OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the payment of its pension bond payments and additional charges when due, each participating school district has no obligation or liability to any other participating school district's pension bonds or liabilities to OPERS. In April 2003, OSBA sponsored another pooled limited tax pension bond program with thirty school districts and education service districts. The District recorded the proceeds of the debt to OPERS as prepaid pension costs and amortizes it as a pension expense over the life of the bonds. Payments of yearly principal and interest are recorded as financial statement expenditures in instruction and in support services. The District anticipates the total costs of financing the District's actuarial obligation in this manner will result in a significant savings to the District when compared to paying for such costs as additional contribution rates to OPERS.

The District issued \$210,104 Limited Tax Pension Bonds, Series 2002 (Federally Taxable), of which \$53,524 are Series 2002A (deferred interest bonds) and \$156,580 are Series 2002B (current interest bonds). The 2002 series Limited Tax Pensions Bonds were issued on October 31, 2002, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 2.06% to 6.10%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.48% to 5.55%. The Series 2002A Bonds are not subject to optional prepayment prior to maturity. The Series 2002B Bonds maturing June 30, 2021, shall be subject to prepayment from pension prepayments on or after June 30, 2009, and those due June 30, 2028 are subject to mandatory prepayment prior to its stated maturity, in whole or part, on any June 30 on or after June 30, 2024.

The District issued \$281,170 Limited Tax Pension Bonds, Series 2003 (Federally Taxable), of which \$124,800 are Series 2003A (deferred interest bonds) and \$156,370 are Series 2003B (current interest bonds). The Series 2003 Limited Tax Pensions Bonds were issued on April 30, 2003, and are payable annually through June 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 2.76% to 6.27%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.45% to 5.68%. The bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

Under the terms of the borrowing agreements for both the 2002 and 2003 Limited Tax Pension Bonds, the District is bound by an intercept agreement whereby Wells Fargo Bank Northwest NA, as the trustee, directly receives specified amounts that have been withheld from the District's State School Fund support payments, that are deposited in trust with LGIP. Wells Fargo Bank Northwest NA then makes the scheduled semi-annual debt service payments from the LGIP trust account.

Other Long Term Debt

In October 2009 the District borrowed \$15 million from Bank of America, N.A. to finance capital asset projects related to information technology. Loan interest at 3.4% is payable semi-annually beginning December 1, 2009, and principal is payable annually beginning June 1, 2010. The installment loan is a full faith and credit obligation which matures June 1, 2019. It is authorized by ORS 271.390, which requires that the weighted average life of the projects (approximately 7.4 years) must exceed the weighted average life of the loan (approximately 6.8 years).

In October 2007 the District issued Full Faith and Credit Bonds, Series 2007, pursuant to the terms and provisions of Oregon Revised Statutes 288.805 to 288.945, inclusive (Uniform Revenue Bond Act). \$10,010 are Series 2007A (Tax-Exempt) and \$5,080 are Series 2007B (Federally Taxable). The proceeds from the sale of the bonds were used to finance a settlement with custodial employees and to

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For the Year Ended June 30, 2010

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pay the costs of issuance. Series 2007A are payable annually beginning in 2010 through 2012. Interest is payable semi-annually at rates yielding from 3.50% to 3.59%. Series 2007B are payable annually in 2013 and 2014. Interest is payable semi-annually at rates ranging from 5.27% to 5.36%. The bonds are not subject to redemption prior to their stated maturities.

In fiscal year 2007 the District borrowed \$2,125 from Key Bank to finance the demolition of the Whitaker Adams building and the restoration of the land. The loan payments are payable semi-annually on January 15 and July 15 commencing July 15, 2007, and ending January 15, 2011. Interest is payable semi-annually at rate of 4.02%. The District also has a standby Letter of Credit with Key Bank in the amount of \$2,202 that is used for self-insurance certification pursuant to Oregon Administrative Rule 436-050-0180(3).

In fiscal year 2004 the 1998 series refunding bonds were advance refunded, with proceeds of the Limited Tax General Obligation Refunding Bonds, Series 2004 for \$11,900. The 2004 series refunding bonds are payable annually through June 15, 2013. Interest is payable semi-annually at rates ranging from 2.190% to 5.518%. The bonds are federally taxable and are not subject to redemption prior to their stated maturities.

The District borrowed from the Oregon Department of Energy Small Scale Energy Loan Program (SELP) in several increments beginning in 1993 at various interest rates. The obligations are payable monthly by the General Fund. The payment amounts are based on anticipated savings related to retrofitting and other energy conservation measures implemented with the proceeds of the loans. Such loans are not collateralized.

In 2000, the District sold Qualified Zone Academy Bonds, Series 2000, with a face amount of \$6,052, and net proceeds of \$5,922 (after payment of underwriting and other issuance costs). Simultaneous to this transaction, the District purchased U.S. Treasury "Strip" obligations which will mature in 2013 in the amount of \$6,052 with a cost of \$2,759, and placed these investments in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the Qualified Zone Academy Bonds, Series 2000, are considered to be defeased and the liability for those bonds is not included in the financial statements.

Federal arbitrage restrictions apply to substantially all debt. Any liabilities to the federal government are accrued and paid semi-annually. The General Fund accounts for the debt service payments on the District's State of Oregon Small Scale Energy Loan and the loan from Key Bank. Other long-term debt payments are made from the debt service funds.

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The following is a summary of the future annual debt service requirements for long-term obligations.

Fiscal year	Limited tax pension & refunding bonds	Notes payable	Full faith & credit bonds	SELP loans	IT Projects credit facility	Total
Principal						
2011	\$ 11,059	\$ 1,992	\$ 3,435	\$ 693	\$ 536	\$ 17,715
2012	12,334	-	3,570	351	148	16,403
2013	12,604	-	3,705	145	154	16,608
2014	11,534	-	1,375	68	1,132	14,109
2015	11,542	-	-	72	2,291	13,905
2016-2020	59,896	-	-	39	9,970	69,905
2021-2025	173,477	-	-	-	-	173,477
2026-2028	<u>162,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,185</u>
Total principal	<u>454,631</u>	<u>1,992</u>	<u>12,085</u>	<u>1,368</u>	<u>14,231</u>	<u>484,307</u>
Interest						
2011	22,421	80	544	50	484	23,579
2012	24,007	-	407	25	466	24,905
2013	25,271	-	269	14	461	26,015
2014	26,974	-	74	8	455	27,511
2015	28,632	-	-	4	417	29,053
2016-2020	176,010	-	-	1	862	176,873
2021-2025	128,637	-	-	-	-	128,637
2026-2028	<u>16,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,673</u>
Total interest	<u>448,625</u>	<u>80</u>	<u>1,294</u>	<u>102</u>	<u>3,145</u>	<u>453,246</u>
Total debt service	<u>\$ 903,256</u>	<u>\$ 2,072</u>	<u>\$ 13,379</u>	<u>\$ 1,470</u>	<u>\$ 17,376</u>	<u>\$ 937,553</u>

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Notes to the Basic Financial Statements

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NOTE 10- PENSION PLANS

A. Oregon Public Employees Retirement System (OPERS)

Plan Description. The District contributes to two pension plans administered by the State of Oregon Public Employees Retirement System (OPERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: (1) the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003, and (2) the program for inactive employees who return to employment following a six-month or greater break in service. 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 OPERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. OPERS members retain their existing OPERS accounts, but any future member contributions go to the member's IAP, not the member's OPERS account.

Both OPERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. OPERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of OPERS. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to OPERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy and Annual Pension Cost. Members of OPERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required 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.

In order to finance a portion of its unfunded actuarial OPERS liability, the District issued limited tax pension bonds in 2002-03 and placed the proceeds into an OPERS side account (see Note 9). The District's contributions to OPERS are equal to the actuarially determined required contribution, but because funding in the OPERS side account has been sufficient to provide pension rate relief, there have been no contractually required pension contributions for the years ended June 30, 2008, 2009 and 2010. There have been required OPERS contributions for retiree healthcare over this same three-year time period (see Note 11B), and it is anticipated contractually required pension contributions will be reinstated at the next actuarial determination.

For the year ended June 30, 2010, the District's annual debt service for the limited tax pension bonds included \$9.6 million of principal, and \$21.3 million of interest. Total debt service payments for the years 2008, 2009 and 2010 were \$27.6 million, \$28.5 million and \$30.9 million.

B. Early Retirement Benefits

Plan Description. The District provides a single-employer defined benefit early retirement program for members of the Portland Association of Teachers (PAT) and licensed administrators. Certificated employees who are at least 55 years of age with 15 consecutive years of service with the District or at any age with 30 years of service and who retire before age 62 are eligible for the early retirement benefits. Eligible employees are entitled to a monthly benefit of \$425 dollars commencing on the first month after the retirement. Benefits are payable up to the earlier of attaining age 62 or receiving 60 monthly payments. All financial information relating to the early retirement benefits is reported in the General Fund. The District does not issue a stand-alone financial report for this plan.

Funding Policy. The District pays for the benefits without any cost to employees. The contributions are financed on a pay-as-you-go basis. Because of this policy, no liability has been recorded for early

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

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retirement benefits. During fiscal year 2010, expenses/expenditures of approximately \$1.8 million were recognized.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

A. District Plan

Plan Description. The District provides a single-employer defined benefit post-retirement benefits program for employees who have retired from the District with a minimum of fifteen accumulated years of service and are eligible to retire from the Oregon PERS retirement system. Covered employees under the plan are eligible to receive full or part District-paid medical and pharmacy benefits for up to 60 months, or until reaching age 65, whichever comes first. The District also pays a portion of the spouse/domestic partner medical and pharmacy costs during the benefit period. The program was established under separate collective bargaining agreements with the certificated and classified employees and by precedent for all other District employees. All bargaining units and employee groups, except the Portland Association of Teachers (PAT), have agreed to terminate this benefit after June 30, 2014. Under Oregon Revised Statute (ORS) 243.303 any OPERS qualifying public employee is allowed to pay the full cost for continued coverage under the District group health plans until they become Medicare eligible.

Funding Policy. The District pays for the benefits. The contributions are financed on a pay-as-you-go basis. During fiscal year 2010 the District recognized, on a budgetary basis, expenses/expenditures of approximately \$3.8 million for the post-employment healthcare benefits.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is reflected on the Statement of Net Assets on the accrual basis, and is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's most recent actuarial valuation date was June 30, 2009 and the following table shows the components of the District's annual OPEB cost for the year ending June 30, 2010, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	\$	16,282
Interest on net OPEB obligation		622
Adjustment to annual required contribution		(481)
Annual OPEB cost		16,423
Contributions made		(9,444)
Increase in net OPEB obligation		6,979
Net OPEB obligation - beginning of year		17,762
Net OPEB obligation - end of year	\$	24,741

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010 and the preceding years are as follows:

Fiscal year	Annual OPEB cost	% of Annual OPEB cost contributed	Net OPEB obligation
2008	\$ 18,439	52.0%	\$ 8,852
2009	16,110	44.7	17,762
2010	16,423	57.5	24,741

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

Actuarial methods and assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, claim cost, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

In the June 30, 2010, actuarial valuation the entry age normal cost method was used to determine the District's OPEB liability. In its application of this method: (1) Service was the basis for allocation, (2) Entry age was established with the hire date, (3) Liabilities were individually calculated at the participant level without aggregation, and (4) The 30 year amortization period used for the unfunded Actuarial Accrued Liability (AAL) was based on level dollars over open future periods. The actuarial assumptions included a 3.5% investment rate of return and healthcare cost trend rates ranging from 4%-12% that were developed for groups within the plan. The post retirement benefit increases were set at the medical trend rate for Portland Association of Teachers (PAT), the largest group within the plan, and for all others, rate increases were assumed at a rate of 6%. The assumed rate of Inflation was 2%

Under the Entry Age Normal Method, the AAL for active members is calculated as the portion of the Actuarial Present Value of projected benefits allocated to prior years. The cost allocated to the current plan year is called the Normal Cost. The AAL for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total AAL over the actuarial value of plan assets is called the unfunded AAL. Funding requirements are determined by adding the normal cost and an amortization of the unfunded AAL. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial data are amortized separately. In addition, all gains or losses are tracked and an unamortized gain or loss may be amortized each year. All amortization bases are spread as level dollar amounts over future open periods

The District's most recent actuarial valuation of AAL used a loss ratio of 170% for its self-pay retirees and a 138% loss ratio for District paid retirees, which was a change from its earlier evaluation that used 170% as the loss ratio for all employees. The effects of this change in assumption and certain others have been a lower estimated AAL in the prior year, and a smaller increase in AAL in the current year:

Accrued actuarial liability (AAL) reported June 30, 2009	\$	177,180
Accrued actuarial liability (AAL) reported June 30, 2010		<u>182,542</u>
Increase in AAL	\$	<u>5,362</u>

Funded Status and Funding Progress: As of June 30, 2010 the actuarial accrued liability for benefits was \$182.5 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$182.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$256.9 million for fiscal year 2010 and the ratio of the UAAL to the covered payroll was 71.05%. Using a 30-year amortization period, the Annual Required Contribution (ARC) for 2010 has been actuarially determined to be \$16.3 million, representing \$7.0 million the normal cost and \$9.3 million for the UAAL.

A Schedule of Funding Progress for the District Other Post Employment Benefits Plan immediately follows the Notes to the Basic Financial Statements on page 49, and presents multi-year trend

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

B. Retirement Health Insurance Account

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

Funding Policy. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars 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 dollars 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating school districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.29% of annual covered OPERF payroll and 0.19% of OPSRP payroll under a contractual requirement in effect until June 30, 2011. The rates for the period July 2011 through June 2013 will be 0.59% for OPERF employees and 0.50% for OPSRP. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2008, 2009 and 2010 were \$1,005, \$0, and \$772, which equaled the required contributions each year.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 12 - RISK MANAGEMENT

The Internal Service (Self-Insurance) Fund charges other funds for the costs incurred for workers' compensation claims, general liability claims, and property and fire loss claims. Charges to other funds by the Self-Insurance Fund are recognized as revenues in the Self-Insurance Fund and as expenditures/expenses in the fund incurring the charges.

The Self-Insurance Fund recognized approximately \$5.2 million of revenues from other governmental funds for the year ended June 30, 2010. The fund also recognized \$4.7 million in insurance recoveries.

Approximately \$4.0 million of the claims payable total are considered current liabilities. Changes in the balances of claims liabilities during the years ended June 30, 2008, through June 30, 2010, were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>New Claims</u>	<u>Payments on Claims</u>	<u>Ending Balance</u>
2008	\$ 3,988	\$ 3,655	\$ (3,889)	\$ 3,754
2009	3,754	3,780	(3,428)	4,106
2010	4,106	4,296	(4,425)	3,977

NOTE 13-COMMITMENTS AND CONTINGENT LIABILITIES

Under Oregon Revised Statute No. 279, should funding not be available, the following contracts may be cancelled without penalty.

Contracts. Estimated future District service commitments in excess of \$2 million are listed as follows:

<u>Contractor</u>	<u>Estimated commitments</u>
Laidlaw Transit Inc DBA First Student	\$ 8,094
CDW Government Inc	3,661
Open Meadow Alternative Schools	2,537
Albina Fuel Co	2,054
	<u>\$ 16,346</u>

Operating leases. The District has operating leases for Rosa Parks Elementary School, Blanchard Educational Service Center (BESC), and the Pearl School. Future minimum required payments under these operating leases are:

<u>Year ended June 30,</u>	<u>Minimum future payments</u>
2011	\$ 654
2012	933
2013	938
2014	1,211
2015	1,159
2016-2020	4,620
2021-2025	4,319
2026-2030	4,319
2031-2035	4,319
2036	864
Total minimum payments	<u>\$ 23,336</u>

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

Rosa Parks Elementary School. The District leases Rosa Parks Elementary School from New Columbia Community Campus Corporation ("N4C") with payments of \$42 thousand per month from October 2007 through October 2014. The lease contains an option provision for the District to buy the building in June 2012 for \$8.8 million. Should the District not elect to purchase the building at that time, lease payments will increase to \$72 thousand per month until October, 2035.

Blanchard Educational Service Center (BESC). In June 2000, Multnomah County leased a portion of the BESC facility from the District for \$3.5 million under a 99-year agreement. In December 2009, Portland Public Schools leased back a portion of that space for \$800 thousand, which is payable over a period of 6 years. The lease back period is the remainder of the original lease. Future minimum payments under the BESC operating lease back agreement are included in the future minimum payments schedule above.

Pearl School. In September 2009, the District committed to a commercial lease from Nurture 247 LP, for the Pearl School. The lease commences in 2011 and is renewable in 2016 at the end of the five-year lease period. Initial payments of \$23 thousand per month in year 1, will increase annually to \$25 thousand per month in the fifth year.

Pending Legal Actions. The District is a defendant in certain pending legal actions. Although the outcome cannot be determined, the District believes that settlement of these matters will not have a material effect on the District's financial position and results of operations.

NOTE 14 – RELATED ORGANIZATIONS

The District includes seven charter schools that are legally separate, tax-exempt organizations. The most recent data available (from fiscal 2008-09) indicates charter school total students were 1,246 (representing 2.7% of the District's total enrollment); and that charter school net assets were \$1.3 million (representing 0.6% of District net assets). Because of their size relative to the District the charter schools do not fall under the component unit reporting requirements set forth by GASB Statement No. 39.

NOTE 15 – COMPLIANCE AND ACCOUNTABILITY

For the year ended June 30, 2010 expenditures exceeded appropriations in the following budgetary control categories (in thousands):

<u>Fund / Function</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund - Instruction	\$ 244,210	\$ 246,337	\$ (2,127)
General Fund - Support	162,085	165,731	(3,646)
School Modernization Fund - Debt service	-	277	(277)

The School Modernization Fund had a deficit fund balance of (-\$14.5) million at June 30, 2010.

School District No. 1J, Multnomah County, Oregon

Notes to the Basic Financial Statements

For the Year Ended June 30, 2010

(Dollar amounts, unless otherwise indicated, are expressed in thousands)

NOTE 16 – EXTRAORDINARY ITEMS

On November 10, 2009 fire broke out at Marysville Elementary School that damaged 43% of the building. Personal property losses and other non-capital costs, of \$2.55 million, were partially offset by insurance recoveries of \$2.18 million. The estimated restoration costs for the building and related capital assets are \$4.62 million, and the estimated insurance recovery for these capital asset losses is \$2.38 million. The District's impairment loss of \$0.29 million, determined under Governmental Accounting Standards Board (GASB) Statement No. 42, is reported net of the total estimated recovery of \$2.38 million, or \$2.09 million. An additional liability of \$600 thousand has been recorded in the Risk Management Fund for personal property losses that have been incurred but are not paid. The District intends to rebuild the facility.

NOTE 17 – SUBSEQUENT EVENTS

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), the City of Portland was awarded \$13.5 million in Recovery Zone Economic Development Bonds (RZEDBs), which are eligible for a 45% federal interest subsidy. The City has sub-allocated \$11.0 million of those bonds to Portland Public Schools. This financing allows the District to complete energy and water conservation projects that will financially benefit the District in reduced energy and water costs once the projects are done. Those savings will offset financing costs and will yield on-going financial benefit once the bonds are paid off. The District borrowed \$11.0 million in July 2010, which matures in December 2022; the District makes semi-annual interest payments at 5.05% and annual principal installments. As each semi-annual interest installment is paid, the federal government pays back the District 45% of the interest amount. The bond is a full faith and credit obligation.

On October 12, 2010, the Board voted to close the Marshall Campus. Boundary changes to reallocate those students to other schools will be decided before the school enrollment and transfer cycle begins in early 2011. The high school system changes take effect in the 2011-12 school year, and implementation plans developed will address the financial and educational impacts into the future.

REQUIRED SUPPLEMENTARY INFORMATION

The information in this section compares budget to actual for the District's General Fund and major special revenue funds.

The budgetary basis of accounting for all funds is modified accrual, which is the same as that required by accounting principles generally accepted in the United States of America. Unless otherwise noted, a reconciliation of budgetary to generally accepted accounting principles activity is not required.

Under the provisions of GASB Statement No. 45, a Schedule of Funding Progress for the District's Other Post Employment Benefit Plan is included in the Required Supplementary Information.



SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress
June 30, 2010
(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/2006	\$ -	\$ 179,044	\$ 179,044	0%	\$ 215,749	83.0%
07/01/2009	\$ -	\$ 177,180	\$ 177,180	0%	\$ 256,919	69.0%

The above table presents the most recent actuarial valuations for the District's post-retirement health and welfare benefits plan and it provides information that approximates the funding progress of the plan.

Requests for Information:

Copies of the District's most recent actuarial report of its Other Post Employment Benefit Plan are available. Please direct requests to the Accounting and Payroll Services Department; Portland Public Schools; 501 N. Dixon Street; Portland, OR 97227.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

General Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 185,802	\$ 185,802	\$ 188,913	\$ 3,111
State School Fund	156,304	150,024	155,566	5,542
Local option taxes	38,897	38,207	38,470	263
Federal stimulus	-	12,166	12,182	16
County and intermediate sources	7,766	7,766	7,270	(496)
State Common School Fund	3,209	3,209	4,544	1,335
Charges for services	4,301	4,301	4,177	(124)
Investment earnings	1,562	1,562	962	(600)
Other	5,229	6,885	7,316	431
Total revenues	403,070	409,922	419,400	9,478
EXPENDITURES				
Current operating:				
Instruction:				
Regular programs:				
Salaries and benefits	165,159	165,059	168,703	(3,644)
Materials and services	7,527	8,037	6,599	1,438
Total regular programs	172,686	173,096	175,302	(2,206)
Special programs:				
Salaries and benefits	51,343	51,091	52,133	(1,042)
Materials and services	19,853	20,023	18,902	1,121
Total special programs	71,196	71,114	71,035	79
Total instruction	243,882	244,210	246,337	(2,127)
Support services:				
Students:				
Salaries and benefits	32,186	32,036	33,094	(1,058)
Materials and services	1,001	1,028	2,104	(1,076)
Total students	33,187	33,064	35,198	(2,134)
Instructional staff:				
Salaries and benefits	7,906	9,349	9,249	100
Materials and services	1,299	1,926	1,010	916
Total instructional staff	9,205	11,275	10,259	1,016
General administration:				
Salaries and benefits	4,155	2,837	2,744	93
Materials and services	1,563	1,355	1,718	(363)
Total general administration	5,718	4,192	4,462	(270)
School administration:				
Salaries and benefits	27,969	27,527	28,030	(503)
Materials and services	634	662	296	366
Total school administration	28,603	28,189	28,326	(137)

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
For the year ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support services (continued):				
Business:				
Salaries and benefits	\$ 35,030	\$ 35,093	\$ 34,917	\$ 176
Materials and services	31,720	30,188	33,328	(3,140)
Total business	66,750	65,281	68,245	(2,964)
Central:				
Salaries and benefits	13,370	14,213	13,124	1,089
Materials and services	5,382	5,871	6,117	(246)
Total central	18,752	20,084	19,241	843
Total support services	162,215	162,085	165,731	(3,646)
Facilities acquisition & construction:				
Salaries and benefits	-	-	13	(13)
Materials and services	400	175	118	57
Total facilities acquisition & construction	400	175	131	44
Other expenditures:				
Debt Service				
Principal	900	900	767	133
Interest	293	293	161	132
Total debt service	1,193	1,193	928	265
Total current expenditures	407,690	407,663	413,127	(5,464)
Operating contingency	3,100	24,054	-	24,054
Total expenditures	410,790	431,717	413,127	18,590
Excess of revenues over (under) expenditures	(7,720)	(21,795)	6,273	28,068
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	1,033	1,033	-
Transfers out	(6,480)	(6,436)	(6,436)	-
Proceeds from the sale of capital assets	100	2,988	2,942	(46)
Total other financing sources and (uses)	(4,380)	(2,415)	(2,461)	(46)
Net change in fund balance	(12,100)	(24,210)	3,812	28,022
Fund balance - beginning of year, budgetary basis	29,000	49,385	24,210	(25,175)
Fund balance - end of year, budgetary basis	\$ 16,900	\$ 25,175	28,022	\$ 2,847
Adjusted by note receivable from other funds			25,750	
Fund balance, GAAP basis			\$ 53,772	

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Grant Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual**

For the year ended June 30, 2010

(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ 72,128	\$ 67,654	\$ 60,446	\$ (7,208)
Federal stimulus	24,548	27,522	14,790	(12,732)
County and intermediate sources	777	1,777	1,778	1
Other	2,964	3,464	2,487	(977)
Total revenues	100,417	100,417	79,501	(20,916)
EXPENDITURES				
Current Operating:				
Instruction:				
Regular programs:				
Salaries and benefits	18,354	19,449	18,461	988
Materials and services	5,911	4,401	3,531	870
Total regular programs	24,265	23,850	21,992	1,858
Special programs:				
Salaries and benefits	29,208	22,155	19,229	2,926
Materials and services	13,358	14,436	7,279	7,157
Total special programs	42,566	36,591	26,508	10,083
Summer school programs:				
Salaries and benefits	308	588	330	258
Materials and services	14	124	180	(56)
Total summer school programs	322	712	510	202
Total instruction	67,153	61,153	49,010	12,143
Support Services:				
Students:				
Salaries and benefits	8,318	9,354	9,570	(216)
Materials and services	3,596	2,743	1,857	886
Total students	11,914	12,097	11,427	670
Instructional staff:				
Salaries and benefits	8,095	11,792	9,433	2,359
Materials and services	6,526	5,081	3,157	1,924
Total instructional staff	14,621	16,873	12,590	4,283
General administration:				
Salaries and benefits	-	46	-	46
Total school administration	-	46	-	46
School administration:				
Salaries and benefits	1,552	1,360	1,239	121
Materials and services	196	523	594	(71)
Total school administration	1,748	1,883	1,833	50
Business:				
Salaries and benefits	103	258	141	117
Materials and services	75	114	77	37
Total business	178	372	218	154

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
For the year ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
Support Services (continued):				
Central:				
Salaries and benefits	\$ 243	\$ 176	\$ 99	\$ 77
Materials and services	929	2,186	1,418	768
Total central	<u>1,172</u>	<u>2,362</u>	<u>1,517</u>	<u>845</u>
Total support services	<u>29,633</u>	<u>33,633</u>	<u>27,585</u>	<u>6,048</u>
Enterprise and Community Services:				
Food Services:				
Materials and services	359	727	654	73
Community Services:				
Salaries and benefits	2,138	1,215	1,227	(12)
Materials and services	618	1,673	667	1,006
Total community services	<u>2,756</u>	<u>2,888</u>	<u>1,894</u>	<u>994</u>
Total enterprise and community services	<u>3,115</u>	<u>3,615</u>	<u>2,548</u>	<u>1,067</u>
Facilities acquisition & construction:				
Salaries and benefits	-	-	9	(9)
Materials and services	516	2,016	349	1,667
Total facilities acquisition & construction	<u>516</u>	<u>2,016</u>	<u>358</u>	<u>1,658</u>
Total current expenditures	<u>100,417</u>	<u>100,417</u>	<u>79,501</u>	<u>20,916</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
PERS Rate Stabilization Reserve Fund
Schedule of Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance - beginning of year	\$ 16,800	\$ 16,800	\$ 16,800	\$ -
Fund balance - end of year	<u>\$ 16,800</u>	<u>\$ 16,800</u>	<u>\$ 16,800</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SUPPLEMENTARY INFORMATION



COMBINING STATEMENTS

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds account for certain revenues that are restricted to expenditures for designated purposes.

Student Body Activity

This fund has separate accounts for each school's student body activities. Principal revenue sources are donations, fund raisers, individual support from PTAs, booster clubs, student store sales and club dues.

Cafeteria

The Cafeteria Fund accounts for revenues and expenditures of the District's food service programs. Principal revenue sources are cash sales and federal subsidies under the National School Lunch and Breakfast Programs.

BESC Cafeteria

The BESC Cafeteria operates in the Blanchard Education Service Center and its primary source of revenue is the sale of meals. The fund was closed on June 30, 2010 and the operations were merged with the Cafeteria Fund.

Dedicated Resource Fund

The Dedicated Resource Fund (formerly called the Special Revenue Fund) accounts for specific project revenues and expenditures such as state grants, foundation grants, donations, and charges to participants.

DEBT SERVICE FUNDS

Debt service funds account for the accumulation of financial resources to pay long-term debt principal, interest and related costs.

Bond Sinking

The Bond Sinking Fund accounts for debt service payments of the 2004 Limited Tax General Obligation Refunding Bonds. The principal funding source is transfers from the General Fund.

Settlement Debt Service

This fund is used for debt service payments of 2007 series Full Faith and Credit Bonds that were issued to settle \$14.5 million in claims to 280 custodians that were laid off in 2002. The principal source of funding is operating transfers from the General Fund.

IT Projects Debt Service

This fund is used for debt service payments of a \$15.0 million Full Faith and Credit bank loan that was executed on October 8, 2009. The debt relates to the activities in the IT Systems Projects Fund described below.

CAPITAL PROJECTS FUNDS

Capital projects funds account for financial resources used to acquire technology or construction, or for major renovation of capital facilities.

Construction Excise Tax Fund

This fund accounts for facilities improvements and construction set forth in Oregon Senate Bill 1036, which authorizes school districts to impose a construction excise tax in order to fund real property improvements.

IT System Project Fund

This fund accounts for projects relating to teacher/classroom technology, information systems, and technical infrastructure.

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet by Fund Types
June 30, 2010
(amounts expressed in thousands)

	Total Nonmajor		Total
	Special Revenue Funds	Capital Projects Funds	
ASSETS			
Cash and cash equivalents	\$ 9,098	\$ 11,520	\$ 20,618
Accounts and other receivables	1,581	1	1,582
Property taxes and other taxes receivable	-	379	379
Due from other funds	940	-	940
Inventories	446	-	446
Total assets	<u>\$ 12,065</u>	<u>\$ 11,900</u>	<u>\$ 23,965</u>
LIABILITIES			
Accounts payable	\$ 551	\$ 208	\$ 759
Accrued wages and benefits	1,111	1	1,112
Total liabilities	<u>1,662</u>	<u>209</u>	<u>1,871</u>
FUND BALANCES			
Unreserved	10,403	11,691	22,094
Total liabilities and fund balances	<u>\$ 12,065</u>	<u>\$ 11,900</u>	<u>\$ 23,965</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2010
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	Dedicated Resource Fund	Total
ASSETS				
Cash and cash equivalents	\$ 2,486	\$ 1,704	\$ 4,908	\$ 9,098
Accounts and other receivables	61	797	723	1,581
Due from other funds	940	-	-	940
Inventories	-	446	-	446
Total assets	<u>\$ 3,487</u>	<u>\$ 2,947</u>	<u>\$ 5,631</u>	<u>\$ 12,065</u>
LIABILITIES				
Accounts payable	\$ 283	\$ 185	\$ 83	\$ 551
Accrued wages and benefits	-	173	938	1,111
Total liabilities	<u>283</u>	<u>358</u>	<u>1,021</u>	<u>1,662</u>
FUND BALANCES				
Unreserved	<u>3,204</u>	<u>2,589</u>	<u>4,610</u>	<u>10,403</u>
Total liabilities and fund balances	<u>\$ 3,487</u>	<u>\$ 2,947</u>	<u>\$ 5,631</u>	<u>\$ 12,065</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2010
(amounts expressed in thousands)

	Construction Excise Tax Fund	IT System Project Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,844	\$ 8,676	\$ 11,520
Accounts and other receivables	-	1	1
Property taxes and other taxes receivable	379	-	379
Total assets	<u>\$ 3,223</u>	<u>\$ 8,677</u>	<u>\$ 11,900</u>
LIABILITIES			
Accounts payable	\$ -	\$ 208	\$ 208
Accrued wages and benefits	-	1	1
Total liabilities	<u>-</u>	<u>209</u>	<u>209</u>
FUND BALANCES			
Unreserved	<u>3,223</u>	<u>8,468</u>	<u>11,691</u>
Total liabilities and fund balances	<u>\$ 3,223</u>	<u>\$ 8,677</u>	<u>\$ 11,900</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances by Fund Type

For the year ended June 30, 2010

(amounts expressed in thousands)

	Total Nonmajor			Total
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
REVENUES				
Property and other taxes	\$ -	\$ -	\$ 1,192	\$ 1,192
Federal and state support	12,372	-	-	12,372
County and intermediate sources	1,176	-	-	1,176
Charges for services	8,259	-	-	8,259
Extracurricular activities	7,423	-	-	7,423
Investment earnings	-	-	42	42
Other	3,328	-	-	3,328
Total revenues	<u>32,558</u>	<u>-</u>	<u>1,234</u>	<u>33,792</u>
EXPENDITURES				
Current Operating:				
Instruction:				
Regular programs	13,123	-	-	13,123
Special programs	2,043	-	-	2,043
Summer school programs	333	-	-	333
Total instruction	<u>15,499</u>	<u>-</u>	<u>-</u>	<u>15,499</u>
Support services:				
Students	270	-	-	270
Instructional staff	336	-	-	336
General administration	47	-	-	47
School administration	280	-	-	280
Business	183	-	-	183
Central	10	-	5,541	5,551
Total support services	<u>1,126</u>	<u>-</u>	<u>5,541</u>	<u>6,667</u>
Enterprise and community services:				
Food services	14,538	-	-	14,538
Community services	20	-	-	20
Total enterprise and community services	<u>14,558</u>	<u>-</u>	<u>-</u>	<u>14,558</u>
Facilities acquisition and construction	615	-	-	615
Debt Service:				
Principal	-	5,134	-	5,134
Interest and fiscal charges	-	1,302	-	1,302
Total debt service	<u>-</u>	<u>6,436</u>	<u>-</u>	<u>6,436</u>
Total current expenditures	<u>31,798</u>	<u>6,436</u>	<u>5,541</u>	<u>43,775</u>
Excess of revenues over (under) expenditures	<u>760</u>	<u>(6,436)</u>	<u>(4,307)</u>	<u>(9,983)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	81	6,436	-	6,517
Transfers out	(81)	-	(1,033)	(1,114)
Issuance of debt	-	-	15,000	15,000
Total other financing sources	<u>-</u>	<u>6,436</u>	<u>13,967</u>	<u>20,403</u>
Net change in fund balances	760	-	9,660	10,420
Fund balances - beginning of year	9,643	-	2,031	11,674
Fund balances - end of year	<u>\$ 10,403</u>	<u>\$ -</u>	<u>\$ 11,691</u>	<u>\$ 22,094</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2010
(amounts expressed in thousands)

	Student Body Activity Fund	Cafeteria Fund	BESC Cafeteria Fund	Dedicated Resource Fund	Total
REVENUES					
Federal and state support	\$ -	\$ 11,984	\$ -	\$ 388	\$ 12,372
County and intermediate sources	-	-	-	1,176	1,176
Charges for services	-	3,388	141	4,730	8,259
Extracurricular activities	7,423	-	-	-	7,423
Other	-	42	-	3,286	3,328
Total revenues	<u>7,423</u>	<u>15,414</u>	<u>141</u>	<u>9,580</u>	<u>32,558</u>
EXPENDITURES					
Current operating:					
Instruction:					
Regular programs	7,459	-	-	5,664	13,123
Special programs	-	-	-	2,043	2,043
Summer school programs	-	-	-	333	333
Total instruction	<u>7,459</u>	<u>-</u>	<u>-</u>	<u>8,040</u>	<u>15,499</u>
Support services:					
Students	-	-	-	270	270
Instructional staff	-	-	-	336	336
General administration	-	-	-	47	47
School administration	-	-	-	280	280
Business	-	-	-	183	183
Central	-	-	-	10	10
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,126</u>	<u>1,126</u>
Enterprise and community services:					
Food services	-	14,353	185	-	14,538
Community services	-	-	-	20	20
Total enterprise & community service	<u>-</u>	<u>14,353</u>	<u>185</u>	<u>20</u>	<u>14,558</u>
Facilities acquisition & construction	-	-	-	615	615
Total current expenditures	<u>7,459</u>	<u>14,353</u>	<u>185</u>	<u>9,801</u>	<u>31,798</u>
Excess of revenues over (under) expenditures	<u>(36)</u>	<u>1,061</u>	<u>(44)</u>	<u>(221)</u>	<u>760</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	20	61	-	81
Transfers out	-	(61)	(20)	-	(81)
Total other financing sources (uses)	<u>-</u>	<u>(41)</u>	<u>41</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(36)	1,020	(3)	(221)	760
Fund balances - beginning of year	3,240	1,569	3	4,831	9,643
Fund balances - end of year	<u>\$ 3,204</u>	<u>\$ 2,589</u>	<u>\$ -</u>	<u>\$ 4,610</u>	<u>\$ 10,403</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Statement of Expenditures, and Changes in Fund Balances
For the year ended June 30, 2010
(amounts expressed in thousands)

	Bond Sinking Fund	Settlement Debt Service Fund	IT Projects Debt Service Fund	Total
EXPENDITURES				
Debt Service:				
Principal	\$ 1,360	\$ 3,005	\$ 769	\$ 5,134
Interest and fiscal charges	308	664	330	1,302
Total expenditures	<u>1,668</u>	<u>3,669</u>	<u>1,099</u>	<u>6,436</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,668</u>	<u>3,669</u>	<u>1,099</u>	<u>6,436</u>
Total other financing sources	<u>1,668</u>	<u>3,669</u>	<u>1,099</u>	<u>6,436</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Expenditures, and Changes in Fund Balances
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Construction Excise Tax Fund</u>	<u>IT System Project Fund</u>	<u>Total</u>
REVENUES			
Property and other taxes	\$ 1,192	\$ -	\$ 1,192
Investment earnings	-	42	42
Total revenues	<u>1,192</u>	<u>42</u>	<u>1,234</u>
EXPENDITURES			
Current Operating:			
Support services, central			
Salaries and benefits	-	84	84
Materials and services	-	5,457	5,457
Total current expenditures	<u>-</u>	<u>5,541</u>	<u>5,541</u>
Excess, revenues over (under) expenditures	1,192	(5,499)	(4,307)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(1,033)	(1,033)
Issuance of debt	-	15,000	15,000
Total other financing sources	<u>-</u>	<u>13,967</u>	<u>13,967</u>
Net change in fund balances	1,192	8,468	9,660
Fund balances - beginning of year	2,031	-	2,031
Fund balances - end of year	<u>\$ 3,223</u>	<u>\$ 8,468</u>	<u>\$ 11,691</u>

BUDGETARY COMPARISON SCHEDULES
Nonmajor Governmental Funds

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Student Body Activity Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Extracurricular activities	\$ 8,000	\$ 8,000	\$ 7,423	\$ (577)
EXPENDITURES				
Current Operating:				
Instruction:				
Regular programs				
Materials and services	8,000	8,000	7,459	541
Total expenditures	8,000	8,000	7,459	541
Net change in fund balance	-	-	(36)	(36)
Fund balance - beginning of year	3,500	3,500	3,240	(260)
Fund balance - end of year	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 3,204</u>	<u>\$ (296)</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Cafeteria Fund

Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal and state support	\$ 11,836	\$ 11,957	\$ 11,984	\$ 27
Charges for services	3,508	3,334	3,388	54
Other	20	15	42	27
Total revenues	<u>15,364</u>	<u>15,306</u>	<u>15,414</u>	<u>108</u>
EXPENDITURES				
Current Operating:				
Enterprise and Community Services:				
Food services:				
Salaries and benefits	6,519	6,693	6,762	(69)
Materials and services	9,614	10,121	7,591	2,530
Total expenditures	<u>16,133</u>	<u>16,814</u>	<u>14,353</u>	<u>2,461</u>
Excess (deficiency), revenues over expenditures	<u>(769)</u>	<u>(1,508)</u>	<u>1,061</u>	<u>2,569</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	20	20
Transfers out	<u>(25)</u>	<u>(61)</u>	<u>(61)</u>	<u>-</u>
Total other financing sources	<u>(25)</u>	<u>(61)</u>	<u>(41)</u>	<u>20</u>
Net change in fund balance	(794)	(1,569)	1,020	2,589
Fund balance - beginning of year	794	1,569	1,569	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,589</u>	<u>\$ 2,589</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
BESC Cafeteria Fund
Budgeted As: Blanchard Education Service Center Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance from</u> <u>Final Budget</u> <u>Positive/</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 173	\$ 137	\$ 141	\$ 4
EXPENDITURES				
Current Operating:				
Enterprise and Community Services:				
Food services:				
Salaries and benefits	71	71	99	(28)
Materials and services	127	127	86	41
Total expenditures	198	198	185	13
Excess of expenditures over revenues	(25)	(61)	(44)	17
OTHER FINANCING SOURCES (USES)				
Transfers in	25	61	61	-
Transfers out	-	-	(20)	20
Total other financing sources	25	61	41	20
Net change in fund balance	-	-	(3)	(3)
Fund balance - beginning of year	-	-	3	3
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON

Dedicated Resource Fund

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual**

**For the year ended June 30, 2010
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 5,606	\$ 3,810	\$ 4,730	\$ 920
County and intermediate sources	2,541	2,939	1,176	(1,763)
Federal and state support	1,039	1,039	388	(651)
Other	4,793	6,191	3,286	(2,905)
Total revenues	13,979	13,979	9,580	(4,399)
EXPENDITURES				
Current Operating:				
Instruction:				
Regular programs:				
Salaries and benefits	5,425	6,158	5,352	806
Materials and services	2,778	630	312	318
Total regular programs	8,203	6,788	5,664	1,124
Special programs:				
Salaries and benefits	2,102	2,657	1,675	982
Materials and services	721	719	368	351
Total special programs	2,823	3,376	2,043	1,333
Summer school programs:				
Salaries and benefits	510	385	306	79
Materials and services	40	27	27	-
Total summer school programs	550	412	333	79
Total instruction	11,576	10,576	8,040	2,536
Support Services:				
Students:				
Salaries and benefits	15	20	9	11
Materials and services	444	329	261	68
Total students	459	349	270	79
Instructional staff:				
Salaries and benefits	183	207	252	(45)
Materials and services	174	303	84	219
Total instructional staff	357	510	336	174
General administration:				
Salaries and benefits	11	-	-	-
Materials and services	264	364	47	317
Total general administration	275	364	47	317
School administration:				
Salaries and benefits	215	267	263	4
Materials and services	116	59	17	42
Total school administration	331	326	280	46

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Dedicated Resource Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Continued)
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Support Services (continued):				
Business:				
Salaries and benefits	\$ -	\$ 100	\$ 72	\$ 28
Materials and services	256	90	111	(21)
Total business	<u>256</u>	<u>190</u>	<u>183</u>	<u>7</u>
Central:				
Salaries and benefits	-	-	-	-
Materials and services	80	19	10	9
Total central	<u>80</u>	<u>19</u>	<u>10</u>	<u>9</u>
Total support services	<u>1,758</u>	<u>1,758</u>	<u>1,126</u>	<u>632</u>
Enterprise and Community Services:				
Food Services:				
Materials and services	7	7	-	7
Total food service	<u>7</u>	<u>7</u>	<u>-</u>	<u>7</u>
Community Services:				
Salaries and benefits	25	26	16	10
Materials and services	20	19	4	15
Total community services	<u>45</u>	<u>45</u>	<u>20</u>	<u>25</u>
Total enterprise and community services	<u>52</u>	<u>52</u>	<u>20</u>	<u>32</u>
Facilities acquisition & construction:				
Materials and services	795	1,795	615	1,180
Total facilities acquisition and construction	<u>795</u>	<u>1,795</u>	<u>615</u>	<u>1,180</u>
Total current expenditures	<u>14,181</u>	<u>14,181</u>	<u>9,801</u>	<u>4,380</u>
Operating Contingencies	<u>2,922</u>	<u>2,922</u>	<u>-</u>	<u>2,922</u>
Total expenditures	<u>17,103</u>	<u>17,103</u>	<u>9,801</u>	<u>7,302</u>
Excess (deficit) of revenues over expenditures	(3,124)	(3,124)	(221)	2,903
OTHER FINANCING SOURCES				
Proceeds from the sale of capital assets	<u>202</u>	<u>202</u>	<u>-</u>	<u>(202)</u>
Net change in fund balance	(2,922)	(2,922)	(221)	2,701
Fund balance - beginning of year	<u>2,922</u>	<u>2,922</u>	<u>4,831</u>	<u>1,909</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,610</u>	<u>\$ 4,610</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Bond Sinking Fund
Schedule of Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt Service:				
Principal	\$ 1,360	\$ 1,360	\$ 1,360	\$ -
Interest and fiscal charges	308	308	308	-
Total debt service	1,668	1,668	1,668	-
OTHER FINANCING SOURCES				
Transfers in	1,668	1,668	1,668	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Settlement Debt Service Fund
Schedule of Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt Service:				
Principal	\$ 3,005	\$ 3,005	\$ 3,005	\$ -
Interest and fiscal charges	664	664	664	-
Total debt service	3,669	3,669	3,669	-
OTHER FINANCING SOURCES				
Transfers in	3,669	3,669	3,669	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
IT Projects Debt Service Fund
Schedule of Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt Service:				
Principal	\$ 893	\$ 769	\$ 769	\$ -
Interest and fiscal charges	250	330	330	-
Total debt service	1,143	1,099	1,099	-
OTHER FINANCING SOURCES				
Transfers in	1,143	1,099	1,099	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Construction Excise Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Construction excise tax	\$ 2,213	\$ 2,213	\$ 1,192	\$ (1,021)
Total revenues	2,213	2,213	1,192	(1,021)
EXPENDITURES				
Facilities acquisition & construction:				
Total facilities acquisition & construction	3,494	3,494	-	3,494
Operating contingency	1,000	750	-	750
Total expenditures	4,494	4,244	-	4,244
Excess (deficit) of revenues over expenditures	(2,281)	(2,031)	1,192	3,223
Fund balance - beginning of year	2,281	2,031	2,031	-
Fund balance - end of year	\$ -	\$ -	\$ 3,223	\$ 3,223

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
IT System Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive/ (Negative)
REVENUES				
Investment earnings	\$ 250	\$ 250	\$ 42	\$ (208)
Total revenues	250	250	42	(208)
EXPENDITURES				
Support services				
Instructional staff:				
Materials and services	5,850	-	-	-
Total instructional	5,850	-	-	-
Central:				
Salaries and benefits	-	-	84	(84)
Materials and services	2,400	14,202	5,457	8,745
Total central	2,400	14,202	5,541	8,661
Total expenditures	8,250	14,202	5,541	8,661
Excess (deficit) of revenues over expenditures	(8,000)	(13,952)	(5,499)	8,453
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,000)	(1,033)	(1,033)	-
Issuance of debt	10,000	14,985	15,000	15
Total other financing sources	8,000	13,952	13,967	15
Net change in fund balance	-	-	8,468	8,468
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 8,468	\$ 8,468

Note: Bolded lines indicate legally required appropriation budget levels of control



BUDGETARY COMPARISON SCHEDULES
Other Funds

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Modernization Fund
Schedule of Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Federal and state support	\$ -	\$ 1,237	\$ 1,237	\$ -
Investment earnings	-	12	33	21
Total revenues	<u>-</u>	<u>1,249</u>	<u>1,270</u>	<u>21</u>
EXPENDITURES				
Current Operating				
Facilities acquisition & construction:				
Salaries and benefits	866	856	633	223
Materials and services	20,884	22,427	12,429	9,998
Total facilities acquisition & construction	<u>21,750</u>	<u>23,283</u>	<u>13,062</u>	<u>10,221</u>
Total current operating	21,750	23,283	13,062	10,221
Debt service				
Interest	<u>-</u>	<u>-</u>	<u>277</u>	<u>(277)</u>
Total current expenditures	21,750	23,283	13,339	9,944
Operating contingency	<u>-</u>	<u>1,249</u>	<u>-</u>	<u>1,249</u>
Total expenditures	<u>21,750</u>	<u>24,532</u>	<u>13,339</u>	<u>11,193</u>
Net change in fund balance	(21,750)	(23,283)	(12,069)	11,214
Fund balance - beginning of year	21,750	23,283	23,283	-
Fund balance - end of year, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	11,214	<u>\$ 11,214</u>
Adjusted by note payable to other funds			<u>(25,750)</u>	
Fund balance (deficit) , GAAP basis			<u>\$ (14,536)</u>	

Note: Bolded lines indicate legally required appropriation budget levels of control

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Self-Insurance Fund
Schedule of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 5,080	\$ 5,080	\$ 5,193	\$ 113
Federal and state support	-	63	-	(63)
Other	30	30	161	131
Total operating revenues	<u>5,110</u>	<u>5,173</u>	<u>5,354</u>	<u>181</u>
OPERATING EXPENSES				
Support Services:				
Salaries and benefits	498	497	487	10
Materials and services	737	800	482	318
Claims expense	4,025	4,025	3,296	729
Total support services	5,260	5,322	4,265	1,057
Operating contingency	3,000	2,000	-	2,000
Total operating expenses	<u>8,260</u>	<u>7,322</u>	<u>4,265</u>	<u>3,057</u>
Operating income (loss)	<u>(3,150)</u>	<u>(2,149)</u>	<u>1,089</u>	<u>3,238</u>
NON OPERATING REVENUES				
Investment income	<u>150</u>	<u>150</u>	<u>20</u>	<u>(130)</u>
Income (loss) before extraordinary items	(3,000)	(1,999)	1,109	3,108
EXTRAORDINARY ITEMS				
Personal property loss	-	-	(370)	(370)
Insurance recovery ⁽¹⁾	-	(1,507)	2,385	3,892
Total extraordinary items	<u>-</u>	<u>(1,507)</u>	<u>2,015</u>	<u>3,522</u>
Net loss - budgetary basis	(3,000)	(3,506)	3,124	6,630
Beginning retained earnings - budgetary basis	<u>4,000</u>	<u>4,506</u>	<u>4,544</u>	<u>38</u>
Ending retained earnings - budgetary basis	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>7,668</u>	<u>\$ 6,668</u>
Less				
Other post employment benefits obligation			(28)	
Accrued compensated absences			(18)	
Retained earnings - GAAP basis			<u>\$ 7,622</u>	

⁽¹⁾ The Final Budget of \$1,507 was appropriated as Support Services.

Note: Bolded lines indicate legally required appropriation budget levels of control



OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund

Schedule of Property Tax Transactions
For the Year Ended June 30, 2010
(dollars in thousands)

Tax Year	Taxes	Levy as Extended by Assessor	Discounts Allowed	Interest	Cancellations and Adjustments	Property Tax Collections	Taxes
	Uncollected June 30, 2009						Uncollected June 30, 2010
2009-2010	\$ -	\$ 192,292	\$ (4,694)	\$ 89	\$ (798)	\$ (180,826)	\$ 6,063
2008-2009	6,626	-	5	255	(353)	(3,882)	2,651
2007-2008	2,254	-	2	189	(104)	(1,183)	1,158
2006-2007	939	-	1	137	(54)	(579)	444
2005-2006	327	-	1	89	(6)	(346)	64
2004-2005	76	-	-	7	2	(39)	45
2003-2004	53	-	-	2	(1)	(19)	35
2002-2003	35	-	-	(3)	2	(7)	27
2001-2002	27	-	-	3	(1)	(6)	23
2000-2001	17	-	-	1	-	(1)	17
10+ yrs prior	130	-	-	9	-	(14)	125
Total General Tax:	10,484	192,292	(4,685)	778	(1,313)	(186,902)	10,652
2009-2010	-	39,399	(962)	18	(163)	(37,050)	1,242
2008-2009	1,377	-	1	53	(73)	(807)	551
2007-2008	468	-	-	39	(22)	(245)	240
2006-2007	-	-	-	-	-	-	-
2005-2006	-	-	-	-	-	-	-
2004-2005	10	-	-	1	-	(4)	6
2003-2004	6	-	-	-	-	(2)	4
2002-2003	4	-	-	-	-	(1)	3
2001-2002	3	-	-	-	-	(1)	3
2000-2001	2	-	-	-	-	-	1
Total Local Option Taxes:	1,870	39,399	(961)	111	(258)	(38,110)	2,050
Bond Tax:							
2009-2010	-	-	-	-	-	-	-
2008-2009	-	-	-	-	-	-	-
2007-2008	-	-	-	-	-	-	-
2006-2007	-	-	-	-	-	-	-
2005-2006	-	-	-	-	-	-	-
2004-2005	17	-	-	2	-	(9)	10
2003-2004	13	-	-	-	-	(4)	9
2002-2003	10	-	-	(1)	1	(2)	8
2001-2002	4	-	-	1	-	(1)	4
2000-2001	2	-	-	-	-	-	2
10+ yrs prior	10	-	-	-	-	-	10
Total Bond Taxes	56	-	-	2	1	(16)	43

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund
Schedule of Property Tax Transactions (continued)
For the Year Ended June 30, 2010
(dollars in thousands)

DISTRICT LEVIES	Tax Year	Taxes		Levy as Extended by Assessor	Discounts Allowed	Interest	Cancellations and Adjustments	Property Tax Collections	Taxes	
		Uncollected June 30, 2009	Uncollected June 30, 2010						Uncollected June 30, 2010	Uncollected June 30, 2010
Cancel/Omit	2009-2010	\$ -	\$ -	\$ 298	\$ (7)	\$ -	\$ (1)	\$ (280)	\$ -	\$ 10
Current Year	2008-2009	11	-	-	-	-	(1)	(7)	-	3
Prior Year	2007-2008	7	-	-	-	-	-	(3)	-	4
	2006-2007	1	-	-	-	-	-	(1)	-	-
	2005-2006	1	-	-	-	-	-	(1)	-	-
	2004-2005	-	-	-	-	-	-	-	-	-
	2003-2004	-	-	-	-	-	-	-	-	-
Total Cancel/Omit Taxes:		20	-	298	(7)	-	(2)	(292)	-	17
Total Multnomah County:		12,430	-	231,989	(5,653)	891	(1,572)	(225,320)	-	12,762
Washington County:		-	-	1,678	-	-	-	(1,626)	-	-
Clackamas County:		-	-	194	-	-	-	(188)	-	-
Total All Counties:		\$ 12,430	\$ -	\$ 233,861	\$ (5,653)	\$ 891	\$ (1,572)	\$ (227,134)	\$ -	\$ 12,762

¹ The total collections from Washington and Clackamas Counties were less than one percent of the District's total property tax collections. The taxes receivable from the two counties at June 30, 2010 were considered immaterial.

All Property Tax Transactions were recorded in Fund 101 for FY 2010. Prior to FY 2008 Bond Taxes were recorded in Fund 305

SCHOOL DISTRICT NO.1, MULTNOMAH COUNTY OREGON
General Fund
Schedule of Property Tax Transactions
For the Year Ended June 30, 2010
(dollars in thousands)

Reconciliation to Financial Statements:	
Property tax collections for the year ended June 30, 2010	\$ 227,134
Non-levied tax revenue received for the year ended June 30, 2010	80
Uncollected property taxes at June 30, 2010	\$ 12,762
Uncollected property taxes susceptible to accrual at June 30, 2010	1,430 (1,409)
Non-levied tax revenue susceptible to accrual at June 30, 2010	1 (1)
Property taxes & non-levy rev susceptible to accrual at June 30, 2009, and collected during the year ended June 30, 2010	<u>(1,272)</u>
Total property taxes - General Fund	<u>\$ 227,373</u>
Total Deferred Revenues - General Fund	<u>\$ 11,352</u>

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2010
(amounts expressed in thousands)

Governmental funds in capital assets:

Land	\$ 8,274
Buildings and site improvements	331,175
Vehicles and equipment	37,586
Construction in progress	10,421
Total governmental funds in capital assets	<u>\$ 387,456</u>

Investments in governmental funds capital assets by source:

General fund	\$ 147,613
Special Revenue funds	6,023
Capital Projects funds	233,820
Total governmental funds in capital assets	<u>\$ 387,456</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2010
(amounts expressed in thousands)

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Site Improvements</u>	<u>Vehicles and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
General government					
Instruction	\$ 6,266	\$ 303,231	\$ 4,221	\$ 3,196	\$ 316,914
Supporting services	2,008	27,933	31,794	7,225	68,960
Food services	-	11	1,571	-	1,582
Total governmental funds in capital assets	<u>\$ 8,274</u>	<u>\$ 331,175</u>	<u>\$ 37,586</u>	<u>\$ 10,421</u>	<u>\$ 387,456</u>

SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the fiscal year ended June 30, 2010
(amounts expressed in thousands)

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>
General government				
Instruction	\$ 304,103	\$ 14,639	\$ (1,828)	\$ 316,914
Supporting services	61,741	7,250	(31)	68,960
Food services	1,362	220	-	1,582
Total governmental funds in capital assets	<u>\$ 367,206</u>	<u>\$ 22,109</u>	<u>\$ (1,859)</u>	<u>\$ 387,456</u>

Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends (Schedules 1-4)</i>	91
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<i>Revenue Capacity (Schedules 5-8)</i>	96
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<i>Debt Capacity (Schedules 9-11)</i>	100
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.	
<i>Demographic and Economic Information (Schedules 12-13)</i>	103
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<i>Operating Information (Schedules 14-16)</i>	105
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.	

Sources:

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



Schedule 1
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Condensed Statement of Net Assets
Last Nine Fiscal Years

(accrual basis of accounting)
(dollars in thousands)

	Fiscal year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Government-wide Activities									
Assets									
Current and other assets	\$ 138,570	\$ 103,758	\$ 142,480	\$ 161,328	\$ 169,097	\$ 167,964	\$ 175,282	\$ 175,091	\$ 174,564
Prepaid pension costs	-	486,618	486,072	485,029	478,576	471,759	463,507	455,247	445,555
Net capital assets	223,642	228,616	224,098	210,589	203,717	195,885	187,312	185,571	194,725
Total assets	362,212	818,992	852,650	856,946	851,390	835,608	826,101	815,909	814,844
Liabilities									
Other current liabilities	121,904	116,164	75,478	75,082	78,829	95,818	88,936	96,163	75,555
Other long-term liabilities	126,945	78,866	79,987	37,907	32,876	24,271	22,377	10,320	34,182
Limited tax pension bonds payable	-	491,274	490,728	489,685	483,232	476,416	468,163	459,756	450,125
Other post employment benefits	-	-	-	-	-	-	8,852	17,762	24,741
Total liabilities	248,849	686,304	646,193	602,674	594,937	596,505	588,328	584,001	584,603
Net Assets									
Invested in capital assets, net of related debt	87,514	123,872	156,011	183,482	183,157	180,034	177,198	181,442	186,783
Restricted for capital projects	-	-	-	-	-	-	-	-	8,426
Unrestricted	25,849	8,816	50,446	70,790	73,296	59,069	60,575	50,466	35,032
Total Net Assets	\$ 113,363	\$ 132,688	\$ 206,457	\$ 254,272	\$ 256,453	\$ 239,103	\$ 237,773	\$ 231,908	\$ 230,241

Note:
The District implemented GASB 34 beginning in 2002. As a result, ten years data is not available. Over time, ten fiscal years will be presented.

Schedule 2
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Changes in Net Assets

Last Nine Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	Fiscal year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Government-wide Activities									
Expenditures									
Instruction	\$ 278,300	\$ 246,091	\$ 264,430	\$ 278,166	\$ 272,831	\$ 281,308	\$ 311,474	\$ 306,993	\$ 323,190
Support services	167,001	160,170	160,121	167,789	178,014	198,721	192,598	196,857	183,267
Enterprise and Community Services	14,879	14,736	13,735	15,425	15,386	15,187	15,750	16,653	17,135
Non-capital facilities maintenance & replacement	-	15,638	9,177	8,394	-	7,633	3,140	6,899	14,177
Interest and fees on long-term debt	12,210	10,607	5,382	3,919	1,816	1,535	1,815	1,600	1,642
Total expenditures	<u>472,390</u>	<u>447,242</u>	<u>452,845</u>	<u>473,693</u>	<u>468,047</u>	<u>504,384</u>	<u>524,777</u>	<u>529,002</u>	<u>539,411</u>
Program Revenues									
Charges for services:									
Instruction	8,165	6,319	3,561	3,672	4,447	4,100	4,151	4,783	4,898
Support services	-	-	2,127	1,855	1,712	2,157	2,879	3,075	2,883
Enterprise and Community Services	4,693	4,213	3,962	3,950	3,153	4,190	4,353	4,442	4,655
Operating grants and contributions:									
Instruction	55,615	48,306	40,545	43,992	44,131	51,915	68,180	72,121	71,538
Support services	18,250	16,186	18,076	23,582	23,566	29,163	27,793	28,722	27,585
Enterprise and Community Services	10,090	11,125	10,983	11,128	11,176	12,500	1,889	2,620	2,548
Total program revenues	<u>96,813</u>	<u>86,149</u>	<u>79,254</u>	<u>88,179</u>	<u>88,185</u>	<u>104,025</u>	<u>109,245</u>	<u>115,763</u>	<u>114,107</u>
Net Expenditures	<u>(375,577)</u>	<u>(361,093)</u>	<u>(373,591)</u>	<u>(385,514)</u>	<u>(379,862)</u>	<u>(400,359)</u>	<u>(415,532)</u>	<u>(413,239)</u>	<u>(425,304)</u>
General Revenues:									
Property taxes, levies for operations	128,574	131,056	135,183	138,699	144,543	165,536	174,926	181,928	189,234
Property taxes, levies for debt service	39,312	47,082	45,673	33,979	921	37	-	-	-
Local option taxes	14,879	16,263	17,165	31,751	466	200	35,887	37,364	38,292
Construction excise tax	-	-	-	-	-	-	69	1,962	1,192
State School Fund	193,284	150,705	183,619	148,013	157,061	166,813	168,438	151,376	155,566
State Common School Fund	1,527	3,100	1,251	3,784	4,135	4,316	4,864	3,717	4,544
County and intermediate sources	10,864	24,441	50,806	59,734	59,613	30,009	15,511	10,271	10,223
Federal Stimulus	-	-	-	-	-	-	-	8,816	12,182
Investment earnings	5,311	2,188	1,786	3,091	5,554	7,795	7,208	3,477	781
Other	2,279	5,344	6,384	8,254	9,783	7,956	7,260	8,359	7,924
Gain (Loss) on disposal of capital assets	2,098	239	5,493	6,024	(33)	347	39	104	1,981
Total general revenues	<u>398,128</u>	<u>380,418</u>	<u>447,360</u>	<u>433,329</u>	<u>382,043</u>	<u>383,009</u>	<u>414,202</u>	<u>407,374</u>	<u>421,919</u>
Extraordinary items									
Change in Net Assets	<u>\$ 22,551</u>	<u>\$ 19,325</u>	<u>\$ 73,769</u>	<u>\$ 47,815</u>	<u>\$ 2,181</u>	<u>\$ (17,350)</u>	<u>\$ (1,330)</u>	<u>\$ (5,865)</u>	<u>\$ 1,718</u>
									<u>\$ (1,667)</u>

Note: The District implemented GASB 34 beginning in 2002. As a result, ten years data is not available. Over time, ten fiscal years will be presented.

Schedule 3
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	Fiscal year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities										
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,712	\$ 26,651
Unreserved	999	(2,819)	(13,552)	13,191	31,837	43,235	43,855	54,505	23,248	27,121
Total general fund	999	(2,819)	(13,552)	13,191	31,837	43,235	43,855	54,505	49,960	53,772
All Other										
Governmental Funds										
Reserved										
Capital projects funds	-	-	-	-	-	-	-	-	2,031	11,691
Unreserved (deficit)										
Special revenue funds	8,258	7,226	11,222	20,882	29,932	25,493	25,158	24,510	26,443	27,203
Capital projects (deficit)	68,833	46,613	23,229	12,965	7,381	1,987	-	69	(2,467)	(14,536)
Debt service funds (deficit)	1,387	(893)	2,635	2,256	(222)	708	1,146	-	-	-
Total all other governmental funds	78,478	52,946	37,086	36,103	37,091	28,188	26,304	24,579	26,007	24,358
Total Fund Balances	<u>\$79,477</u>	<u>\$50,127</u>	<u>\$23,534</u>	<u>\$49,294</u>	<u>\$68,928</u>	<u>\$71,423</u>	<u>\$70,159</u>	<u>\$79,084</u>	<u>\$75,967</u>	<u>\$78,130</u>

Schedule 4
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

Governmental Activities

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues			
Property and other taxes	\$ 170,871	\$ 166,430	\$ 178,203
State School Fund	193,991	193,284	150,705
Local option taxes	-	14,879	16,263
County and intermediate sources	10,820	10,864	24,441
Federal stimulus	-	-	-
State Common School Fund	4,096	1,527	3,100
Federal and state support	76,452	74,307	64,116
Charges for services	4,088	4,693	4,213
Extracurricular activities	6,365	7,007	7,171
Investment earnings	10,050	5,126	2,128
Other	5,651	12,909	15,533
Total revenues	<u>482,384</u>	<u>491,026</u>	<u>465,873</u>
Expenditures			
Current Operating:			
Instruction	269,845	274,713	254,343
Support services	184,162	181,565	156,682
Enterprise and Community Services	14,860	14,865	14,837
Non-capital facilities acquisition & construction	-	-	15,637
Debt Service:			
Principal	35,682	39,196	42,981
Interest	14,037	12,343	8,983
Bond issue costs	-	-	4,314
Total expenditures	<u>518,586</u>	<u>522,682</u>	<u>497,777</u>
Excess (deficiency) of revenues over expenditures	<u>(36,202)</u>	<u>(31,656)</u>	<u>(31,904)</u>
Other Financing Sources (Uses)			
Transfers in	6,897	9,741	8,850
Transfers out	(6,897)	(9,741)	(8,850)
Proceeds from borrowing	-	-	490,933
Payments to escrow agent	-	-	(486,618)
Proceeds from the sale of capital assets	4,521	2,306	996
Total other financing sources (uses)	<u>4,521</u>	<u>2,306</u>	<u>5,311</u>
Net change in fund balances	<u>\$ (31,681)</u>	<u>\$ (29,350)</u>	<u>\$ (26,593)</u>
Debt services as a percentage of noncapital expenditures	9.6%	9.9%	11.7%

Fiscal year						
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 181,356	\$ 173,147	\$ 147,352	\$ 166,522	\$ 174,568	\$ 181,847	\$ 190,105
183,619	148,013	157,062	164,182	168,438	151,376	155,566
17,165	31,751	467	200	35,373	37,042	38,470
50,806	59,734	59,613	30,009	15,511	10,271	10,224
-	-	-	-	-	10,206	26,972
1,251	3,784	4,135	6,947	4,864	3,717	4,544
59,191	68,903	68,060	80,134	82,435	89,014	74,055
9,651	9,477	9,312	10,446	11,383	12,300	12,436
7,259	6,872	7,123	7,178	7,963	7,524	7,423
1,752	3,017	5,365	7,531	6,907	3,310	1,037
9,885	10,996	12,352	13,674	14,068	13,450	13,131
<u>521,935</u>	<u>515,694</u>	<u>470,841</u>	<u>486,823</u>	<u>521,510</u>	<u>520,057</u>	<u>533,963</u>
261,213	269,938	264,431	276,929	299,642	301,457	310,846
158,112	167,967	172,953	182,918	202,661	192,384	199,967
14,282	15,558	15,448	15,077	15,467	16,386	17,106
9,177	5,274	6,491	7,633	3,140	6,899	14,166
47,532	42,053	7,721	8,039	6,966	7,291	5,901
6,563	3,987	1,736	1,412	1,546	1,499	1,740
111	-	-	-	-	-	16
<u>496,990</u>	<u>504,777</u>	<u>468,780</u>	<u>492,008</u>	<u>529,422</u>	<u>525,916</u>	<u>549,742</u>
<u>24,945</u>	<u>10,917</u>	<u>2,061</u>	<u>(5,185)</u>	<u>(7,912)</u>	<u>(5,859)</u>	<u>(15,779)</u>
16,535	17,919	10,700	10,704	8,748	9,913	7,550
(16,535)	(17,919)	(10,700)	(10,704)	(8,748)	(7,913)	(7,550)
11,900	-	-	2,125	15,220	-	15,000
(11,842)	-	-	-	-	-	-
757	8,717	434	1,796	1,616	743	2,942
815	8,717	434	3,921	16,836	2,743	17,942
<u>\$ 25,760</u>	<u>\$ 19,634</u>	<u>\$ 2,495</u>	<u>\$ (1,264)</u>	<u>\$ 8,924</u>	<u>\$ (3,116)</u>	<u>\$ 2,163</u>
11.1%	9.2%	2.0%	2.0%	1.6%	1.7%	1.4%

Schedule 5
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Assessed Values of Taxable Property within School District No. 1J Boundaries
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)										Less: Reduction and Adjustments	Total Taxes Imposed (Net Levy)
	Real Property	Personal Property	Manufactured Structures	Public Utility	Total Assessed Value	Add: Non-Profit Housing	Less: Urban Renewal Excess	Total Net Assessed Value	Total Direct Tax Rate	Amount tax rate will raise		
2001	n/a	n/a	n/a	n/a	\$ 26,719,188	\$ -	\$ -	\$ 26,719,188	\$ 6.9959	\$ 186,925	\$ 10,293	\$ 176,632
2002	n/a	n/a	n/a	n/a	27,988,718	-	-	27,988,718	6.9747	195,213	9,777	185,436
2003	\$ 27,152,155	\$ 1,969,018	\$ 13,810	\$ 1,437,798	30,572,781	15,399	1,783,901	28,804,279	7.2206	207,984	7,777	200,207
2004	28,176,402	1,885,801	12,985	1,390,717	31,465,905	15,861	1,909,048	29,572,718	7.1160	210,439	7,145	203,294
2005	29,273,560	1,835,681	15,126	1,456,843	32,581,210	16,337	2,107,473	30,490,074	7.1792	218,894	7,689	211,205
2006	30,797,829	1,832,766	14,267	1,251,626	33,896,488	16,827	2,512,764	31,400,551	4.7743	149,916	475	149,441
2007	32,185,082	1,863,994	13,755	1,309,159	35,371,990	17,332	2,830,224	32,559,098	5.2781	171,850	1,963	169,887
2008	34,287,573	1,859,615	14,311	1,273,298	37,434,797	18,062	3,200,929	34,251,930	6.5281	223,600	7,940	215,660
2009	36,093,965	1,901,468	14,130	1,383,226	39,392,789	23,270	3,635,372	35,780,687	6.5281	233,580	8,151	225,429
2010	37,714,170	1,883,081	15,640	1,607,399	41,248,535	23,968	4,189,459	37,083,044	6.5281	242,082	8,996	233,086

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 1997-1998 tax year, "maximum assessed value" was set at the 1995-1996 real market value less 10 percent. Assessed value for later years is limited to 3 percent 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:

FY 2001-2002: Tax Supervising and Conservation Commission annual reports for the relevant fiscal year. Total assessed values do not include urban renewal excess.
FY 2003-2010: Oregon Property Tax Statistics Supplement for the appropriate fiscal year. Values are the combined total for the taxing district, "Portland 1J School", in Multnomah, Clackamas and Washington counties.

Schedule 6
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

District Direct Rates

Fiscal Year	General Tax Permanent Rate ¹	Local Option	GAP Bonds	General Obligation Debt Service Bonds	Total Direct Tax Rate
2001	\$ 4.7743	\$ 0.7500	\$ 0.4875	\$ 0.9841	\$ 6.9959
2002	4.7743	0.7500	0.4570	0.9934	6.9747
2003	4.7743	0.7500	0.4674	1.2289	7.2206
2004	4.7743	0.7500	0.4167	1.1750	7.1160
2005	5.2781	0.7500	-	1.1511	7.1792
2006	4.7743	-	-	-	4.7743
2007	5.2781	-	-	-	5.2781
2008	5.2781	1.2500	-	-	6.5281
2009	5.2781	1.2500	-	-	6.5281
2010	5.2781	1.2500	-	-	6.5281

Overlapping Total Property Tax Rates

Fiscal Year	Multnomah County	Port of Portland	Metro	City of Portland	Portland Community College	Multnomah Education Service District
2001	\$ 5.3050	\$ 0.0737	\$ 0.3401	\$ 6.8957	\$ 0.3717	\$ 0.4576
2002	5.2110	0.0707	0.3239	6.7161	0.5511	0.4576
2003	5.1742	0.0701	0.2835	6.9663	0.4944	0.4576
2004	5.2719	0.0701	0.2900	8.1893	0.5118	0.4576
2005	5.2785	0.0701	0.2838	7.9791	0.5099	0.4576
2006	5.3065	0.0701	0.2841	7.9181	0.4950	0.4576
2007	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2008	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2009	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576
2010	4.3434	0.0701	0.0966	4.5770	0.2828	0.4576

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.

¹ The District paid off its "GAP Bonds" in May, 2004. Under the provisions of Ballot Measure 50, the District's permanent tax rate is increased from \$4.7743 to \$5.2781 to include what had previously been levied for payment of the "Gap Bonds". Legislation passed in 2003 treats the increase the same as local option levies. The increase expired on June 30, 2005 so the District's permanent rate went back to \$4.7743 for the 2005-06 fiscal year.

Legislation passed in 2006 allowed for the annual reauthorization of the GAP bonds for three years beginning in 2006-2007, allowing the District's permanent rate to increase up to \$5.2781. The Oregon legislature made this increase permanent as of July 1, 2009.

Source: The Tax Supervising and Conservation Commission annual reports for the relevant fiscal year.

Schedule 7
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Principal Property Tax Payers for Multnomah County
Current Year and Ten Years Ago
Taxing District - 311 Portland School District
(dollars in thousands)

Taxpayer	2010			2000 ⁽¹⁾		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ten Largest Taxpayers						
Comcast Corp.	\$ 286,866	1	0.77%	\$ -	-	- %
Pacificorp	279,681	2	0.75	200,113	2	0.75
Portland General Electric	234,930	3	0.63	171,432	3	0.64
Weston Investment Co., LLC	208,639	4	0.56	-	-	-
Port of Portland	188,106	5	0.51	-	-	-
US West Communications Inc./ Qwest Corporation	182,685	6	0.49	365,291	1	1.37
Evraz Inc. NA	175,714	7	0.47	-	-	-
LC Portland LLC	168,334	8	0.45	-	-	-
Fred Meyer Stores Inc.	142,479	9	0.38	120,337	4	0.45
555 SW Oak LLC	126,398	10	0.34	-	-	-
One Eleven Tower LLC	-	-	-	116,261	5	0.44
Freightliner Corporation	-	-	-	114,497	6	0.43
Glimcher Lloyd Venture LLC	-	-	-	109,298	7	0.41
Wacker Siltronic Corporation	-	-	-	99,528	8	0.37
Oregon Arena Corporation	-	-	-	97,877	9	0.37
National Biscuit Co.	-	-	-	91,752	10	0.34
Subtotal of Ten Largest Taxpayers	1,993,832		4.58	1,486,386		5.57
All Other Taxpayers	35,089,212		95.42	25,232,802		94.43
Total All Taxpayers	\$ 37,083,044		100.00%	\$ 26,719,188		100.00%

Source:

Multnomah County, Division of Assessment and Taxation

⁽¹⁾ Table has been compiled from prior period information available.

Schedule 8
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 176,632	\$ 166,127	94.05%	\$ 6,227	\$ 172,354	97.58%
2002	185,436	174,460	94.08	5,476	179,937	97.03
2003	200,207	188,165	93.99	6,516	194,681	97.24
2004	203,294	191,750	94.32	5,461	197,211	97.01
2005	211,205	198,861	94.16	5,833	204,694	96.92
2006	149,862	141,470	94.40	3,831	145,300	96.96
2007	169,887	160,813	94.66	4,285	164,518	96.84
2008	216,645	202,448	93.45	4,854	205,875	95.03
2009	226,206	211,232	93.38	5,157	216,389	95.66
2010	233,861	219,970	94.06	-	219,970	94.06

Note:

The net taxes levied are combined for Multnomah, Washington, and Clackamas counties. Responsibility for the collection of all property taxes rests within each County's Department of Assessment and Taxation. Current taxes are assessed as of July 1, become due as of November 15 and become delinquent as of May 15. Assessed taxes become a lien upon real property in the fourth year of delinquency. Proceeds of tax sales are applied to delinquent taxes, interest and other costs attributable to the property sold.

¹ 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. Additional information can be found on Schedule 5 and the Schedule of Property tax Collections (General Fund), in the Other Financial Section of the CAFR. Note that the Net Taxes Levied in Schedule 5 is based on the Assessed Value, while data for this schedule is based on the actual Net Taxes Levied.

² Collections in subsequent years includes current year revenue received for taxes levied in prior years.

Source: Multnomah, Washington and Clackamas Counties, Division of Assessment and Taxation.

Schedule 9
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(dollars in thousands, except per student and per capita)

General Bonded Debt									
Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net General Obligation Bonds Outstanding	Percentage of Actual Taxable Value of Property		Notes Payable	Total District ³	Per Student ²	Per Capita ⁴
				Property ¹	Per Student ²				
2001	\$ 115,825	\$ 1,371	\$ 114,454	0.43 %	\$ 2,103	\$ -	\$ 207,751	\$ 3,817	\$ 311
2002	92,175	(900)	93,075	0.33	1,719	-	170,825	3,155	253
2003	65,375	2,628	62,747	0.22	1,185	-	615,591	11,622	908
2004	34,675	2,256	32,419	0.11	663	-	568,459	11,629	847
2005	-	-	-	-	-	-	527,592	11,071	784
2006	-	-	-	-	-	-	513,418	10,922	747
2007	-	-	-	-	-	2,125	500,687	10,803	716
2008	-	-	-	-	-	2,078	500,538	10,856	702
2009	-	-	-	-	-	2,035	484,839	10,529	-
2010	-	-	-	-	-	1,992	484,307	10,394	-
Other Governmental Activities Debt									
Fiscal Year	Limited Tax and G.O. Refunding Bonds	Certificates of Participation	Full Faith & Credit Obligations	Refunding Special Obligations	Small Scale Energy Loan Programs	Notes Payable	Total District ³	Per Student ²	Per Capita ⁴
2001	\$ 42,755	\$ 35,945	\$ -	\$ 7,405	\$ 7,192	\$ -	\$ 207,751	\$ 3,817	\$ 311
2002	32,670	32,060	-	6,310	6,710	-	170,825	3,155	253
2003	513,474	28,015	-	5,160	6,195	-	615,591	11,622	908
2004	502,628	23,810	-	3,960	5,642	-	568,459	11,629	847
2005	500,485	19,435	-	2,705	4,967	-	527,592	11,071	784
2006	492,858	14,880	-	1,385	4,295	-	513,418	10,922	747
2007	484,836	10,130	-	-	3,596	2,125	500,687	10,803	716
2008	475,333	5,175	15,090	-	2,862	2,078	500,538	10,856	702
2009	465,622	-	15,090	-	2,092	2,035	484,839	10,529	-
2010	454,630	-	26,316	-	1,369	1,992	484,307	10,394	-

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

¹ See Schedule 5 for property value data. The total estimated actual value of taxable property cannot be reasonably estimated.

² Student enrollment data can be found in Schedule 16

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

⁴ Per capita is calculated using the estimated District population from the US Department of - Commerce, Bureau of Economic Analysis as reported in April 2009, Schedule 12.

Schedule 10
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010
(dollars in thousands)

<u>Overlapping Issuer</u>	<u>Net Property-tax Backed Debt¹</u>	<u>Percent Overlapping</u>	<u>Overlapping Debt²</u>
City of Portland	\$ 145,240	85.4351 %	\$ 124,086
Portland Community College	224,025	47.0229	105,343
Multnomah County	104,685	73.7110	77,164
METRO	158,533	37.3052	59,141
Tri-Met	27,960	37.5001	10,485
City of Lake Oswego	21,020	4.8928	1,029
Tualatin Hills Park & Rec. District	66,935	1.2511	837
East Multnomah Soil & Water Conservation	905	63.9149	578
Tualatin Valley Fire & Rescue	27,885	2.0017	558
Washington County	2,715	0.6304	164
Clackamas County	79,370	0.1150	91
Mt. Hood Community College	16,730	0.0745	13
Clackamas Cty RFPD #1	7,785	0.0963	8
City of Milwaukie	450	0.5877	<u>3</u>
Subtotal, overlapping debt			379,500
Direct District net property-tax backed debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 379,500</u>

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

² Overlapping Debt is calculated using Net Property-tax Backed Debt times Percent Overlapping that are provided by Oregon State Treasury, Debt Management Division.

Source:
Oregon State Treasury, Debt Management Division

Schedule 11
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Legal Debt Margin Calculation for Fiscal Year 2010										
Real Market Value									\$ 77,916,649	
Debt Limit (7.95%) ¹									6,194,374	
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonded Debt									-	
Less: Amount Available in Debt Service Funds									-	
Amount of Debt Applicable to Debt Limit									<u>-</u>	
Legal Debt Margin									<u>\$ 6,194,374</u>	
Debt Limit	\$ 3,120,981	\$ 3,421,393	\$ 3,603,191	\$ 3,810,833	\$ 4,039,060	\$ 4,513,275	\$ 5,036,778	\$ 5,835,393	\$ 6,267,884	\$ 6,194,374
Total net debt applicable to limit	<u>133,837</u>	<u>114,454</u>	<u>93,075</u>	<u>60,747</u>	<u>32,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 2,987,144</u>	<u>\$ 3,306,939</u>	<u>\$ 3,510,116</u>	<u>\$ 3,750,086</u>	<u>\$ 4,006,641</u>	<u>\$ 4,513,275</u>	<u>\$ 5,036,778</u>	<u>\$ 5,835,393</u>	<u>\$ 6,267,884</u>	<u>\$ 6,194,374</u>
Total net debt applicable to the limit as a percentage of debt limit	4.29%	3.35%	2.58%	1.59%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%

¹ ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values of all taxable 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
^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

Allowable Percentage of Real Market Value:

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

Source:

Market value per Multnomah County, Tax Supervising and Conservation Commission

Schedule 12
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Demographic and Economic Statistics
Last Ten Calendar Years
Multnomah County

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2001	668,903	\$ 22,589,707	\$ 33,771	6.3%
2002	675,468	23,078,170	34,166	8.1
2003	677,608	23,388,512	34,516	8.5
2004	671,172	24,214,231	36,078	7.4
2005	672,947	25,436,032	37,798	6.1
2006	687,373	26,483,785	38,529	5.2
2007	699,186	28,385,388	40,598	5.0
2008	712,539	29,372,019	41,222	5.2
2009	- ¹	- ¹	- ¹	11.5
2010	- ¹	- ¹	- ¹	10.2 ²

¹ Data for 2009 and 2010 not available at time of printing.

² As of June, 2010

Sources:

Population, personal income and per capita information: US Department of Commerce, Bureau of Economic Analysis as reported in April 2010.

Unemployment rate information: US Department of Labor, Bureau of Labor Statistics

Schedule 13
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Principal Employers for the Portland Metro Area
Current Year and Nine Years Ago

Employer	2010			2001		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Intel Corporation	15,141	1	1.58 %	11,000	2	1.13 %
Providence Health System	13,825	2	1.44	8,938	3	0.92
Oregon Health & Science University	12,700	3	1.33	-	-	-
Fred Meyer Stores	9,630	4	1.01	13,600	1	1.40
Kaiser Foundation Health Plan	8,759	5	0.91	6,725	5	0.69
Legacy Health System	8,251	6	0.86	6,731	4	-
Nike Incorporated	7,000	7	0.73	-	-	-
City of Portland	6,900	8	0.72	-	-	-
Multnomah County	6,659	9	0.69	-	-	-
Wells Fargo & Company.	5,010	10	0.52	-	-	-
Safeway	-	-	-	6,000	6	0.62
Freightliner Corporation	-	-	-	5,100	7	0.52
US Bankcorp	-	-	-	4,300	8	0.44
Tektronix, Incorporated	-	-	-	4,200	9	0.43
Meier & Frank	-	-	-	3,500	10	0.36
Subtotal of Ten Largest Employers	93,875		9.79	70,094		6.51
All Other Employers	864,325		90.21	902,106		93.49
Total Portland PMSA² Employment	958,200 ³		100.00 %	972,200		100.00 %

¹ Number of employees is listed as FTE (full-time equivalent)

² Portland PMSA includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon and Clark and Skamania counties in Washington.

³ As of June 2010

Sources:

Portland Business Alliance, Book of Lists published in December 2009.

Chamber of Commerce and Employment Division, State of Oregon for 2000.

Oregon Employment Department, Workforce and Economic Research

Schedule 14
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Full-time Equivalent District Employees by Assignment/Function
Last Three Fiscal Years

Assignment/Function	Full-time Equivalent Employees for the Fiscal Year		
	2008	2009	2010
Teachers	2,672.7	2,598.3	2,535.6
Educational Assistants	659.8	680.3	753.4
School Level Administration	142.0	150.5	141.0
District Level Administration	23.0	25.3	26.9
Other Staff	1,667.6	1,764.7	1,786.7
Total FTE	5,165.1	5,219.1	5,243.6

Note:

¹ The coding and categorization used by the State in the collection of this data changed in fiscal 2008-09. Accordingly, the reporting of Other staff FTE in fiscal year 2007-08 was modified and 81.8 FTE fewer are reported than last year. Over time, ten years of data collected under the new methodology will be presented

Source: PPS Data and Policy Analysis

Schedule 15
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
Meal and Transportation Services Provided
Last Eight Fiscal Years

	2003	2004	2005	2006	2007
Nutrition Services					
Number of Meals Served ¹					
Paid Meals	1,378,222	1,216,355	1,187,985	1,347,109	1,333,234
Reduced Meals	543,040	505,683	472,370	514,748	481,156
Free Meals	4,759,912	4,695,517	4,454,440	4,250,527	4,155,965
Total meals served	<u>6,681,174</u>	<u>6,417,555</u>	<u>6,114,795</u>	<u>6,112,384</u>	<u>5,970,355</u>
	21%	19%	19%	22%	22%
	8%	8%	8%	8%	8%
	71%	73%	73%	70%	70%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Average Daily Breakfast Served	18,484	18,524	16,376	14,782	14,017
Average Daily Lunch Served	19,616	18,515	18,107	19,798	20,164
Student Participation	45.48%	45.20%	43.65%	50.17%	53.46%
Transportation					
Number of buses	263	258	245	234	241
Total miles traveled	3,462,902	3,270,179	2,985,868	2,635,510	2,848,220
Cost per mile	\$ 3.51	\$ 3.77	\$ 3.87	\$ 4.38	\$ 5.09
Area encompassed by District (sq mi)	160	160	160	160	160
Nutrition Services					
Number of Meals Served ¹					
Paid Meals	1,553,008	1,439,321	1,443,806	1,443,806	1,443,806
Reduced Meals	577,275	562,630	549,157	549,157	549,157
Free Meals	3,538,655	3,485,451	3,651,647	3,651,647	3,651,647
Total meals served	<u>5,668,938</u>	<u>5,487,402</u>	<u>5,644,610</u>	<u>5,644,610</u>	<u>5,644,610</u>
	28%	26%	26%	25%	25%
	10%	10%	10%	10%	10%
	62%	64%	64%	65%	65%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Average Daily Breakfast Served	12,343	11,344	10,592	10,592	10,592
Average Daily Lunch Served	19,875	19,867	20,369	20,369	20,369
Student Participation	52.45%	47.98%	46.94%	46.94%	46.94%
Transportation					
Number of buses	240	239	252	252	252
Total miles traveled	3,006,996	2,914,877	3,317,636	3,317,636	3,317,636
Cost per mile	\$ 5.42	\$ 5.77	\$ 5.50	\$ 5.50	\$ 5.50
Area encompassed by District (sq mi)	160	160	160	160	160

¹ Number of meals served includes breakfast, lunch, snack, and supper

² Student Participation percentage is calculated based on the average daily lunches served at elementary schools, middle schools, and high schools, over the average daily attendance (enrollment adjusted per industry factors) at the schools where nutrition services meals are served.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years

		Footnotes	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-2010
Elementary Schools and Programs												
Abernethy (1924)	(12)											
Gross Floor Area (sq ft): 50,358												
Elementary Enrollment			198	204	213	199	203	366	357	342	349	392
Focus/Alt Prog (Environmental School)			(13) 190	218	225	233	-	-	-	-	-	-
Ainsworth w/Annex (1912)												
Gross Floor Area (sq ft): 57,593												
Elementary Enrollment			552	549	557	522	499	492	509	493	520	528
Alameda (1921)												
Gross Floor Area (sq ft): 64,138												
Elementary Enrollment			641	622	648	631	630	669	678	697	717	744
Arleta (1929)	(6)											
Gross Floor Area (sq ft): 76,489												
Elementary Enrollment			369	352	339	330	332	313	370	387	420	420
Astor (1949)	(6)											
Gross Floor Area (sq ft): 47,360												
Elementary Enrollment			352	337	311	283	287	279	331	381	438	458
Atkinson (1953)												
Gross Floor Area (sq ft): 58,057												
Elementary Enrollment			566	543	536	537	553	558	549	524	535	491
Beach (1928)	(6)											
Gross Floor Area (sq ft): 70,404												
Elementary Enrollment			553	504	468	411	419	414	412	426	484	538
Beverly Cleary (1959)	(4)											
Gross Floor Area (sq ft): 90,664												
Elementary Enrollment			196	191	208	225	211	215	210	578	557	552
Boise-Eliot (1926)	(6)											
Gross Floor Area (sq ft): 61,369												
Elementary Enrollment			685	672	647	584	523	461	415	412	423	417
Bridger (1951)	(1,6)											
Gross Floor Area (sq ft): 45,142												
Elementary Enrollment			284	309	431	378	387	388	421	470	320	331
Bridlemile (1956)												
Gross Floor Area (sq ft): 59,037												
Elementary Enrollment			477	449	436	460	450	459	458	468	464	480
Buckman (1922)												
Gross Floor Area (sq ft): 82,023												
Elementary Enrollment			536	530	534	526	529	537	506	481	498	492
Capitol Hill (1917)	(12)											
Gross Floor Area (sq ft): 47,275												
Elementary Enrollment			285	310	308	282	255	335	341	354	321	357
Clarendon-Portsmouth (1927)	(4)											
(renamed Cesar Chavez 7/19/2010)												
Gross Floor Area (sq ft): 75,814												
Middle School Enrollment			417	393	416	338	339	325	401	587	499	484
Chapman (1923)												
Gross Floor Area (sq ft): 62,962												
Elementary Enrollment			513	527	484	449	414	453	478	476	532	544
Chief Joseph (1949)	(12)											
Gross Floor Area (sq ft): 46,204												
Elementary Enrollment			320	298	287	266	234	393	359	361	370	377
Creative Science School	(1,6)											
Gross Floor Area (sq ft): 50,595												
Elementary Enrollment			-	-	-	-	-	-	-	-	260	301

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-2010
Creston w/ Annex (1946)	(6)										
Gross Floor Area (sq ft): 80,940											
Elementary Enrollment		361	353	327	301	246	290	309	335	365	333
Duniway (1926)											
Gross Floor Area (sq ft): 67,492											
Elementary Enrollment		419	431	432	453	443	443	446	426	411	423
Faubion (1950)	(6)										
Gross Floor Area (sq ft): 57,846											
Elementary Enrollment		334	302	299	272	269	309	332	355	396	393
Forest Park (1998)											
Gross Floor Area (sq ft): 42,000											
Elementary Enrollment		284	334	377	407	456	517	508	502	512	501
Glencoe (1923)	(12)										
Gross Floor Area (sq ft): 64,378											
Elementary Enrollment		430	449	424	430	442	510	498	506	499	474
Grout (1927)	(16)										
Gross Floor Area (sq ft): 65,838											
Elementary Enrollment		323	295	248	314	320	310	333	349	339	346
Harrison Park	(18)										
Gross Floor Area (sq ft): 109,059											
Elementary Enrollment		531	532	556	515	499	500	508	507	719	732
Hayhurst (1954)	(13)										
Gross Floor Area (sq ft): 56,266											
Elementary Enrollment		259	271	259	212	353	358	345	329	351	385
Humboldt (1959)	(6)										
Gross Floor Area (sq ft): 46,865											
Elementary Enrollment		325	326	283	257	255	270	240	235	258	275
Irvington (1932)	(6)										
Gross Floor Area (sq ft): 65,285											
Elementary Enrollment		511	510	506	491	473	445	473	505	503	505
James John (1929)											
Gross Floor Area (sq ft): 63,697											
Elementary Enrollment		592	564	551	514	481	458	459	430	404	384
Kelly w/ Kelly Center (1957)											
Gross Floor Area (sq ft): 97,546											
Elementary Enrollment		526	481	491	491	478	484	439	464	468	467
King (1925)	(6)										
Gross Floor Area (sq ft): 88,957											
Elementary Enrollment		733	710	583	544	525	491	458	453	399	336
Laurelhurst (1923)	(6)										
Gross Floor Area (sq ft): 46,204											
Elementary Enrollment		526	526	561	561	558	581	561	536	606	708
Lee (1952)	(6)										
Gross Floor Area (sq ft): 73,276											
Elementary Enrollment		409	408	419	387	333	309	354	367	434	458
Lent (1948)	(6)										
Gross Floor Area (sq ft): 76,478											
Elementary Enrollment		401	400	383	335	355	366	400	475	528	549
Lewis (1952)											
Gross Floor Area (sq ft): 48,380											
Elementary Enrollment		292	294	294	289	271	301	293	310	349	374

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-2010
Llewellyn (1928)											
Gross Floor Area (sq ft): 50,651											
Elementary Enrollment		336	311	315	302	298	301	309	341	396	434
Maplewood (1948)	(12)										
Gross Floor Area (sq ft): 35,022											
Elementary Enrollment		305	309	279	288	285	315	307	308	331	342
Markham (1950)	(12)										
Gross Floor Area (sq ft): 82,794											
Elementary Enrollment		370	358	333	330	301	398	359	349	360	376
Marysville (1921)	(6, 17)										
Gross Floor Area (sq ft): 53,490											
Elementary Enrollment		400	395	394	367	349	336	368	407	437	435
Ockley Green (1925)	(10)										
Gross Floor Area (sq ft): 71,937											
Middle School Enrollment		408	490	475	427	385	318	442	389	337	299
Peninsula (1952)	(6)										
Gross Floor Area (sq ft): 70,151											
Elementary Enrollment		323	328	333	293	271	254	299	326	370	375
Rieke (1959)											
Gross Floor Area (sq ft): 30,647											
Elementary Enrollment		288	307	266	276	266	267	280	322	348	371
Rigler (1931)	(3, 6)										
Gross Floor Area (sq ft): 59,760											
Elementary Enrollment		525	492	474	489	466	442	538	562	525	596
Rosa Parks (2006)											
Gross Floor Area (sq ft): 45,147											
Elementary Enrollment		-	-	-	-	-	-	435	562	503	463
Roseway Heights (1921)	(4)										
Gross Floor Area (sq ft): 75,693											
Elementary Enrollment		467	470	489	446	433	429	406	660	565	578
Sabin (1927)	(2,6)										
Gross Floor Area (sq ft): 71,946											
Elementary Enrollment		394	370	292	393	413	422	432	451	363	348
Scott (1949)	(3)										
Gross Floor Area (sq ft): 62,681											
Elementary Enrollment		492	512	457	442	377	369	440	539	530	563
Sitton (1949)											
Gross Floor Area (sq ft): 58,762											
Elementary Enrollment		436	421	371	359	338	300	285	315	309	291
Skyline (1939)	(6)										
Gross Floor Area (sq ft): 37,245											
Elementary Enrollment		203	209	201	214	197	201	233	258	266	294
Stephenson (1964)											
Gross Floor Area (sq ft): 40,539											
Elementary Enrollment		369	393	353	352	348	325	310	320	327	335
Sunnyside Environmental (1925)	(13)										
Gross Floor Area (sq ft): 54,361											
Elementary Enrollment		325	334	276	203	459	443	501	542	565	585
Vernon (1931)	(6)										
Gross Floor Area (sq ft): 72,323											
Elementary Enrollment		502	445	405	445	386	384	404	453	394	397

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Vestal (1929)	(6)										
Gross Floor Area (sq ft): 66,378											
Elementary Enrollment		241	227	367	344	322	294	343	389	428	433
Whitman (1954)											
Gross Floor Area (sq ft): 69,755											
Elementary Enrollment		453	475	433	431	421	404	384	370	369	372
Winterhaven (1930)											
Gross Floor Area (sq ft): 39,084											
Elementary Enrollment		159	169	167	254	296	339	344	335	345	345
Woodlawn (1926)	(12)										
Gross Floor Area (sq ft): 61,595											
Elementary Enrollment		547	518	460	443	409	531	450	424	462	449
Woodmere (1954)											
Gross Floor Area (sq ft): 59,293											
Elementary Enrollment		474	503	490	477	458	449	422	418	398	397
Woodstock (1955)											
Gross Floor Area (sq ft): 69,135											
Elementary Enrollment		337	372	364	345	343	338	384	407	443	433
Middle Schools and Programs											
Beaumont (1926)											
Gross Floor Area (sq ft): 94,431											
Middle School Enrollment		631	670	610	577	542	536	500	460	458	450
George (1950)											
Gross Floor Area (sq ft): 78,713											
Middle School Enrollment		549	558	546	467	473	403	383	328	375	388
Gray (1951)											
Gross Floor Area (sq ft): 60,624											
Middle School Enrollment		508	526	533	497	520	496	457	421	420	419
Hosford (1925)											
Gross Floor Area (sq ft): 77,050											
Middle School Enrollment		426	374	386	377	405	448	476	516	531	548
Jackson (1964)											
Gross Floor Area (sq ft): 247,779											
Middle School Enrollment		796	807	823	768	773	694	688	714	712	651
Lane (1926)											
Gross Floor Area (sq ft): 87,438											
Middle School Enrollment		678	696	652	638	592	553	527	489	419	397
Mt. Tabor (1952)											
Gross Floor Area (sq ft): 83,076											
Middle School Enrollment		670	700	707	729	696	676	633	588	555	559
Sellwood (1913)											
Gross Floor Area (sq ft): 86,823											
Middle School Enrollment		584	602	619	593	603	564	515	459	474	480
West Sylvan (1953)											
Gross Floor Area (sq ft): 104,009											
Middle School Enrollment		907	915	947	897	884	878	896	886	863	863

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
High Schools and Programs											
Benson (1917)											
Gross Floor Area (sq ft): 410,910											
High School Enrollment		1,475	1,479	1,501	1,498	1,501	1,452	1,294	1,218	1,134	1,100
Focus/Alt Prog Enroll (Night School)		-	-	-	10	20	15	10	-	-	-
Cleveland (1929)											
Gross Floor Area (sq ft): 253,895											
High School Enrollment		1,322	1,366	1,381	1,388	1,332	1,449	1,472	1,528	1,516	1,553
Franklin (1915) (5)											
Gross Floor Area (sq ft): 237,027											
High School Enrollment		1,488	1,470	1,460	1,528	1,547	1,404	1,283	1,233	1,007	1,032
Grant (1923)											
Gross Floor Area (sq ft): 275,173											
High School Enrollment		1,794	1,798	1,848	1,835	1,848	1,815	1,691	1,642	1,553	1,610
Focus/Alt Prog Enroll (Night Sch)	(9)	83	82	100	98	76	91	-	-	-	-
Jefferson (1909) (5,20)											
Gross Floor Area (sq ft): 360,911											
High School Enrollment		892	855	826	702	661	647	566	707	631	617
Lincoln (1950)											
Gross Floor Area (sq ft): 236,893											
High School Enrollment		1,374	1,469	1,429	1,483	1,444	1,485	1,498	1,404	1,335	1,395
Madison (1955) (3)											
Gross Floor Area (sq ft): 370,112											
High School Enrollment		1,241	1,204	1,261	1,194	1,063	983	936	859	900	860
Marshall (1959) (9,11)											
Gross Floor Area (sq ft): 271,427											
High School Enrollment		1,278	1,222	1,102	949	906	955	860	775	774	747
Roosevelt w/ Auto Shop (1921) (8)											
Gross Floor Area (sq ft): 274,478											
High School Enrollment		1,131	1,141	989	825	850	778	794	730	703	681
Wilson (1954)											
Gross Floor Area (sq ft): 326,062											
High School Enrollment		1,614	1,644	1,630	1,580	1,531	1,632	1,556	1,533	1,480	1,439

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Facilities with Focus/Alternative Programs											
daVinci (Monroe) (1928)											
Gross Floor Area (sq ft): 99,219											
Focus/Alt Prog Enroll. (da Vinci)		316	319	320	327	350	380	444	458	445	456
Focus/Alt Prog Enroll. (Monroe)	(8)	41	34	20	-	-	-	-	-	-	-
Focus/Alt Prog Enroll. (PIVOT)	(8)	2	12	15	-	-	-	-	-	-	-
Focus/Alt Prog Enroll. (Natv. Mont)		-	-	-	-	23	22	9	22	20	-
Meek (1953) (16)											
Gross Floor Area (sq ft): 32,477											
Elementary Enrollment		198	198	219	-	-	-	-	-	-	-
Focus/Alt Prog Enrollment		-	-	-	158	146	117	-	-	-	-
Metropolitan Learning Center (Couch) (1914)											
Gross Floor Area (sq ft): 68,135											
Focus/Alt Prog Enrollment		419	418	420	432	439	447	439	444	424	443
Richmond (1908) (12)											
Gross Floor Area (sq ft): 77,070											
Elementary Enrollment		477	470	443	415	393	309	360	436	505	569
Enrollment in other Focus/Alt. Programs											
Focus/Alt Prog Enroll. (Alliance HS)	(9)	-	-	-	-	-	-	366	292	288	267
Focus/Alt Prog Enroll. (Head Start)		606	527	620	539	528	625	606	674	696	732
Focus/Alt Prog Enroll. (ACCESS)		-	-	-	-	-	-	-	-	159	200
Focus/Alt Prog Enroll. (Turnarnd)	(8)	42	-	-	-	-	-	-	-	-	-
Focus/Alt Prog Enroll. (ESL)	(8)	17	32	9	-	-	-	-	-	-	-
Inactive School and Other Facilities											
Applegate (1954) (12)											
Gross Floor Area (sq ft): 26,101											
Elementary Enrollment		203	212	209	198	138	-	-	-	-	-
Ball (1948) [sold in 2007]											
Gross Floor Area (sq ft): 24,594											
Elementary Enrollment		318	309	312	226	228	271	-	-	-	-
BESC (1978)											
Gross Floor Area (sq ft): 381,723											
Binnsmead (1949) (1)											
Middle School Enrollment		699	735	769	687	687	680	484	346	-	-
Brooklyn (1930) (16)											
Gross Floor Area (sq ft): 39,084											
Elementary Enrollment		156	140	121	-	-	-	-	-	-	-
Child Service Center (1924)											
Gross Floor Area (sq ft): 190,597											
Clarendon (1970) (4, 19)											
Gross Floor Area (sq ft): 42,958											
Elementary Enrollment		434	489	522	466	460	429	286	-	-	-
Columbia Holding (1937)											
Gross Floor Area (sq ft): 37,746											
Columbia Bus Barn Bldg (na)											
Gross Floor Area (sq ft): 9,600											
Columbia Bus Parking (portable) (na)											
Gross Floor Area (sq ft): 960											
Edwards (1960) (12)											
Gross Floor Area (sq ft): 20,502											
Elementary Enrollment		218	212	202	189	199	-	-	-	-	-

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

	Footnotes	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Fernwood (1911)	(4, 19))										
Middle School Enrollment		575	608	632	644	582	466	347	-	-	-
Foster (1962)											
Gross Floor Area (sq ft): 12,462											
Glenhaven Vocational Village (1913)											
Gross Floor Area (sq ft): 63,714											
Focus/Alt Prog Enroll (Meek HS)	(9)	192	160	188	-	-	-	-	-	-	-
Green Thumb (1974)											
Gross Floor Area (sq ft): 32,767											
Gregory Heights (1923)	(4, 19))										
Gross Floor Area (sq ft): 95,438											
Middle School Enrollment		812	821	740	718	630	691	471	-	-	-
Holladay Center w/ Annex (1970)											
Gross Floor Area (sq ft): 61,457											
Kellogg (1917)	(5)										
Gross Floor Area (sq ft): 94,592											
Middle School Enrollment		645	667	671	633	591	482	269	-	-	-
Kenton (1913)	(12)										
Gross Floor Area (sq ft): 52,363											
Elementary Enrollment		249	233	252	225	166	-	-	-	-	-
King Neighborhood Facility (1974)											
Gross Floor Area (sq ft): 9,200											
Mallory Site (portables) (na)											
Gross Floor Area (sq ft): 2,048											
Masonic Temple At Jefferson (na)											
Gross Floor Area (sq ft): 16,245											
Rice (1955)											
Gross Floor Area (sq ft): 16,990											
Sacajawea (1952)											
Gross Floor Area (sq ft): 18,751											
Smith (1958)	(12)										
Gross Floor Area (sq ft): 38,472											
Elementary Enrollment		234	252	251	238	219	-	-	-	-	-
East Sylvan (1933)											
Gross Floor Area (sq ft): 24,986											
Terwilliger (1916)											
Gross Floor Area (sq ft): 24,646											
Tubman w/ Annex (1952)	(5)										
Gross Floor Area (sq ft): 96,860											
Middle School Enrollment		541	517	463	373	294	273	131	-	-	-
Whitaker/Adams - Killingsworth (1967)	12, 19)										
Gross Floor Area (sq ft): 0											
Middle School Enrollment		-	-	-	-	-	-	-	-	-	-
Whitaker Lakeside Holding (1953)	12, 19)										
Gross Floor Area (sq ft): 0											
Middle School Enrollment		675	482	441	357	289	-	-	-	-	-
Wilcox (1959)	(16)										
Gross Floor Area (sq ft): 19,102											
Elementary Enrollment		195	197	-	-	-	-	-	-	-	-
Youngson (1955)	(16)										
Gross Floor Area (sq ft): 32,824											
Elementary Enrollment		185	177	-	-	-	-	-	-	-	-

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Enrollment Summary:										
Regular Programs										
Elementary Schools	25,004	24,880	23,925	22,733	22,307	22,142	22,671	23,817	24,625	25,145
Middle Schools	10,429	10,390	10,275	9,620	9,250	8,545	7,622	6,252	5,751	5,695
High Schools	13,609	13,648	13,427	12,982	12,683	12,600	11,950	11,629	11,033	11,034
Focus/Alternative Programs	1,592	1,483	1,597	1,470	1,232	1,317	1,430	1,432	1,587	1,642
Plus enrollment not normally within PPS facilities:										
Community Based Programs (8)	1,416	1,297	1,381	1,270	1,171	1,308	1,303	1,342	1,282	1,206
Special Education Programs (7)(8)(13)(14)(15)	2,311	2,330	2,170	462	562	525	548	539	522	500
Public Charter Programs (8)	66	122	194	346	451	571	824	1,077	1,246	1,374
Total Enrollment	54,427	54,150	52,969	48,883	47,656	47,008	46,348	46,088	46,046	46,596

Gross Floor Area (sq ft) Summary:

		<u>Oldest</u>	<u>Median</u>	<u>Newest</u>
Elementary Schools	3,534,380	98	71	4
Middle Schools	919,943	97	60	46
High Schools	3,016,888	101	84	51
Focus/Alternative Schools	276,901	102	89	57
Other Facilities	1,486,782	99	58	32
Total Gross Floor Area (sq ft)	9,234,894	102	63	4

Sources:

Gross Floor Area - PPS Facilities and Asset Management "Gross Floor Areas, Site Areas, and Year of Construction for Original Building on Site"; Rel. March 4, 2003. Gross area includes portables, fieldhouses, and tunnels; no unfinished attic space is included.

Enrollment - PPS Budget Office/Management Information Services, "Enrollment Summaries, October 2009". Enrollment counts are compiled on or about the first of October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes:

Program type (i.e., elementary, middle, high, etc.) reflects the most recent administrative assignment. In recent years enrollment counts are compiled on or about the first of October. An enrolled student is defined as a student who attends one or more schools or programs within the District. Regardless of the number of schools or programs attended, each student is counted only once; the counts are unduplicated. Schools and programs that are no longer in operation are designated as 'closed'.

(1) For the 2008-09 school year, Binnsmead closed and Clark moved from the Clark site into the Binnsmead site. The Creative Science School Program (CSSP) expanded and moved from Bridger Elementary to the Clark site. Clark K-8 at Binnsmead was recently renamed Harrison Park K-8 school.

(2) The ACCESS Program is located at Sabin site but is a district-wide alternative education program drawing students district wide. Starting in 2008-09 the enrollment for ACCESS has been separated from Sabin elementary

(3) For 2009-10, Scott and Rigler became K-8 Schools. For the 2008-09 school year, Scott and Rigler remained K-7 schools, and those students that matriculated from 7th to 8th grade attended at the Madison 8th grade academy.

(4) For the 2007-08 school year, Clarendon ES and Portsmouth MS merged to form a KG-8 school. Enrollment counts for years prior to 2007-08 for Clarendon consist of grades KG-5 only. Enrollment counts for Portsmouth prior to 2007-08 are contained in the MS section of this report. Enrollment counts for the two schools should have been put into Portsmouth MS instead of Clarendon ES. FY 2009-10, enrollment for both schools is captured in the Portsmouth MS line in the elementary section of the report and Clarendon ES is moved to the inactive list. On July 17, 2010, Clarendon-Portsmouth was renamed Cesar Chavez. Similarly, Hollyrood ES and Fernwood MS merged to form a KG-8 school (renamed Beverly Cleary) as did Rose City Park ES and Gregory Heights MS (renamed Roseway Heights).

(5) For the 2007-08 school year, Kellogg MS was closed. Eighth grade students that would have been enrolled at Kellogg for the 2007-08 school year were enrolled at Franklin HS. Tubman MS was also closed and a new Young Women's Academy was opened on the Tubman campus as part of Jefferson High School.

(6) Transitioning or recently transitioned to KG - 8.

(7) Day and Residential Treatment Programs (Long term care and treatment).

(8) No students enrolled for current school year.

(9) For the 2006-07 school year, Meek Professional Technical HS, Portland Night HS at Grant, Marshall Night HS, and Madison Focus (shown in Madison enrollment in prior years) merged to form Alliance High School.

(10) For the 2006-07 school year, Ockley Green converted from a Middle School to a KG-8, and Kellogg and Portsmouth no longer received sixth grade students.

(11) For the 2005-06 school year, two high schools located at the Marshall campus, Linus Pauling Academy and Portland Academy of International Studies, merged into one school renamed Pauling Academy of Integrated Sciences.

(12) Applegate, Edwards, Kenton, Richmond and Smith Elementary Schools were closed at the end of the 2004-05 school year. Whitaker Middle school was closed as well. Most elementary school-aged students residing in the Applegate neighborhood area went on to attend Woodlawn. Similarly, students residing in the Edwards neighborhood area went on to attend Abernethy, those at Kenton to Chief Joseph; those at Richmond to Abernethy, Creston or Glencoe; and those at Smith went on to Capitol Hill, Maplewood or Markham. Most middle school students residing in the Whitaker neighborhood area went on to attend Tubman. A new focus/option school was established at the Richmond ES site.

(13) For the 2004-05 school year, the Environmental Middle School combined with Sunnyside Elementary and was renamed as Sunnyside Environmental School. In addition, the Odyssey program and its students (formerly at Chapman Elementary) moved to Hayhurst Elementary. The Family Cooperative program (formerly at Sunnyside) moved to Bridger Elementary.

(14) Pioneer Schools consist of elementary, middle and high school programs. It was formerly known as ES B Program at Youngson, MS B Program at Foster and HS B Program at Columbia.

Schedule 16
SCHOOL DISTRICT NO.1J, MULTNOMAH COUNTY, OREGON
School Building and Student Enrollment Information
Last Ten Fiscal Years (continued)

Footnotes (continued):

(15) As of the 2003-04 school year, enrollment summaries no longer include the following programs: Hospital Programs (Emanuel, Oregon Health Science University, Shriners Hospitals); M.E.S.D. Functional Living Skills; Portland Early Intervention Program (PeiP) and Columbia Regional Programs (Autism, Deaf and Hard of Hearing, Orthopedic and Vision Oregon State and Oregon State and Services). Administration of the Hospital Programs, Functional Living Skills and PeiP was transferred to Multnomah Education Service District (M.E.S.D.). Historically, enrollments reported for Columbia Regional Programs represent non-District students served by PPS staff on a part-time basis. For purposes of State reporting, membership (i.e., enrollment) the Columbia Regional Program students are reported by the resident District.

(16) Brooklyn and Meek Elementary Schools were closed at the end of the 2002-03 school year. Most students residing in the Brooklyn neighborhood area went on to attend Grout Elementary, while those residing in the Meek neighborhood area attended Vernon Elementary. Similarly, Wilcox and Youngson Elementary Schools were closed at the end of the 2001-02 school year. Most students residing in the Wilcox neighborhood area went on to attend Vestal Elementary, while those residing in the Youngson neighborhood area attended Bridger Elementary.

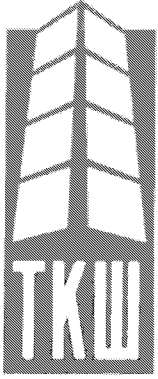
(17) On November 10, 2009, a portion of the Marysville K-8 school was destroyed as a result of a fire. Marysville K-8 school students and staff were moved into the Rose City Park building temporarily until the school is renovated.

(18) Clark K-8 @ Binnsmead was renamed Harrison Park K-8 school.

(19) In FY 2009-10 Gregory Heights MS, Clarendon ES and Fernwood were moved to the inactive list. The Whitaker Killingsworth site no longer has a building on it, but the District still owns the land. We have removed the square footage, but have kept the site on the inactive list. Whitaker Lakeside will be removed once there is no activity for the enrollment for the last ten years. Whitaker Lakeside will remain on the list for 0 square footage until that time.

(20) In FY 2009-10, at Jefferson High School, the Academy of Arts & Tech; Science & Tech; School of Champions; School of Pride and the Young Men's Academy programs within Jefferson High School were closed. The Young Men's Academy students returned to Jefferson.

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



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

December 13, 2010

Board of Education
School District No. 1J, Multnomah County
Portland, Oregon

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We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-050 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-050 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

**INDEPENDENT AUDITOR'S REPORT REQUIRED
BY OREGON STATE REGULATIONS (Continued)**

Page 2

COMPLIANCE (Continued)

Budget:

- One supplemental budget was not published in accordance with the requirements of Oregon Revised Statutes.
- The adopted budget exceeded the approved budget by more than 10% for the Dedicated Resource Fund.
- The School Modernization Fund has a GAAP basis deficit fund balance of \$14,536 thousand at June 30, 2010.
- Expenditures exceeded appropriations as follows (in thousands):

<u>Fund/function</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
Instruction	\$ 244,210	\$ 246,337	\$ (2,127)
Support	162,085	165,731	(3,646)
School Modernization Fund			
Debt service	-	277	(277)

Investments:

- The District held excess funds in the Oregon Local Government Investment Pool for a period which exceeded the statutory limits.

State School Fund:

- The District did not properly withdraw students absent more than ten consecutive days for approximately 15 FTEs.
- Teacher experience was overstated by one year for one teacher selected for testing.

OAR 162-10-230 INTERNAL CONTROL

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

Our report dated December 13, 2010, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards* is issued under separate cover.

* * * * *

**INDEPENDENT AUDITOR'S REPORT REQUIRED
BY OREGON STATE REGULATIONS (Continued)**

Page 3

This report is intended solely for the information and use of the Board of Education, the Oregon Secretary of State Audits Division, federal awarding agencies, pass-through entities, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kowala & Warwick LLP

Certified Public Accountants

Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. All individuals and groups shall be treated with fairness in all activities, programs and operations, without regard to age, color, creed, disability, marital status, national origin, race, religion, sex, or sexual orientation.

Board of Education Policy 1.80.020-P

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