Corvallis
SCHOOL DISTRICT

NOTICE

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

Date & Time	Meeting Type	Location	Agenda
Monday, January 14, 2013 6:30 PM	Regular	District Office Board Room, 1555 SW 35th Street, Corvallis, OR 97333	See attached.

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

If you would like to watch live-streaming of the School Board meeting, please navigate to the District's YouTube channel: https://www.youtube.com/channel/UC9Jtpte5dmilZl9kySBJbVQ?
A recording of the meeting will also be posted to that channel.

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

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

Corvallis
SCHOOL DISTRICT

Monday, January 14, 2013
6:30 PM

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

Meeting Details: Monday, January 14, 2013, 6:30 PM in the District Office Board Room, 1555 SW 35th Street, Corvallis, OR 97333.

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

I. CALL TO ORDER AND ROLL CALL

II. PLEDGE OF ALLEGIANCE

III. SCHOOL BOARD RECOGNITION

School Board Recognition
2013 Book Dedication

Adams – The Table Where Rich People Sit

Cheldelin – Son

College Hill – Tilt

Corvallis High – Thirst

Crescent Valley – The Glass Castle

Franklin – Book of Animal Poetry

Garfield – The Fantastic Flying Books of Mr. Morris Lessmore

Hoover – B is for Beaver

Jefferson – (Two books) In Jesse's Shoes. Don't Call Me Special.

Lincoln – Cuento de Noche

Linus Pauling – Middle Ground

Mt. View – Out of My Mind

Wilson – How Children Succeed

Corvallis
SCHOOL DISTRICT

IV. COMMITTEE/BOARD MEMBER ITEMS

V. STUDENT REPRESENTATIVE REPORTS

VI. SUPERINTENDENT'S REPORT

CLASS Project:

Empowering Educators to Lead

CLASS provides teachers the opportunity to collaborate on plans for teacher professional growth and success tailored to local needs.

Teachers create for themselves what every professional deserves: a clear career path, opportunities for feedback, relevant and individualized training, and recognition for leadership and results.

The results are powerful.

Teachers in current CLASS districts report that their schools are more committed to shared decision-making and their peers are having more conversations about teaching and learning. More students are meeting proficiency faster in CLASS districts than in districts with similar student characteristics.

How we do it:

With funding, coaching and research support from Chalkboard, educators in CLASS districts have the opportunity to address the following components:

1. **New career paths** create significant leadership roles that include responsibilities such as mentoring and instructional coaching.

2. **Meaningful performance evaluations** rely on clear standards and advance the quality of teaching and learning. Gains in professional growth and student learning are measured in multiple ways.

3. **Targeted and relevant professional development** give teachers the resources and support they need to improve their teaching practices and stay at the leading edge of their craft.

4. **Expanded compensation models** tied to new roles, responsibilities and student learning outcomes offer alternatives to traditional salary schedules through career-based pay and bonuses.

CLASS Districts

Bethel
Corvallis
Dallas
David Douglas
Mt. Angel
Ashland
Lincoln County
Open Meadow Alternative Schools (Portland Public Schools)
Pendleton
Springfield
South Lane
Albany
Bend – La Pine
Crook County
High Desert ESD
Lebanon
Redmond
Salem – Keizer
Sisters
Vernonia
Forest Grove
Sherwood
Tillamook

About 30% of all Oregon teachers and students are in a CLASS district.

CHALK BOARD PROJECT®

CLASS™ PROJECT

Principles of design

- Teachers create, design, and implement meaningful reform
- The best ideas to strengthen schools come from within our schools and districts
- Educators should be treated as the professionals they are
- Individualized supports will lead to continuous growth for all educators
- Those who excel at their craft should be recognized and rewarded

The 23 districts that have participated in CLASS have received funding for design and implementation through one or more sources including: Chalkboard grants, the federal Teacher Incentive Fund and the Oregon School District Collaboration Fund. Each funding source comes with slightly different requirements, but all CLASS designs are created by teachers, for teachers.

"The whole new experience has been invigorating for me. I have gained a whole new set of skills, which—no matter what avenue I choose—will help me be a better teacher and advocate for students."

-Melissa Radcliffe, Tillamook School District

The Process:

Every CLASS district creates a unique model that meets the needs of its staff and students, but all CLASS districts follow a similar process.

1. In order to apply for grant funds, districts must demonstrate collaborative relationships between the Superintendent, Association President, and School Board Chair by including all three signatures in the grant application.

2. Once a district receives grant funds, it forms a design team made up of a representative sample of teachers and administrators to lead the CLASS work in the district.

3. Grant funds pay for release time or stipends for teachers to participate on the design teams.

4. With coaching from a veteran teacher or administrator provided by Chalkboard, the design team creates "blueprints" around the four CLASS components: career paths, evaluation, professional development and compensation. The team works to create an integrated and comprehensive system of supports so that all educators have the tools and resources to do their best work in the classroom.

5. CLASS design teams reach out to the teachers and administrators in the district to get feedback and suggestions for the blueprints.

6. Once implementation funding is received, districts form larger subcommittees to begin to implement their teacher-led designs.

7. Districts are encouraged to continually improve their models throughout implementation.

CHALK BOARD PROJECT®

CLASS™ PROJECT

DASHBOARD 2012

CLASS provides teachers the opportunity to collaborate on plans for teacher professional growth and success tailored to local needs.

Teachers create for themselves what every professional deserves: a clear career path, opportunities for feedback, relevant and individualized training, and recognition for leadership and results.

Every model is different, but all are focused on raising student achievement.

The results are powerful.

Based on ECONorthwest's independent analysis of ODE data, CLASS districts move students to proficiency on state tests faster than the rest of the state. CLASS districts are also closing the gaps between all students and students who are economically disadvantaged.

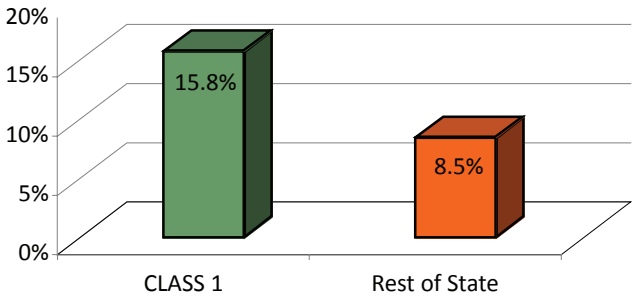
ACHIEVEMENT - CLASS 1

CLASS 1 districts (Forest Grove, Sherwood, and Tillamook) implemented their models for three years. The charts show the improvements made after implementation (2009/10-2011/12) compared to the three years prior to implementation (2005/06-2007/08).

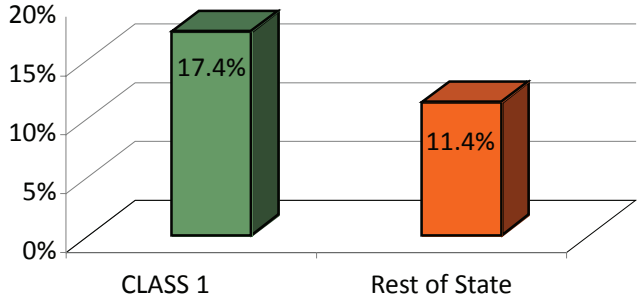
The charts show the percentage point change in the share of students meeting or exceeding proficiency on Oregon state level assessments. CLASS districts are making greater progress than the rest of the state for all students as well as economically disadvantaged students.

MATHEMATICS

CLASS 1 Districts

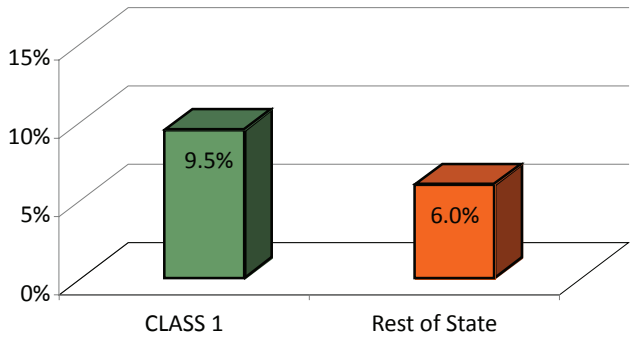


Economically Disadvantaged

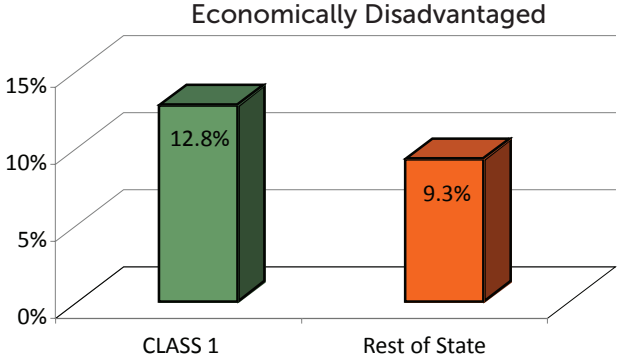


READING

CLASS 1 Districts



Economically Disadvantaged



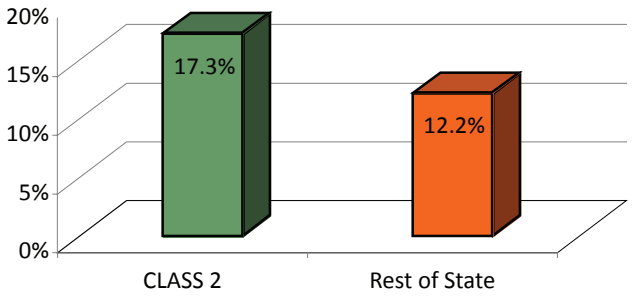
ACHIEVEMENT - CLASS 2

CLASS 2 districts (Greater Albany, Bend La-Pine, Crook County, Lebanon, Redmond, Salem-Keizer, Sisters and Vernonia) have implemented their models for two years. The charts show the improvements made in the first two years of implementation (2010/11-2011/12) compared to the three years prior to implementation (2007/08-2009/10).

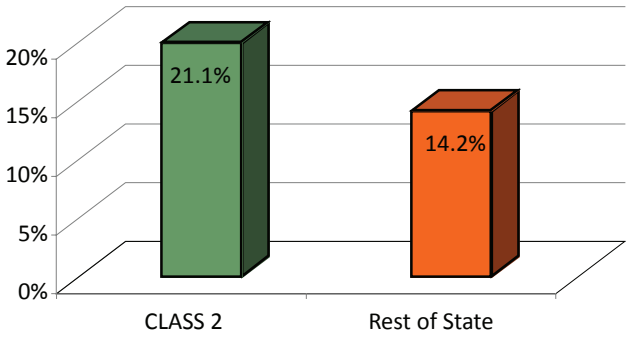
The charts show the percentage point change in the share of students meeting or exceeding proficiency on Oregon state level assessments. CLASS districts are making greater progress than the rest of the state for all students as well as economically disadvantaged students.

MATHEMATICS

CLASS 2 Districts

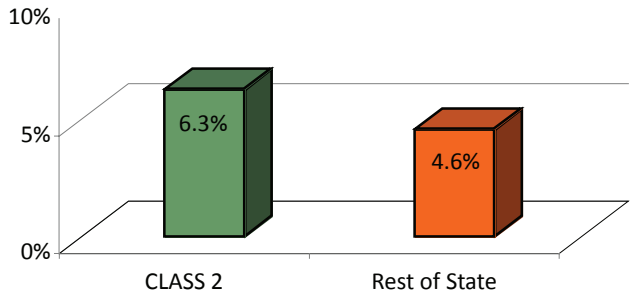


Economically Disadvantaged

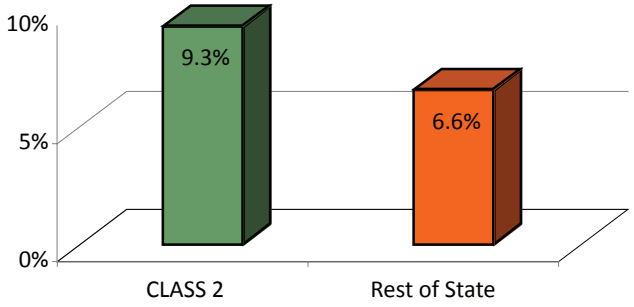


READING

CLASS 2 Districts



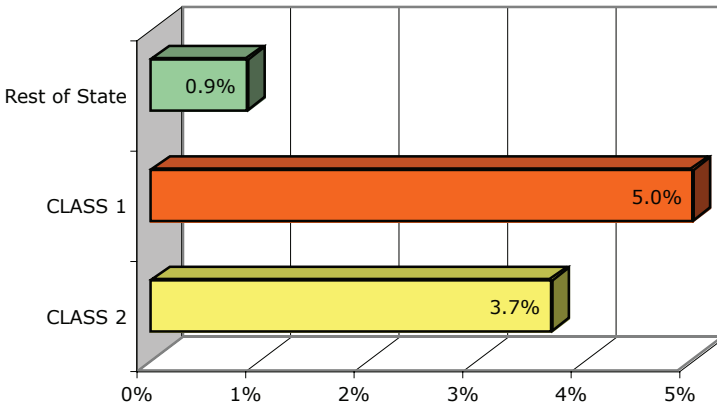
Economically Disadvantaged



GRADUATION RATES

Cohort Graduation Rate Change
Since 2008-2009

The cohort graduation rate is the share of students who graduate with a regular diploma within four years of entering high school. The chart shows the percentage point change in graduation rates for CLASS districts and the state between 2008-09 and 2010-11.



Information independently provided by:

Portland State UNIVERSITY

ECONorthwest
ECONOMICS · FINANCE · PLANNING

Corvallis
SCHOOL DISTRICT

VII. PUBLIC TESTIMONY

VIII. STAFF TESTIMONY

IX. SPECIAL REPORTS

IX.A. Casa Latinos Unidos de Benton County Educational Assessment Results

Improving Educational Equity for Latinos: A formative evaluation among parents, students, and educators in the Corvallis School District.

Casa Latinos Unidos de Benton County (CLUBC), in consultation with the Corvallis School District, conducted a formative evaluation of educational expectations, experiences, and future directions among Latino parents, students, and educators in Corvallis. Between April and August 2012, six focus groups and one community forum with Latino parents (44 participants), two focus groups with middle and high school Latino students (15 participants), and eight key-informant interviews with local educators and administrators were conducted. Results indicate that parents, students, and key informants believe Corvallis is a relatively good place to live for Latino families, but many Latino families experience challenges such as discrimination, fear of deportation, and struggle with the high cost of living in Corvallis. When asked about their experiences with the Corvallis schools, parents and students had a mix of positive and negative experiences. Parents acknowledged the importance and benefits of the Dual Language Immersion program; and value the bilingual/bicultural services provided in Lincoln and Garfield schools. However, parents, students, and key informants expressed the need to expand bilingual/bicultural services and resources outside of Lincoln and Garfield schools. Additionally, key issues affecting Latino families are immigration status (e.g. inability to obtain driver licenses) and economic instability, which can have life-changing consequences. Parents and key informants also identified current organizations such as CLUBC, Benton County Health Department, 4-H, as well as, workshops at Garfield and Lincoln as key resources for Latino families.

Improving Educational Equity for Latinos

A formative evaluation among parents, students, and educators in the Corvallis School District.

Daniel López-Cevallos, PhD
Guadalupe Díaz, BS
Yazmín Brambila, BS
Erlinda Gonzales-Berry, PhD

CASA LATINOS UNIDOS
Benton County

Oregon State UNIVERSITY
Center for Latino/a Studies and Engagement

Project Introduction

- **Project overview**

- **Purpose of evaluation**
  - Understand the experiences of Latino families living in Corvallis including their experiences with the schools, basic needs, resources, and current needs

CASA LATINOS UNIDOS Benton County

Oregon State UNIVERSITY

Center for Latino/a Studies and Engagement

Evaluation Design & Methods

- **Methods**
  - Six parent focus groups & One community forum (*N*=47)
  - Two student focus groups *(N*=15)
  - Key Informant Interviews (*N*=8)
  - Sociodemographic survey (*N*=62)
- **Topic Areas**
  - Latino families' experiences living in Corvallis
  - Parent & student experiences with the Corvallis schools
  - Basic needs interfering with academic success
  - Existing resources
  - Current needs

CASA LATINOS UNIDOS Benton County

Oregon State UNIVERSITY

Center for Latino/a Studies and Engagement

Results

- **Living in Corvallis**
  - In general Corvallis is a good place to live. It is safe, high education level and free transportation.

"It is a small town, the Latino community knows each other, its a safe place and you see less than in places like Salem or Eugene. It is quiet and I like that my children will grow up here"
–Latina mother

  - Latino Families still face many challenges: cost of living, discrimination, fear of retaliation because of immigration status, and not being able to obtain driver licenses.

"They like what's Mexican but not THE Mexican". –Key informant

CASA LATINOS UNIDOS Benton County

Oregon State UNIVERSITY
Center for Latino/a Studies and Engagement

Results

- **Parents and Student Experiences with the Schools**
  - **Satisfaction with Dual Language Immersion**

  "Validate language, culture; and make schools more accessible, comfortable." –Key informant

  - **Four key areas that need additional attention**

1. Teacher communication
2. Bilingual/Bicultural Staff
3. Unequal treatment of students and parents
4. Quality of food and transportation

CASA LATINOS UNIDOS Benton County

Oregon State UNIVERSITY

Center for Latino/a Studies and Engagement

Results

- **Basic Needs Interfering with Academic Achievement**
  - Household poverty & instability
  - Immigration laws
  - Driver licenses

“ I worry that I will get deported and my children will be alone. The majority of people are worried and it affects our children. It starts to create distrust and fear in them. In my case it really affected my children when my husband was detained by immigration.” –Latina mother

CASA LATINOS UNIDOS Benton County

Oregon State UNIVERSITY

Center for Latino/a Studies and Engagement

Results

- **Existing resources**
  - Community organizations & workshops
    - CASA Latinos Unidos de Benton County (CLUBC)
    - 4-H
    - Benton County Health Department
    - Parent workshops at Garfield and Lincoln

"I would like to see more workshops on parenting; on how parents can support their children"-Latina mother

CASA LATINOS UNIDOS Benton County

Oregon State UNIVERSITY

Center for Latino/a Studies and Engagement

Results

- **Current needs**
  - Increase bilingual/bicultural staff
  - Affordable early education programs & afterschool programs
  - Welcome center
  - Ability to obtain driver licenses

“Prepare parents as advocates of their children’s educational experience, without regard to their immigration or socio-economic status”-Key informant

“Just give me a price that is more affordable. I don’t care if you charge a little bit, but let my kids participate.” –Latina mother

CASA LATINOS UNIDOS
Benton County

Oregon State University
Center for Latino/a Studies and Engagement

Conclusion & Recommendations

- Establish programs to eliminate discrimination of Latino families
- Local authorities not enforcing immigration law
- Support statewide efforts to reinstate driver's licenses for undocumented Oregonians
- More affordable access to early childhood education
- Expand bilingual/bicultural services
- Expand career counselors, workshops for parents & more effective dissemination of information
- Welcome Center

CASA LATINOS UNIDOS Benton County

Oregon State UNIVERSITY

Center for Latino/a Studies and Engagement

Questions?

For further information, please contact:

Guadalupe Díaz
Educational Equity Project Coordinator
Casa Latinos Unidos de Benton County
diazgu@onid.orst.edu

CASA LATINOS UNIDOS
Benton County

Oregon State UNIVERSITY
Center for Latino/a Studies and Engagement

Corvallis
SCHOOL DISTRICT

IX.B. Mt. View Elementary Second Grade PLC

MOUNTAIN VIEW ELEMENTARY 2ND GRADE PROFESSIONAL LEARNING COMMUNITY

PRESENTATION TO THE BOARD

RESPONSE TO INTERVENTION
SUCCESS FOR ALL STUDENTS, EVERYDAY!

Core principles include:

- **Intervene early**
- **Use a multi-tier model of service delivery**
- **Use a problem solving collaborative method to make decisions**
- **Use research-based, scientifically validated interventions/instruction**
- **Monitor student progress to inform instruction**
- **Use data to make decisions**
- **Use data in three ways: screening, diagnostic, progress monitoring**

TIMELINE OF RTI

<u>Everyday all students</u> are taught with research-based validated instruction using research-based validated CORE programs to know and be able to perform to high CCSS.

Benchmark testing Fall, Winter, Spring

Reading: Dibels, OAKS, CFA's

Math: EasyCBM, OAKS, CFA's

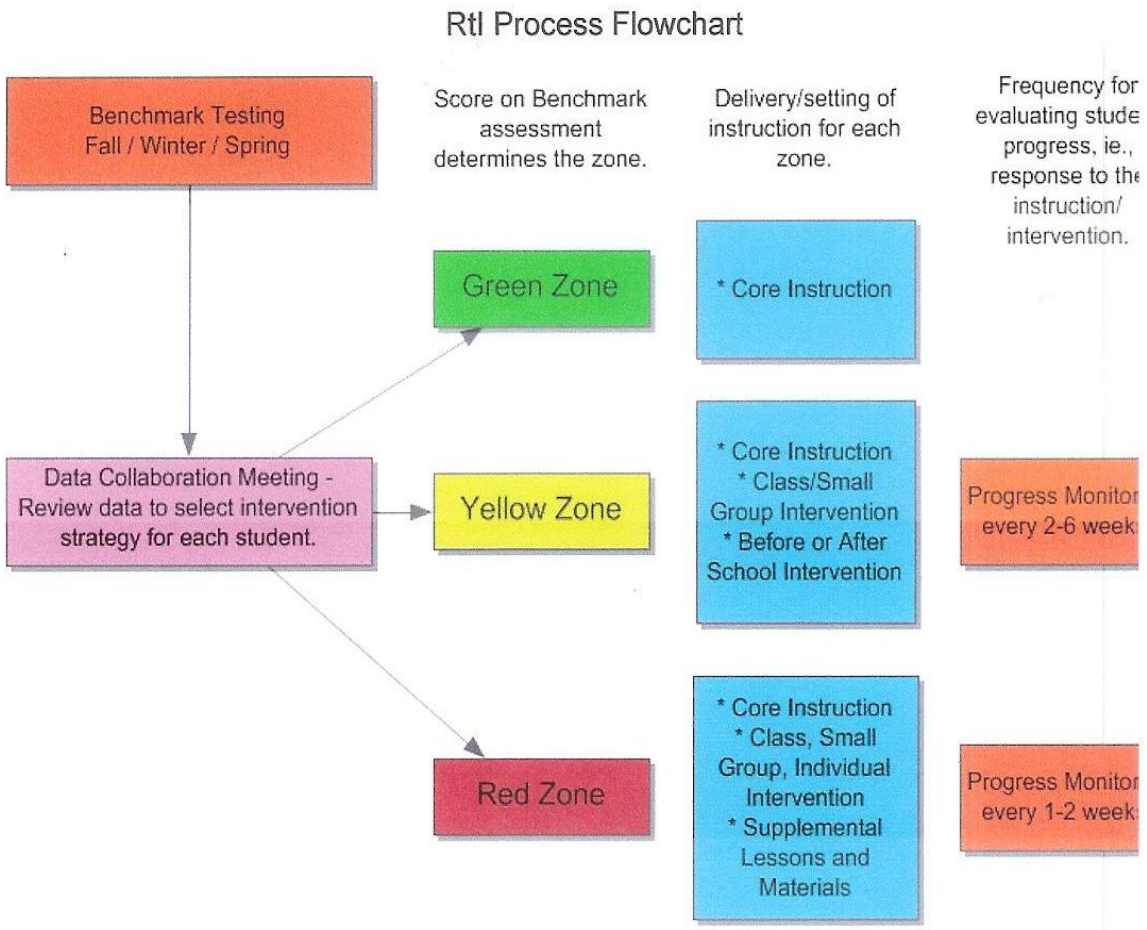
Writing Samples: Building Assessments (Fall, Spring) coordinated by PLC's

Behavior: Behavior Checklist & Behavior Referral Data

RTI FLOWCHART

RtI Process Flowchart

Written by Bryan Drozd
Thursday, 29 December 2011 12:44



[Adapted and excerpted from staff RtI handbook, May 2010 version, with revisions December 2011]

< Prev Next >

TEACHER PLC TEAMS

RTI Teams: THE WORKER BEES!!!

K-Marianne Clausing Lee

1-Tara Stroup,* Amy Finney, Linda Jasperson

2-*Debbie Macbeth, Aileen Schrock

3-*Lori Tubbs, Cece Demeo

4-MaryLynn Roush, *Dan Reynolds

5-Robbie Faith, *Sandy Baumgartner

Special's Team:

Jay Thatcher, Linda Dunfield, Nancy Polikoff, Imelda Weaver

WHAT IS IT WE EXPECT THEM TO LEARN?

PACING GUIDES

Dragon Gets By(practice) Leveled Reader(Vegetable Soup)/Responding and Story Map Vocabulary Julius Leveled Reader (The Right Pet)/Responding and Fantasy Realism Chart Vocabulary Mrs. Brown Went to Town Leveled Reader (Farmer Mike)/Responding to Questions Reteaching Book 1-6 Vocabulary Monitor Progress End of Theme Test Poetry RL.7 – NOT ADDRESSES RL.2 – ADDRESS ONCED	Henry and Mudge RL.6/RL.3 Leveled Readers/Venn Diagram RI.4/L.4 Vocabulary RL.4 Rhyming Flower Exploring Parks RI.6/RI.8 Fact and Opinion Reteaching Book 2-4 RI.4/L.4 Vocabulary L.5 Synonyms and Antonyms Weekly Skills page 29/81 Around the Pond RI.3 Leveled Reader/Classifying RI.4/L.4 Vocabulary Monitor Progress RI.9 Extending CORE booklet T20 RL.10/RI.10 End of theme test Fables RL.2 (book) Fables Chart Transp. F2-5	Chinatown RL.7/RL.5 Leveled Reader/Character Sketch and Setting _____(Template) RI.4/L.4 Vocabulary A Trip to the Firehouse * Big Bushy Mustache RL.1/RL.3 Leveled Readers/Responding and Problem Solving RI.4/L.4 Vocabulary Jamaica Louise James RL.7/RL.5 Leveled Reader/(Template) RI.4/L.4 Vocabulary Monitor Progress RL.10/RI.10 End of Theme Test	Officer Buckle and Gloria RL.7/RL.5 Leveled Reader/(Template) RI.4/L.4 Vocabulary Ant RI.2/RI.6 Weekly Skills Test page 194 RI.5 Ants Assessment RI.4/L.4 Vocabulary The Great Ball Game RL.2 Leveled Reader/Fables Chart RI.4/L.4 Vocabulary Monitor Progress RL.10/RI.10 End of Theme Test Biographies RI.5 Weekly Skills Test page 245 RI.1 Leveled Reader/Responding to questions	Brothers and Sisters RI.8 Leveled Reader/Generalization Chart RI.4/L.4 Vocabulary Jalapenos Bagels RI.1/RI.3 Leveled Reader/Responding and Following Directions Chart RI.4/L.4 Vocabulary Carousel RL.3/RL.7/RL.5 Leveled Reader/What Do I Think? And (Template) RI.4/L.4 Vocabulary Thunder Cake RL.1/RL.5 Leveled Reader/Responding to Questions and Sequence of Events RI.4/L.4 Vocabulary Monitor Progress/Fairy Tales RI.9/RL.5 Extending CORE T56 RL.10/RI.10 End of Theme Test Chapter Books W.3/W.5	The Art Lesson RL.1 Leveled Reader/Responding to Questions RI.4/L.4 Vocabulary Moses Goes to a Concert RI.8 Reteaching book 6-4 RI.4/L.4 Vocabulary The School Mural RL.3 Leveled Reader/Reteaching Book 6-6 RI.4/L.4 Vocabulary RL.10/RI.10 End of Theme Test

HOW WILL WE KNOW WHEN THEY HAVE LEARNED IT? SMART GOALS

School: ____Mt. View_____ Team Name: __2nd _____Team Leader: Debbie Macbeth_____
Team Members: _Debbie & Aileen Schrock

_____

_____
District Goals(s): IMPROVEMENT GROWTH FOR ALL STUDENTS
School Goal(s): 90-90-90 END OF THE YEAR IN READING, MATH AND WRITING

Team SMART Goals Semester __1__	Strategies and Action Steps	Responsibility	Timeline	CFA / Evidence of Effectiveness
1. Reading Each student will show growth in comprehension.	~HM curriculum to emphasis the comp. skills	Teachers and Title 1 staff	Sept 2012-Jan. 2013	DRA's
1. Writing Each student will show growth in the area of sentence fluency.	~HM curriculum, Lucy Calkins ,and Fetzer.	Teachers	Sept. 2012-Jan. 2013	Teacher created writing assessment
1. Math Each student will show growth in the area of place value.	~Investigations, Bridges, and teacher created materials.	Teachers	Sept. 2012-Jan. 2013	Easy CBM

HOW WILL WE KNOW WHEN THEY HAVE LEARNED IT?

COMMON FORMATIVE ASSESSMENTS

Create **a specific minimum number of common formative assessments**

Assess **a few key essential concepts frequently**

Specify **the proficiency standard for each skill**

Clarify **the conditions for administering the test**

Build **a team's capacity to improve program**

HOW WILL WE RESPOND WHEN THEY DO OR DO NOT GET IT?

ANALYZE DATA AND INSTRUCTION

Writing	
Text Types and Purposes	
2.W.1: Write opinion pieces in which they introduce the topic or book they are writing about, state an opinion, supply reasons that support the opinion, use linking words to connect opinion and reasons, and provide a concluding statement or section.	
2.W.2: Write informative/explanatory texts in which they introduce a topic, use facts and definitions to develop points, and provide a concluding statement or section.	
2.W.3: Write narratives in which they recount a well-elaborated event or short sequence of events, include details to describe actions, thoughts, and feelings, use temporal words to signal event order, and provide a sense of closure.	
Production and Distribution of Writing	
2.W.4: Begins in grade 3	
2.W.5: With guidance and support from adults and peers, focus on a topic and strengthen writing as needed by revising and editing.	
2.W.6; With guidance and support from adults, use a variety of digital tools to produce and publish writing, including in collaboration with peers.	

ANALYZE DATA AND INSTRUCTION

	Assessment	Date	Junior	Anna
Integration of Knowledge and Ideas				
2.RL.7: Use information gained from the illustrations and words in a print or digital text to demonstrate understanding of its characters, setting, or plot.				
2.RL.9: Compare and contrast two or more versions of the same story (e.g., Cinderella stories) by different authors or from different cultures.				
Range of Reading and Level of Text Complexity				
2.RL.10: Read and comprehend literature, including stories and poetry, in the grades 2û3 text complexity band proficiently, with scaffolding as needed at the high end of the range.				

PLC'S HAVE A POSITIVE IMPACT ON STUDENT ACHIEVEMENT

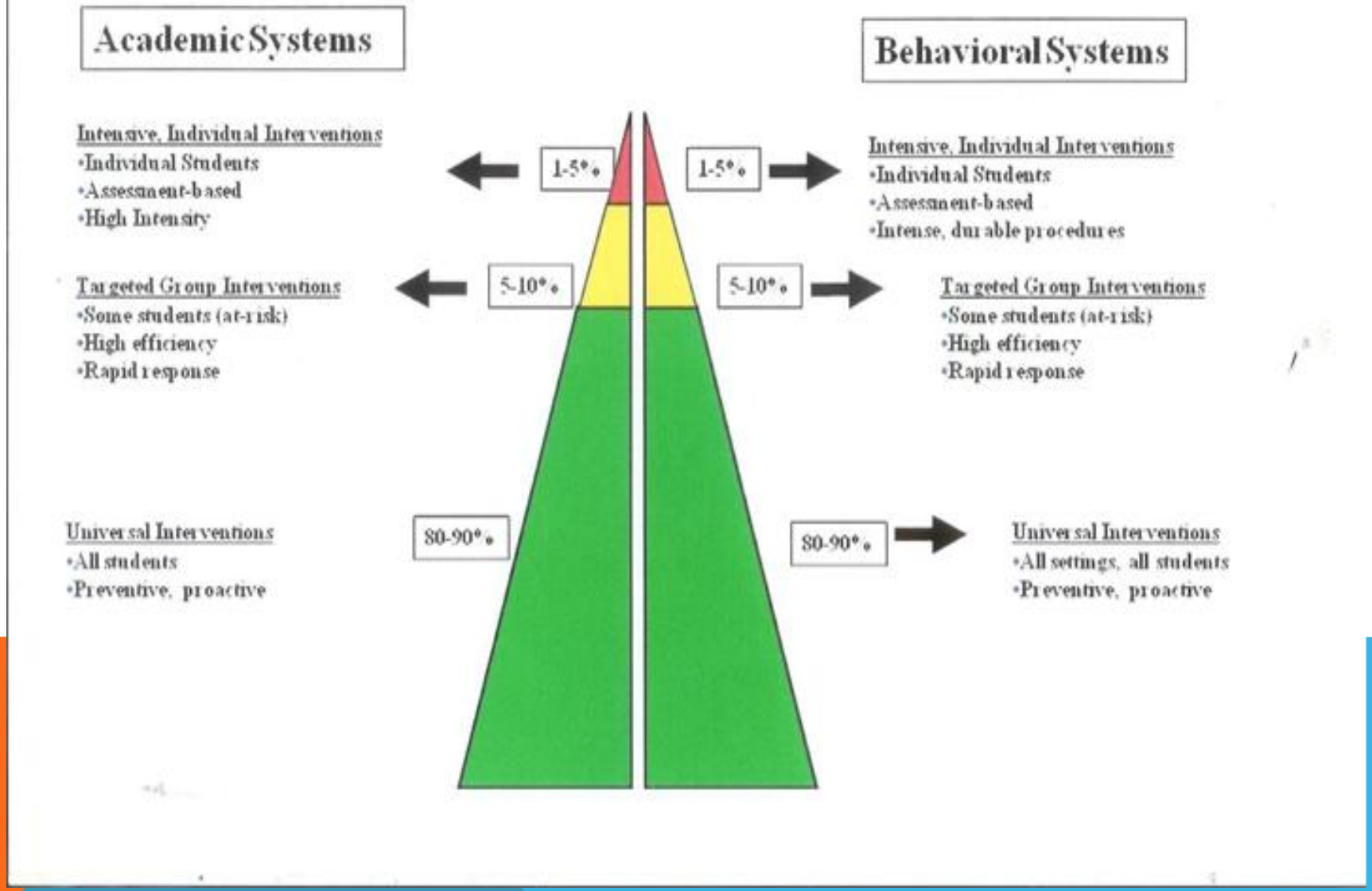
PLCs have allowed us to focus on targeted skills, giving students a clear idea of the learning objectives.

PLCs have allowed us to consistently track students' progress and share it with each student.

PLCs have allowed us to use students' progress records to systematically identify which students need interventions for specific standards.

PLCs have allowed us to reflect on instruction as a team so that we may individually strengthen instruction and increase student achievement.

PLC'S HAVE A POSITIVE IMPACT ON STUDENT ACHIEVEMENT AT MOUNTAIN VIEW



Corvallis
SCHOOL DISTRICT

X. CONSOLIDATED ACTION

X.A. Minutes

X.A.1. December 10, 2012

MINUTES
Regular Meeting of the
B O A R D O F D I R E C T O R S
Corvallis School District 509J

I. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 6:30 p.m. in the Western View Center, 1435 SW 35th Street, Corvallis OR 97333. The secretary recorded those present as listed below.

BOARD MEMBERS PRESENT	EXECUTIVE STAFF PRESENT
Anne Schuster, Chair (by telephone)	Dr. Erin Prince, Superintendent
Tom Sauret, Vice Chair	Kevin Bogatin, Assistant Superintendent
Blake Rodman	Steve Nielsen, Business Services Director
Judy Ball	Jennifer Duvall, Human Resources Director
Lisa Corrigan	
Matt Donohue	STUDENT REPRESENTATIVES PRESENT
Chris Rochester	Katelynn Monroe, CHHS

A quorum was present and due notice had been published.

II. PLEDGE OF ALLEGIANCE

Vice Chair Sauret led the group in the Pledge of Allegiance.

III. COMMITTEE/BOARD MEMBER ITEMS

Director Corrigan reported on high school concerts she attended; a fundraiser underway by the Corvallis Public Schools Foundation; the unique location and purpose of the December Foundation meeting; the date of the Foundation's annual fun run.

Director Ball reported on the school-wide field trip of LPMS to an OSU women's basketball game; the recent meeting of the Special Education Advisory Committee (SEAC).

Vice Chair Sauret reported on the recent meeting of SEAC; the recent meeting of the Facilities Planning Team; the recent meeting of the District Finance Committee.

Director Rodman reported on his representation of 509J on a task force regarding teacher preparation through the Chalkboard Project.

Unadopted Minutes

IV. STUDENT REPRESENTATIVE REPORTS

Ms. Monroe reported on extra assistance provided for students not meeting AYP; fundraisers for families not able to buy Christmas gifts for their kids; the current number of seniors who are on track to graduate.

V. SUPERINTENDENT'S REPORT

Dr. Prince's comments framed the evening's conversation regarding budget parameters.

VI. PUBLIC TESTIMONY

No one testified.

VII. STAFF TESTIMONY

No one testified.

VIII. SPECIAL REPORTS

A. Budget Process and Parameters

Mr. Nielsen reiterated the summary he'd sent of the governor's budget. He noted that he, the superintendent and the District Finance Committee feel strongly against counting on "potential" savings unless action is taken by the legislature.

Board members offered comments including:

- Don't budget on contingencies of PERS savings.
- We are adopting a new budgeting model: budgeting to the plan.
- Create an integrated add-back list to use in the event of PERS savings; however, with the new way of budgeting comes a new way of thinking about add-backs.
- In the past, our add-backs had to be things that wouldn't need to be sustained but that would increase student achievement.

Mr. Nielsen reiterated the questions posed to the Board and Budget Committee citizen members last month.

Vice Chair Sauret noted that his wife is now an employee of the District; even though there isn't any actual conflict of interest, he stressed that if ever there were, he would recuse himself from any discussion or action.

Unadopted Minutes

After lengthy discussion, Board members reached consensus on the budget parameters as follows:

- **Use of Reserves** – Use 30% in 2013-14 and 30% in 2014-15.
- **Class Sizes** – Set up some new ways of looking at this topic: secondary different than elementary; secondary based on topic being taught; in elementary, differences between Free and Reduced Lunch percentages, etc.
- **Budget Ratio** – Maintain the current allocation of 85% to staff and 15% to operational expenses.
- **Carryover Policy** – Maintain the practice of rolling forward 50% of unexpended funds to the next year.

B. Special Education Task Force Update

Kevin Bogatin, Sally McAfee and Amy Lesan provided a PowerPoint presentation. (Filed as Supplemental Item #V-6 in the Official 2012-13 Board Minutes.)

Comments and responses to Board questions included:

- In January or February 2013, a small team of Student Services Department staff will review the recommendations in-depth and prepare and action plan that will probably span 5 years.
- In March, the action plan will be taken to the Special Ed. Task Force; then it will be reviewed by SEAC.
- The tenor of the process has been very positive and forward thinking; it has really been a spark for change.
- The presentations given by the action teams to the entire task force were very impressive; it was very obvious the teams had delved into the research of best practice.
- The membership of each of the five action teams was intentional. There was a parent assigned to the curriculum team; however that person needed to resign and it was too late in the process to replace that person.
- We have begun examining some of the recommendations from the report; we will prepare a plan that makes sense in terms of implementation and order.
- Because a number of recommendations focused on technology for making the process more efficient and for providing data for tracking and for instructional purposes, we have strategically placed people on the new data system selection committee who know Response To Intervention (RTI).
- Our action plan will take the recommendation list and make it into a checklist.

Director Rochester departed the meeting at 8:20 p.m.

Director Corrigan departed the meeting at 8:30 p.m.

Director Donohue said that one of the things he thought he heard in relation to resource constraints is that special education is very labor intensive; a lot of that is not teaching the child

Unadopted Minutes

or dealing with the child's needs, it's dealing with bureaucrats' needs. He questioned the value of any special education technology system if it doesn't also have a piece to it that will reduce teachers' workload. Mr. Bogatin clarified that the focus of the Task Force was on the consultants' report; the Task Force focused on assistive technology specifically as identified in that report. He added that what Director Donohue refers to is a component of what the District is trying to do for teachers; staff will try to address how to reduce paperwork in our restructure and at the state level. Director Donohue said the issue is about integrating all of this technology into the teaching; why leave the teacher behind? Mr. Bogatin said it would be good to have a conversation around a short- and long-term action plan to include things not in the initial report from the consultants.

Vice Chair Sauret opined that a serious reality is what this will cost; he asked whether there will be a prioritization of the tools that will give us the most bang for the buck. He added that for the Board, one of the realities will be the budget impact and making adjustments in the budget to produce the most students graduating. Ms. Lesan said the action plan will have a budget component. Mr. Bogatin clarified that what doesn't show up in the report are costs for staff; caseloads are high and the District's costs lie in people. He added that the greatest challenge going forward is that we can't continue to cut into special education funding and continue to deliver the services.

Mr. Bogatin referred to the overarching theme of communication. Some of his comments included:

- Improving communication is well documented in the report.
- Communications is definitely a focus for us and is part of short- and long-term goals.
- We still have a lot of work to do but we're making some progress.
- We have daily meetings as a team.
- We are taking a more team approach as to how we address issues and we include our administrators in the process.
- We have monthly special education training and get out into buildings.
- We still have some work to do in terms of communication out to parents; we plan to create a special education newsletter that talks about some of the legality issues, etc.
- Our website isn't quite where we want it to be; we are struggling to find someone with the time to do it.

IX. CONSOLIDATED ACTION

MOTION # 8:
It was moved by Director Donohue and seconded by Director Rodman to approve the consolidated action items. The motion was voted on and passed 5-0.

A. Minutes

- November 5, 2012
- November 26, 2012
- December 3, 2012

Unadopted Minutes

B. Licensed Personnel Recommendations

Recommendation to Hire

- Stacy Henderson: Special Education Teacher, 1.0 FTE, Lincoln Elementary School, effective November 7, 2012 (Temporary).
- Alexandra Fell: Title I Reading Specialist, 0.375 FTE, Waldorf and Zion Lutheran Schools, effective November 26, 2012 (Temporary).

Termination/Resignation/Layoff

- Heather Welburn: ELL Teacher, 1.0 FTE, Lincoln Elementary School, effective November 9, 2012 (Resignation).

C. OSBA Resolutions and Elections (Filed as Supplemental Item #III-3 in the Official 2012-13 Board Minutes.)

X. CONSOLIDATED INFORMATION

The Board received the following information:

A. Non-Licensed Personnel Information

Recommendation to Hire

- Amarillys Rodriguez: Administrative Assistant 1 / Educational Assistant 2, 7.25 hours; Linus Pauling Middle School; effective November 26, 2012 (Limited Term).
- Darcy Anglemier: Educational Assistant 2 – Life Skills, 3.75 hours, Linus Pauling Middle School; effective December 3, 2012 (Limited Term).

Termination/Resignation/Layoff

- Linda McNelly: Technology/Computer Lab Assistant 2, 6.0 hours, Cheldelin Middle School; effective December 14, 2012 (Resignation).
- Mary "Chris" Miller: Technology/Computer Lab Assistant 2 / Educational Assistant 2, 3.0 hours, Adams Elementary School; effective December 14, 2012 (Retirement).
- Cheryl Wiesinger: Educational Assistant 2, 6.5 hours, Cheldelin Middle School; effective December 10, 2012 (Resignation).

B. Unaudited Financial Statements – October 31, 2012 (Filed as Supplemental Item #VI-4 in the Official 2012-13 Board Minutes.)

C. Board Policy ING - Animals in District Facilities - Revised - First Reading

D. Board Policy KG - Community Use of District Facilities - Revised - First Reading

E. Administrative Regulation KG-AR - Facility Usage Rules and Procedures - Revised - For Information

Unapproved Minutes

XI. EXECUTIVE SESSION

The Board met in Executive session at 5:45 p.m. under ORS 192.660(2)(d) – To consult with persons designated for labor negotiations.

XII. ADJOURNMENT

There being no further business before the Board, Vice Chair Sauret adjourned the meeting at 8:50 p.m.

_____ _____

Tom Sauret, Board Vice Chair Dr. Erin Prince, Superintendent

Prepared By: Julie Catala
S:\DO\Super\Julie\BOARD\MINUTES\2012\12-10-12 minutes.docx

Unadopted Minutes

Corvallis
SCHOOL DISTRICT

X.B. Licensed Personnel Recommendations

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 14, 2013 **FOR ACTION**

SUBJECT: Licensed Personnel Action

---

1. Issue: Information on licensed-personnel recommendations

   a. Recommendation to Hire:
   Christy Toliver: Math Intervention Teacher, 0.50 FTE, Garfield Elementary School, effective January 7, 2013 (Temporary).

ACTION REQUESTED: Approve recommendations.

CONTACT PERSON: Jennifer Duvall

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 14, 2013 **FOR ACTION-ADDENDUM**

SUBJECT: Licensed Personnel Action

---

1. Issue: Information on licensed-personnel recommendations

   a. Recommendation to Hire:
   Mark Baldwin: Applied Technology Teacher, 1.0 FTE, Crescent Valley High School, effective January 1, 2013 (Temporary).

   Miriam Meza: ELL Teacher, 1.0 FTE, Lincoln Elementary School, effective January 8, 2013 (Temporary).

   Leigh Santy: Principal, 1.0 FTE, Garfield Elementary School, effective January 7, 2013 (Temporary).

   b. Termination/Resignation/Layoff:
   Mark Baldwin: Applied Technology Teacher, 1.0 FTE, Crescent Valley High School, effective December 31, 2012 (Retirement).

ACTION REQUESTED: Approve recommendations.

CONTACT PERSON: Jennifer Duvall

Corvallis
SCHOOL DISTRICT

X.C. Resolution No. 13-0101 - Updated Designation of District Officers, Clerks, Agents, and Depositories of funds (FY2012-13 Organizational Resolution)

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: **January 14, 2013** **FOR ACTION**

SUBJECT: Resolution No. 13-0101 – Updated Designation of District Officers, Clerks, Agents, and Depositories of Funds (FY2012-13 Organizational Resolution)

ISSUE:

Oregon Revised Statutes (ORS 332.040 and 255.335) require school boards to annually hold an organizational meeting to designate appointees and authorize actions. Failure to designate personnel would mean that district staff would not be properly authorized to carry out their official duties.

On August 20, 2012, the Board adopted Resolution No. 12-0801, which noted that for the purpose of all legal notifications made to the Corvallis School District 509J, attorney Joe Richards of Luvaas Cobb was designated as the Attorney of Record.

On December 28, 2012, the district was notified that Joe Richards decided to transition from a full-time practice to an Of Counsel arrangement with Luvaas Cobb. The firm appointed Joel DeVore to step into Joe's place as lead attorney for their school district clients.

Resolution No. 13-0101 reflects this change.

ACTION RECOMMENDED:

Adopt Resolution No. 13-0101 Updated Organizational Resolution

---

CONTACT PERSON(S): Erin Prince, Steve Nielsen

Corvallis School District 509J
Designation of District Officers, Clerks, Agents, and Depositories of Funds
(FY2012-13 Organizational Resolution)
Resolution No. 13-0101

District Clerks (ORS 332.515, 332.525)

Whereas, Erin Prince, Superintendent of Corvallis School District 509J, is designated by law as Clerk of said district;

Whereas, it is advisable for an additional staff member to be designated as Deputy Clerk;

Be It Resolved, that Steve Nielsen, Business Services Director, is appointed as Deputy Clerk for the 2012-13 fiscal year.

Be It Further Resolved, that the Erin Prince, as Clerk of the said district, be bonded in the amount of $500,000 for the 2012-13 fiscal year.

Custodian of Funds (ORS 328.441, 332.525)

Be It Resolved, that Steve Nielsen is hereby designated to serve as Custodian of Funds of the Corvallis School District 509J for the 2012-13 fiscal year.

Be It Further Resolved, that the Steve Nielsen, as Custodian of Funds of the said district, be bonded in the amount of $500,000 for the 2012-13 fiscal year.

Budget Officer (ORS 294.331, Board Policy DBE & DBJ)

Be It Resolved, that Steve Nielsen is hereby designated to serve as Budget Officer of the Corvallis School District 509J for the 2012-13 fiscal year.

Signing of Documents and Agreements for Funded Programs

Whereas, the district is involved in a variety of programs available through federal, state or other sources; and

Whereas, certain available funds may be deemed beneficial toward improvement of the district's educational system;

Be It Resolved, that Kevin Bogatin, Assistant Superintendent, or Erin Prince, Superintendent, is hereby authorized to file applications and sign documents and agreements related to funded programs on behalf of the Corvallis School District 509J for the 2012-13 fiscal year.

Disposal of Surplus Property (Board Policy DJAA)

Be It Resolved, that the Clerk of the District or Deputy Clerk, when appointed, be hereby authorized to dispose of surplus property in accordance with Board Policy DJAA.

Local Contract Review Board and Signing of Agreements (ORS Chapter 190, 190.010, 279A.060, Board Policy DJCA, DBJ)

Whereas, the Corvallis School District 509J Board of Directors has statutory authority to act as the local contract review board (279a.060) and may

also enter into intergovernmental agreements under ORS chapter 190 (190.010),

Be it Resolved, that the Clerk of the District or the Deputy Clerk, when appointed, is authorized to execute contracts, conveyances, or other similar transactional documents up to the amount of $75,000 pursuant to ORS chapter 279a-279c and may execute intergovernmental agreements pursuant to ORS chapter 190 up to the amount of $75,000 on behalf of the district as deemed necessary.

Non-Resident Student Tuition (Board Policy JECF)

Whereas, board policy JECF calls for tuition rates to be reviewed and approved by the board annually,

Be It Resolved, that the full year tuition rate for students who are not residents of the Corvallis School District 509J and where the district has not entered into an inter-district agreement be hereby established as $8,300 for the 2012-13 academic year.

Be It Further Resolved, that an additional tuition fee services for students requiring special education will be calculated on a program basis to capture the actual cost to the district in providing those extra services.

District Depositories (ORS 328.441, 328.445)

Whereas, the Office of the State Treasurer provides local governments with a list of "Qualified Depositories for Public Funds" which have been vetted for preservation of principal, conformance with federal, state and other legal requirements, and maintenance of sufficient liquidity to meet operating requirements,

Be It Resolved, that the following depositories are hereby approved as official depositories of Corvallis School District 509J funds for the 2012-13 fiscal year:

Oregon State Local Government Investment Pool

Qualified Depositories for Public Funds as approved by the Office of the State Treasurer for the purpose of cash management.

Be it Further Resolved, that the Clerk of the district or Deputy Clerk, when appointed, as Custodian of Funds, are authorized to establish accounts and to issue checks against such accounts bearing the original signature of the Clerk or the Deputy Clerk, when appointed, or the facsimile signature of the Clerk or Deputy Clerk, when appointed.

Investment of Funds (ORS 294.805-294.895, Board Policy DFA)

Whereas, the Corvallis School District 509J has statutory authority for the investment of funds,

Whereas, board policy DFA, the Investment of Funds and Guidelines Policy, requires the annual adoption of the policy by the board,

Be It Resolved, that board policy DFA is hereby readopted,

Be It Further Resolved, that the Custodian of Funds is hereby designated as Investment Officer, pursuant to policy DFA.

Student Body Fund Account (ORS 328.445)

Whereas, it is in the district's best interest to designate a Student Body Fund Account with checks to be issued on this account,

Whereas, that the Clerk of the district or Deputy Clerk, when appointed, as Custodian of Funds, are authorized to establish said accounts with the district's depository of record, Wells Fargo, N. A.

Be It Resolved, that checks be honored and charged to these accounts for amounts up to $500 that bear the original signature of two of the persons holding one of the positions listed below for each of the schools using this account for the fiscal year 2012-13:

Principal(s)
Assistant Principal(s)
Athletic Director(s)
Operations Assistant/Administrative Assistant(s)

Be it Further Resolved, that checks issued in amounts of $500 or more must bear the original signature of the Clerk, or the Clerk's designee or the facsimile signature of the Clerk, or the Clerk's designee.

Attendance Services (ORS 339.040)

Be It Resolved, that the district will use the services of the Linn-Benton-Lincoln Education Services District Attendance Supervisor for the 2012-13 fiscal year.

Auditors (ORS 328.465, 327.137, 297.405, Board Policy DIE)

Be It Resolved, that Koontz & Perdue, P.C., of Albany, Oregon, is hereby designated to serve as Auditors for the Corvallis School District 509J for the fiscal year 2012-13.

Insurance Agent of Record

Be It Resolved, that Steve Uerlings of Barker-Uerlings Insurance is hereby designated to serve as Agent of Record for the Corvallis School District 509J for property and casualty insurance, worker's compensation insurance, fidelity coverage insurance, and risk management services for the fiscal year 2012-13.

Be It Further Resolved, that Tim Hennessy of Gene Kiel & Associates is hereby designated to serve as Agent of Record for the Corvallis School District 509J for employee benefits insurances for the fiscal year 2012-13.

Legal Counsel

Be It Resolved, that for the purpose of all legal notifications made to the Corvallis School District 509J, attorney Joel DeVore of Luvaas Cobb is designated as the Attorney of Record for the district.

Be It Further Resolved, that the executive staff of the Corvallis School District 509J is authorized to use the firms of Graham Hicks, P.C., Preston, Gates &

Ellis, and the Hungerford Law Firm, based on their special expertise in the area of law being considered, at the discretion of the Superintendent or Board Chair for the fiscal year 2012-13.

Newspapers for Legal Notice

Be It Resolved, that the Corvallis Gazette-Times published by Lee Northwest Publishing be designated as the newspaper in which legal notices will be published.

Duly passed this 14th day of January, 2013 by the Board of Directors of Corvallis School District 509J.

_____

Anne Schuster, Board Chairperson

_____

Steve Nielsen, Deputy Clerk

Corvallis
SCHOOL DISTRICT

X.D. Resolution No. 13-0102 - FY2011-12 Audit Deficiencies Corrections

Corvallis School District 509J
Board of Directors

FOR ACTION

BOARD MEETING DATE: January 14, 2013

SUBJECT: Resolution No. 13-0102 – FY2011-12 Audit Deficiencies Corrections

BACKGROUND INFORMATION:
The FY2011-12 Comprehensive Annual Financial Report and independent audit has been completed; it can be found under the Consolidated Information portion of tonight's agenda. The auditors' report provided the following findings:

- Deficiencies in internal control:
  - Noncompliance with Oregon Budget Law: Food Service Fund over expenditure of appropriations by $23,186
  - Noncompliance with Public Contracts and Purchasing Statutes: Two instances of one bid solicitation instead of three as required by statute. Architectural and engineering services in the amount of $14,873 and paving services in the amount of $7,295
  - Federal Funding Procedures: Title Private Schools program did not solicit two private schools for participation

As part of ORS 328.467, when deficiencies are identified, a resolution is required to identify the corrective measures and time estimated to complete them. Resolution No. 13-0102 meets that requirement.

RECOMMENDATION:
Adopt Resolution No. 13-0102 to confirm the FY2011-12 audit findings and actions to address internal procedure controls.

Presenter:	Steve Nielsen, Business Services Director
Supplementary Materials:	Comprehensive Annual Financial Report (CAFR) – Fiscal Year Ended June 30, 2012 (found under Consolidated Information)
Motion Requested:	I move that the board adopt resolution No. 13-0102 to confirm the FY2011-12 audit findings and to address internal procedure controls.

Corvallis School District 509J

FY2011-12 Comprehensive Annual Financial Report Findings
Resolution No. 13-0102

WHEREAS, the FY2011-12 Comprehensive Annual Financial Report and independent audit has been completed; and

WHEREAS, the audit firm of Koontz, Perdue, Blasquez & Co., P.C. provided the following findings to include:

- Deficiencies in internal control as noted below:
    - Noncompliance with Oregon Budget Law: Food Service Fund over expenditure of appropriations by $23,186
    - Noncompliance with Public Contracts and Purchasing Statutes: Two instances of one bid solicitation instead of three as required by statute. Architectural and engineering services in the amount of $14,873 and paving services in the amount of $7,295
    - Federal Funding Procedures: Title Private Schools program did not solicit two private schools for participation

BE IT RESOLVED, that District staff address the deficiencies by reviewing best practices, current laws, and procedures to strengthen internal controls within FY 2012-13, and the School Board hereby supports and directs these actions be taken for the benefit of Corvallis School District 509J as pursuant to ORS 328.467.

Adopted by the Board of Directors of School District No. 509J (Corvallis) of Benton and Linn Counties, Oregon, at a regular meeting this 14th day of January, 2013.

ATTEST:

_____
Anne Schuster, Board Chair

_____
Steve Nielsen, Deputy Clerk

Corvallis
SCHOOL DISTRICT

X.E. Board Policy KG - Community Use of District Facilities - Revised - Second Reading

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 14, 2013 **FOR ACTION**

SUBJECT:
Board Policy KG—Community Use of District Facilities—Revised—Second Reading

---

Issue:
Minor change only for policy KG—Community Use of District Facilities—our Facilities and Maintenance Department is no longer called Auxiliary Services.

Options Considered: Not revising the policy.

Involvement: District staff, risk management, building principals, athletic directors.

Consequences: Policy will remain outdated.

Cost Impact: None

ACTION REQUESTED: Adopting the revised policy.

CONTACT PERSON(S): Kevin Bogatin, John Meyer, Kerry Richey, Glenda Gassner

CORVALLIS SCHOOL DISTRICT 509J

Code: KG
Adopted: 5/6/02
Revised/Readopted: 1/8/07
Original Code: 9100

Community Use of District Facilities

The Board supports the community education concept, which encourages the use of district facilities by community members for recreation, education, and service activities. All school and school-sponsored activities/events will maintain priority in facility use. The district reserves the right to grant permission for facility use and to deny any and all facility use permits at its sole discretion. All users of district facilities are responsible for leaving said facilities in the same condition in which they found them. The district will seek to recover all costs associated with the rental or leasing of all district facilities, but may establish criteria for a reduced fee or free use. The superintendent or designee(s) is authorized to cancel facility use permits when such action is in the best interests of the school district and/or the facility is needed for a school or school-sponsored activity or event.

Approval for use of a facility does not constitute approval or endorsement by the Board of the organization or group. The Board is not responsible for words or actions taken by organizations, groups, or individuals during their use of the buildings and or facilities.

~~Auxiliary Services Department~~ The Facilities and Maintenance Department, as designated by the superintendent, will provide oversight of the fee structure, contracts, availability, and scheduling of all district facilities and equipment.

The district reserves the right to require police supervision at any event the superintendent or designee deems necessary and to charge the user for the supervision.

The Board expects the users to treat the facilities with respect. The Board reserves the right to remove any facility from public use.

Short and long-term (over three months) use of district facilities must be made through the ~~Auxiliary Services Department~~ Facilities and Maintenance Department. The user must agree to all guidelines and conditions on the Facility Permit or the Contract for Facilities Use and Services. An individual, group, or organization may be denied future use of district facilities in the event of non-compliance of agreements, damage to facilities, improper use of facilities, or other harmful or illegal activities.

The superintendent shall establish administrative regulations for facility use, fees, and processes in accordance with policy.

END OF POLICY

Legal References:

ORS 330.430
ORS 332.107
ORS 332.172

Corvallis
SCHOOL DISTRICT

X.F. Board Policy ING - Animals in District Facilities - Revised - Second Reading

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 14, 2013 **FOR ACTION**

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

---

Issue: We want parents of students to be notified when animals are brought into the classroom. Due to allergies or other concerns, parents may request a student be excused from handling or touching any animal. Currently our policy and administrative agreement are not in alignment. Our policy has been reworded for clarity.

Options Considered: Not revising the policy.

Involvement: District office and building staff.

Consequences: Procedures will remain unclear.

Cost Impact: None

ACTION REQUESTED: Adopting the revised policy.

CONTACT PERSON(S): Kevin Bogatin, Kerry Richey

CORVALLIS SCHOOL DISTRICT 509J

Code: ING
Adopted: 5/10/99
Revised/Readopted: 9/12/11

ANIMALS IN DISTRICT FACILITIES

Animals are generally prohibited on district property.

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

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

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

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

~~Animals serving the disabled~~ Service animals shall be an exception to this policy.

END OF POLICY

Legal References:

ORS 336.067
ORS 346.620

OAR 581-053-0010
OAR 581-053-0015
OAR 581-053-0545(4)(c)(V)
OAR 581-053-0550(5)(u)

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

Corvallis
SCHOOL DISTRICT

XI. CONSOLIDATED INFORMATION

XI.A. Non-Licensed Personnel Information

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 14, 2013 **FOR INFORMATION ONLY**

SUBJECT: Non-licensed Personnel Information

---

1. Issue: Information on non-licensed-personnel

    a. Recommendation to Hire:
    Sandy Moser: Payroll Specialist 2, 1.0 FTE; District Office; effective January 1, 2013 (Temporary).

    b. Termination/Resignation/Layoff:
    Sandy Moser: Payroll Specialist 2, 1.0 FTE; District Office; effective December 31, 2012 (Retirement).

CONTACT PERSON: Jennifer Duvall

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 14, 2013 **FOR INFORMATION ONLY-ADDENDUM**

SUBJECT: Non-licensed Personnel Information

---

1. Issue: Information on non-licensed-personnel

    a. Recommendation to Hire:
    Andy Cadotte: Technology/Computer Lab Assistant 2, 6.0 hours; Cheldelin Middle School; effective January 7, 2013 (Limited Term).

    Glenda Gassner: Administrative Assistant 3, 8.0 hours; District Office; effective March 1, 2013 (Limited Term).

    Maggie Henderson: Educational Assistant 2, 6.0 hours; Lincoln Elementary School; effective January 10, 2013 (Limited Term).

    b. Termination/Resignation/Layoff:
    Amoreena Treff: Food Service Assistant, 3.25 hours; Linus Pauling Middle School; effective January 18, 2013 (Resignation).

    Glenda Gassner: Administrative Assistant 3, 8.0 hours; District Office; effective February 28, 2013 (Retirement).

CONTACT PERSON: Jennifer Duvall

Corvallis
SCHOOL DISTRICT

XI.B. Unaudited Financial Statements - November 30, 2012

Corvallis School District 509J
Board of Directors

FOR INFORMATION

BOARD MEETING DATE: January 14, 2013

SUBJECT: November 30, 2012 Financial Statements (Unaudited)

Explanation:

General Fund

The Statement of Revenues and Expenditures for the periods ending November 30, 2011 and 2012 follow this report. Activity is tracking within budgeted parameters. FY2012-13 year-to-date revenues are $33.5 million, 67.6 percent of budget as compared to FY2011-12 revenues of $35.5 million, 69.5 percent. FY2012-13 year-to-date expenditures are $17.5 million, 33.8 percent of budget as compared to the prior year of $16.5 million, 30.3 percent of budget.

Current Highlights

Revenues

November revenues reflect the annual influx of property tax payments as shown in the year-to-date increase of total revenues from October 2012 of $8.7 million to November 2012 of $33.5 million. General property tax receipts account for $19.7 million and local option tax receipts account for $3.6 million of the total revenues.

Property tax turnovers by Benton and Linn counties follow the payments due dates in November, February and May. Most receipts, about 87 percent, typically are received in November. General property tax receipts for the current fiscal year note revenues at 85.4 percent and local option tax receipts at 78.4 percent of budget. The impact of compression on the local option tax is noted in previously reported highlights below.

The timing of the receipt of property taxes creates a temporary surplus of cash. Cash requirements are closely monitored to ensure there are adequate funds to draw on to cover payroll and accounts payable transactions. The best option for investing cash varies with economic times. Presently, the Local Government Investment Pool (LGIP) offers the best return while maintaining policy compliance yielding 0.60 percent. Investment benchmarks as of November 30, 2012, include a three-month U. S. Treasury bill at 0.08 percent and a three-month jumbo certificate of deposit at 0.06 percent.

Expenditures

Instruction FY2012-13 expenditures are $0.9 million higher than this time in the prior year. Of the $0.9 million, $0.7 million is salary and benefit costs which include the change of paycheck distribution from 12 checks per year to 10 and is the significant majority of the increase. Charter school payments to Muddy Creek through November 2012 increased by $56,650 due to increased enrollment and funding. Otherwise, as noted below purchasing timing differences in textbooks, supplies and technology items are key factors.

Supporting Services expenditures experienced an increase of $85,367 over the prior year-to-date. The district worked on non-routine maintenance including CHS bleacher updates, modular classroom roof replacements, and removal of a large tree at CVHS. These projects led to maintenance costs being $99,000 higher than this time last year. Projects such as these happen every year and are managed within budget appropriations.

Previously Reported Highlights

On November 19, 2012, the Oregon quarterly economic forecast from the state economist was released and I provided an overview at that time. I will provide you with timely updates to keep you abreast of current information.

Revenues

September 2011 revenues included the receipt of $1.392 million from the state for the FY2011-12 School Year Subaccount (SYS Fund). The SYS Fund was a one-time appropriation last year by the state legislature of $100 million from the Education Stability Fund for the purpose of supporting smaller class sizes or for the enhancement of learning opportunities. The SYS Funds were distributed to school districts in a lump sum in September rather than spread over the school year and we will not receive any SYS funds this year.

State revenues for general support for FY2012-13 reflects the adjustment for decreased enrollment for the prior year incorporated into the state funding formula. The district planned the FY2012-13 budget accordingly and the revenue is on track with budgeted expectations.

The district has received the county assessors' Notification of Property Taxes Imposed for FY2012-13. The Local Option Levy continues to be impacted by compression due to decreases in the gap between real market values and assessed values. The district budgeted $4,541,500 for Local Option Levy, and the imposed amount is $4,211,840. This is $384,000 less than last year's imposed amount and $330,000 less than budgeted. Updated projections forecast total collections at $4.1 million. This will be watched closely throughout the year and into the future as it impacts the next fiscal year.

Interest earnings are $16,633 higher than the prior year-to-date due to an increase in the Local Government Investment Pool rate from 0.5 percent to 0.6 percent along with the General Fund cash balance is a higher proportion of the District's total cash on hand. Reductions in other funds cash balances over time include the $6 million payment to PERS in June 2011 to aid in lowering PERS rates, $1.6 million prepayment on Pension Obligation bonds in June 2011, and $3.5 million for the Crescent Valley High School roof project this fiscal year. Pooled interest earnings are allocated proportionally by funds cash balances.

Other Local Revenues in FY2012-13 are ahead of the prior year by $42,800 mainly due to the receipt of E-Rate funds. The receipt of these funds is on a variable basis and we expect to see continued timing fluctuations.

Expenditures

In addition to key items noted for the current month, General Fund expenditures are higher than the prior year which would typically not be expected with a smaller budget. The significant portion of the increase is due to timing differences including the change of paycheck distribution from 12 checks per year to 10 as bargained for Certified and most Classified staff as well as the purchase of textbooks, technology and supplies.

Community Services expenditures in the current year-to-date are $40,341 as compared to the prior year-to-date of $16,402. In the prior year, the Foundation Director position was filled later in the year resulting in lower expenditures.

If you have any questions regarding the financial statements or would like additional information please contact me.

Presenter:	Steve Nielsen, Business Services Director
Supplementary Materials:	1. Statement of Revenue and Expenditures, fiscal year to date as of November 30, 2011 and 2012
	2. Schedule of Investments as of November 30, 2012
	3. Schedule of Cash Disbursements greater than or equal to $1,000 for the period of November 1-30, 2012

Corvallis School District 509J
Statement of Revenues and Expenditures
Fiscal Year to Date as of November 30, 2011 and 2012 Respectively (Unaudited)

General Fund

	FY2011-12			FY2012-13		
	Budget	Actual		Budget	Actual	
Revenues:						
Local Sources						
Property Taxes	$ 22,500,000	$ 19,360,930	86.0%	$ 23,055,300	$ 19,683,338	85.4%
Local Option Taxes	4,775,000	3,958,727	82.9%	4,541,500	3,558,395	78.4%
Earnings on Investments	50,000	15,965	31.9%	100,000	32,628	32.6%
Other	316,000	52,513	16.6%	316,000	95,297	30.2%
Intermediate Sources	240,000	-	0.0%	230,000	-	0.0%
State Sources						
General Support	22,460,965	10,719,993	47.7%	20,560,265	10,109,875	49.2%
State School Fund - Subaccount	-	1,392,731	-	-	-	-
Common School Fund	546,857	-	0.0%	603,120	-	0.0%
Other	100,000	-	-	100,000	-	0.0%
Federal Sources	74,299	-	0.0%	8,000	-	0.0%
Total Revenue	$ 51,063,121	$ 35,500,859	69.5%	$ 49,514,185	$ 33,479,533	67.6%
Expenditures:						
Instruction	$ 32,621,179	$ 8,647,388	26.5%	$ 30,924,859	$ 9,551,504	30.9%
Supporting Services	21,669,474	7,834,677	36.2%	20,718,041	7,920,044	38.2%
Community Services	92,800	16,402	17.7%	124,300	40,341	32.5%
Facilities Improvements	1	-	0.0%	1	-	-
Transfers to Other Funds	5	-	0.0%	2	-	0.0%
Total Expenditures	$ 54,383,459	$ 16,498,467	30.3%	$ 51,767,203	$ 17,511,889	33.8%
Excess of Revenues over Expenditures	$ (3,320,338)	$ 19,002,392		$ (2,253,018)	$ 15,967,644	
Beginning Fund Balance	9,692,879	10,171,758	104.9%	7,971,475	8,249,911	103.5%
Budgeted Contingencies	3,820,341	-		3,242,747	-	
Unappropriated Ending Fund Balance	2,552,200	-		2,475,710	-	
Fund Balance, November 30	$ -	$ 29,174,150		$ -	$ 24,217,555	

Corvallis School District 509J
Schedule of Investments
November 30, 2012

Type of Investment	Investment Date	Maturity/ Call Date	No. of Days	Bond Equivalent Yield	Purchase Price	Par (Maturity) Value
Commercial Paper						
US Bancorp 2.125%	08/26/11	02/15/13	539	0.543%	$ 2,762,149	$ 2,700,000 [3]
Subtotal Commercial Paper					$ 2,762,149	$ 2,700,000

Local Government Investment Pool:	Average Annualized Rate	
General Account	0.6000%	$ 42,380,290
Debt Service Account	0.6000%	1,236,773
Subtotal LGIP [1]		$ 43,617,063
Local Government Investment Pool - Pension Bond Debt Service:		
Pension Bond Debt Service Account: [2]	0.6000%	$ 1,090,231
Total Investments		$ 47,407,293

1. The maximum amount (in any combination of accounts) that the Local Government Investment Pool (LGIP) allows in an account is $44,999,213.
2. The PERS Bond Debt Service Account is outside of the LGIP limit, and collects the PERS intercept payments from the Basic School Fund for payment twice a year to the bond holders of the PERS bond debt.
3. This investment was purchased at a premium to (or in excess of) the par (maturity) value. The investment includes semi-annual coupon payments, that together with the par values exceed their purchase price and yield the Bond Equivalent Yield displayed.

Compliance with Investment Policy

Type of Investment	Maximum Percent of Portfolio per Policy		Current Percent
US Government-Sponsored Enterprises (Total):	90.0%		0.0%
US Treasury Obligations	100.0%		0.0%
Local Government Investment Pool	100.0%		94.3%
Bankers Acceptances	25.0%		0.0%
Repurchase Agreements	25.0%		0.0%
State and Local Government Securities	25.0%		0.0%
Time Certificates of Deposit & Collateralized Money Market	50.0%		0.0%
Commercial Paper (bonds and promissory notes issued by corporations)	10.0%		5.7%
US Bancorp 2.125% 2/15/13		5.7%	
TOTAL			100.00%

Benchmarks as of 11/30/12:

3-Month U. S. T-Bill bond equivalent yield:	0.08%
3-Mo. Jumbo CDs	0.06%

Corvallis School District 509J
Schedule of Cash Disbursements greater than or equal to $1,000
For the period of November 1, 2012 - November 30, 2012

Fund, Object, Vendor	Amount
100 - General Fund	**$ 926,836.21**
Advertising	
MID VALLEY NEWSPAPERS	$ 2,398.45
Audit Services	
KOONTZ & PERDUE, BLASQUEZ & CO P.C.	$ 11,000.00
Charter School Payments	
INAVALE COMMUNITY PARTNERS, INC	$ 43,147.06
Computer Software	**$ 16,649.24**
NETCHEMIA	$ 6,090.00
NW REGIONAL EDU SERVICE DISTRICT	$ 1,709.24
SCHOLASTIC INC	$ 8,850.00
Consumable Supplies and Materials	**$ 90,260.95**
ACP DIRECT	$ 1,112.17
AMERICAN SWING PRODUCTS	$ 1,133.75
AMERICAN TIME & SIGNAL COMPANY	$ 1,660.60
APPLE, INC	$ 7,577.75
CDW GOVERNMENT INC	$ 6,767.35
COASTWIDE LABORATORIES	$ 7,220.12
DIGITAL DOLPHIN SUPPLIES	$ 9,853.60
E.L. ACHIEVE	$ 4,260.00
FRED MEYER CUSTOMER CHARGES	$ 1,469.56
GREAT LAKES SPORTS	$ 1,076.33
HOME DEPOT CREDIT SERVICES	$ 1,810.25
JOSTENS INC	$ 1,890.31
NW PLAYGROUND EQUIPMENT	$ 2,019.54
OETC	$ 7,474.06
OFFICE MAX	$ 10,858.09
PLATT ELECTRIC SUPPLY CO	$ 3,109.28
RAPID REFILL INK	$ 4,383.38
ROSS RECREATION EQUIPMENT	$ 4,440.25
SCHOOL SPECIALTY	$ 5,951.55
SEARING ELECTRIC & PLUMBING	$ 1,107.64
WELLS FARGO	$ 5,085.37
Copier Charges	
OSU PRINTING	$ 28,316.53
Electricity	**$ 70,886.65**
CONSUMERS POWER INC	$ 25,174.59
PACIFIC POWER AND LIGHT	$ 45,712.06
Equipment-like items $1,000 - $4,999	
PLUMBMASTER, INC	$ 1,299.99

Fund, Object, Vendor	Amount
100 - General Fund continued	
Fuel	**$ 43,529.34**
BENTON COUNTY PUBLIC WORKS	$ 4,987.15
NW NATURAL	$ 38,542.19
Garbage	
ALLIED WASTE SERVICES	$ 9,381.76
Legal Services	
GRAHAM M HICKS, PC	$ 2,515.46
Library Books	
INGRAM LIBRARY SERVICES	$ 1,088.49
Miscellaneous	
OREGON SCHOOL ACTIVITIES FOUNDATION	$ 2,114.00
Non-reimbursable Student Transportation	
FIRST STUDENT INC	$ 1,466.53
Other Communication Services	**$ 25,716.08**
CENTURYLINK	$ 1,329.20
COMCAST/INSTITUTIONAL NETWORKS	$ 24,386.88
Other Non-instructional Professional and Tecl	**$ 7,217.55**
MAXIM HEALTHCARE SERVICES	$ 2,839.05
NW REGIONAL EDU SERVICE DISTRICT	$ 4,378.50
Postage	
GARTEN SERVICES, INC	$ 3,192.02
Printing and Binding	
HENDERSONS OFFICE SYSTEMS	$ 5,324.33
Reimbursable Student Transportation	**$452,902.66**
FIRST STUDENT INC	$447,893.78
GO GET'EM TAXI AND TRANSPORT LLC	$ 3,335.00
MINDY DYE	$ 1,673.88
Repairs and Maintenance Services	**$ 63,314.70**
BENTON COUNTY PUBLIC WORKS	$ 2,995.59
BIO-PEST, INC	$ 1,560.00
CAMPBELL CONSTRUCTION NW	$ 4,275.00
CHOWN HARDWARE	$ 7,197.21
ECO HOME COMFORT, LLC	$ 1,275.00
ESC AUTOMATION	$ 3,091.25
GENERAL SHEET METAL WORKS, INC	$ 2,500.00
HARVEY & PRICE MECHANICAL CONTRACTO	$ 2,623.85
MECHANICAL DESIGN, INC.	$ 2,800.00
NOR-PAC SEATING CO. INC	$ 15,820.00
PACIFIC ENVIRONMENTAL GROUP, INC	$ 3,650.00
REYNOLD ELECTRIC INC	$ 13,439.80
RICE HEATING & AIR CONDITIONING INC	$ 2,087.00

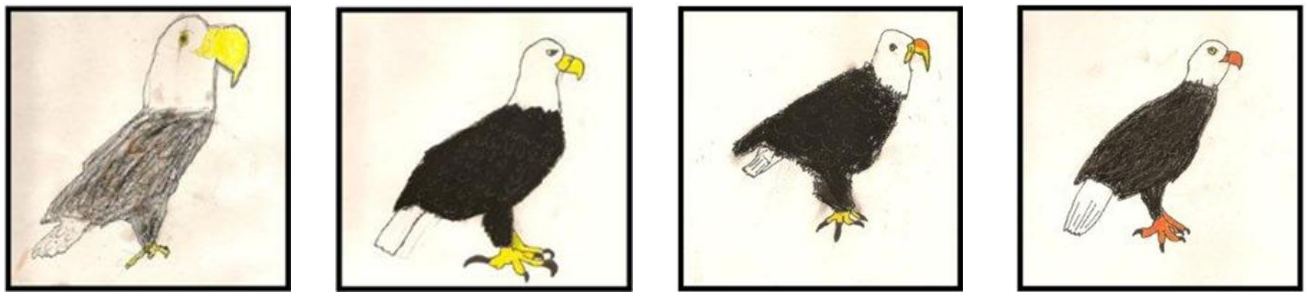
100 - General Fund continued		
Technology Equip $1,000 - $4,999		
DELL MARKETING LP	$	2,937.95
Telephone	**$**	**3,306.16**
AT&T MOBILITY-ACCT#837370420 (TECH)	$	1,419.13
CENTURYLINK	$	1,887.03
Textbooks	**$**	**16,852.79**
CENGAGE LEARNING	$	6,142.95
PEARSON EDUCATION INC	$	4,462.34
TEXTBOOK WAREHOUSE	$	6,247.50
Water and Sewage		
CITY OF CORVALLIS	$	22,017.52
203 - Food Service Fund	**$**	**89,754.55**
Food - Food Service Only	**$**	**27,486.72**
DUCK DELIVERY PRODUCE INC	$	9,098.88
FRANZ FAMILY BAKERIES	$	4,748.08
LOCHMEAD DAIRY	$	10,755.66
RIVERWOOD ORCHARD AND FARM	$	1,539.00
SYSCO FOOD SERVICE	$	1,345.10
Inventories	**$**	**60,823.83**
COSTCO ALBANY	$	2,643.13
FOOD SERVICE OF AMERICA	$	32,987.09
MCDONALD WHOLESALE CO	$	25,193.61
Repairs and Maintenance Services		
ADVANCED ENVIRONMENTAL SYSTEMS	$	1,444.00
204 - District Donation Fund	**$**	**8,337.35**
Consumable Supplies and Materials	**$**	**6,228.82**
APPLE, INC	$	1,199.00
CORVALLIS SPORTS PARK	$	2,362.05
SANTILLANA USA	$	1,011.27
STOVER, EVEY AND JACKSON	$	1,656.50
Rentals		
OREGON STATE UNIVERSITY CONF. SERV.	$	1,000.00
Travel, Student Out of District		
RIVERHOUSE HOTEL	$	1,108.53
296 - Grants Fund	**$**	**107,636.14**
Consumable Supplies and Materials	**$**	**100,796.14**
EL SOL DE MEXICO	$	1,000.00
KIMMEL ATHLETIC SUPPLY	$	4,570.48
NOR-PAC SEATING CO. INC	$	32,391.55
SCHOOL SPECIALTY	$	61,681.11
STOVER, EVEY AND JACKSON	$	1,153.00
Travel, Out of District	**$**	**6,840.00**
ACSI	$	2,601.00
E.L. ACHIEVE	$	2,975.00
COUNCIL FOR THE SOCIAL STUDIES	$	1,264.00

297 - Student Body Funds	**$**	**91,580.04**
Consumable Supplies and Materials	**$**	**54,684.78**
CORVALLIS SPORTS PARK	$	2,200.50
DEHEN CHEER & DANCE	$	1,906.25
ELEMENT GRAPHICS, INC	$	1,247.20
HERFF JONES - YEARBOOKS	$	30,260.00
PEPSI-COLA	$	1,011.20
PSAT/NMSQT	$	1,890.00
SEW ON	$	1,055.00
SHIRT CIRCUIT	$	3,467.79
WELLS FARGO	$	2,001.84
WILLAMETTE PASS RESORT	$	9,645.00
Non-reimbursable Student Transportation	**$**	**18,874.48**
ATHLETIC TRANSP. SERVICES, LLC	$	2,250.00
FIRST STUDENT INC	$	15,485.98
MTR WESTERN	$	1,138.50
Other Non-instructional Prof. and Tech.	**$**	**4,815.19**
MID-VALLEY SOCCER REFEREES ASSN	$	2,788.63
ROB MILLER	$	2,026.56
Printing and Binding		
JOSTENS INC	$	2,880.59
Travel, Student Out of District	**$**	**10,325.00**
FIRST	$	9,000.00
OISRA REGISTRATION	$	1,325.00
298 - Designated Revenue Fund	**$**	**103,203.21**
Consumable Supplies and Materials	**$**	**8,875.26**
GEORGIE'S CERAMIC & CLAY CO	$	3,013.33
KID CARPET.COM	$	1,199.97
MONTEREY COLLEGE OF LAW	$	1,218.66
MO'S ENTERPRISES, INC	$	1,242.00
WELLS FARGO	$	2,201.30
Equipment $5,000 and greater	**$**	**35,364.00**
CORVALLIS POWER EQUIPMENT	$	6,119.00
TWGW, INC.	$	9,195.00
WILSON MOTORS	$	20,050.00
Equipment-like items $1,000 - $4,999	**$**	**11,753.00**
ADORAMA CAMERA	$	2,994.00
CUSTOM ENGRAVING CO.	$	2,095.00
NORTHWEST TECHNICAL PRODUCTS	$	1,719.00
TECH ED CONCEPTS, INC	$	4,945.00
Instructional, Professional and Tech.	**$**	**9,570.00**
NW REGIONAL EDU SERVICE DISTRICT	$	5,070.00
PLATO LEARNING	$	4,500.00
Printing and Binding		
HENDERSONS OFFICE SYSTEMS	$	1,551.39

298 - Designated Revenue Fund continued		
Repairs and Maintenance Services	**$**	**3,770.91**
EAGER BEAVER NURSERY, INC.	$	2,395.00
WELLS FARGO	$	1,375.91
Travel, Student Out of District	**$**	**32,318.65**
OREGON STATE UNIVERSITY	$	1,728.00
PATHFINDER TRAVEL	$	28,952.65
PSAT/NMSQT	$	1,638.00
601 - Insurance Fund	**$**	**655,058.00**
Buildings Acquisition	**$**	**243,093.24**
2G, INC., DBA 2G CONSTRUCTION	$	235,178.24
PBS ENGINEERING & ENVIRONMENTAL	$	3,915.00
PIONEER WATERPROOFING	$	4,000.00
Group Insurance	**$**	**397,995.26**
LIFEMAP ASSURANCE COMPANY	$	8,544.38
REGENCE BCBS OF OREGON	$	376,896.95
SAIF CORPORATION	$	3,576.43
WILLAMETTE DENTAL GROUP	$	8,977.50
Other Insurance and Judgments		
PACE- SPECIAL DISTRICTS ASSN	$	1,200.00
Other Non-instructional Prof. and Tech.	**$**	**12,769.50**
BARKER-UERLINGS INSURANCE, INC	$	6,899.50
CITY OF CORVALLIS	$	4,730.00
CPR WORKS, LLC	$	1,140.00
Grand Total		**$1,982,405.50**

Corvallis
SCHOOL DISTRICT

XI.C. Comprehensive Annual Financial Report (CAFR) - Fiscal Year Ended June 30, 2012



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

Corvallis School District 509J

1555 SW 35th Street

Corvallis, Oregon 97333

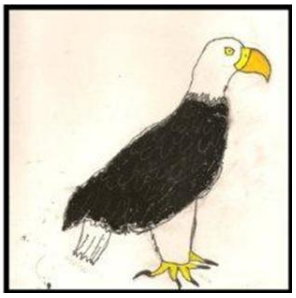
About the Artwork in this Document

In the spring of 2010, Lori Tubbs' third grade class got to know one of Mt. View Elementary School's neighbors pretty well: Sparky the Bald Eagle. Sparky is Mt. View's mascot and lives just up Lewisburg Road at Chintimini Wildlife Center. Mrs. Tubbs' class visited Sparky and the other education birds at Chintimini to learn their stories. They then wrote, illustrated, and published "Sparky's Story" as a fundraiser to help pay for the long-term care of Sparky.

Once you read "Sparky's Story," you'll discover why he cannot be released to live in the wild. Instead, volunteers at Chintimini use him and other birds to educate the public about animals who live in our area's natural habitats.

Because Mrs. Tubbs secured a grant to cover publishing costs, 100% of the $10 purchase price of "Sparky's Story" goes directly to the non-profit Chintimini Wildlife Center.

The Business Services Department would like to extend special thanks to Mrs. Tubbs, and Mt. View's Artist in Residence, Sharon Rackham King, who provided this project summary and helped students in Mrs. Tubbs' class to create the artwork shown in this document. We are also grateful to parent Herme Ornes who scanned the artwork, and for all of the students' work, and, of course, Sparky.



About the Artists

Front Cover
Top row, left to right: Nathaniel Franklund, Rebecca Howard, Connor Goodwin, Aurora Godek
Middle top row, left to right: Jillian Speer, Halle Hewitt, Devin Hartley, Marcos Azpeitia
Middle bottom row, left to right: Jacob Fummerton, Shea McLean, Lucas Demaray, Neal Ornes
Bottom row, left to right: Daniel Hardy, Madison Lyons, Garrett Obrich

This Page
Left to right: Elijah Shaw, Hatton Brown, Max Franklin

All were students in Lori Tubbs' third grade class at Mt. View Elementary School during the 2009-10 school year

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

---

prepared by:
509J Business Services Department

Roy Burling
Business Service Director (December 2009 – June 2012)

Steve Nielsen
Business Services Director (August 2012 – Present)

Debbie Bell
Accounting Manager

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

TABLE OF CONTENTS

June 30, 2012

	Page Number
INTRODUCTORY SECTION	
Letter of Transmittal	1-7
GFOA Certificate of Achievement	8
Organizational Chart	9
FINANCIAL SECTION	
Independent Auditor's Report	10-11
Management's Discussion and Analysis	12-22
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	23
Statement of Activities	24
Fund Financial Statements	
Balance Sheet – Governmental Funds	25
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Assets – Proprietary Fund	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund	30
Statement of Cash Flows – Proprietary Fund	31
Statement of Fiduciary Net Assets	32
Notes to Basic Financial Statements	33-58
Required Supplementary Information	
Schedules of Funding Progress and Employer Contributions – Other Post-Employment Health Benefits	59
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
General Fund	60
Grants Fund	61
Other Supplementary Information – Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	63

Page Number

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
Food Service Fund 64
Designated Revenue Fund 65
Designated Facilities Fund 66
Student Body Activity Fund 67
District Donation Fund 68
Early Retirement Fund 69
Debt Service Fund 70
PERS Debt Service Fund 71
Insurance Fund 72

CAPITAL ASSETS SCHEDULES

Comparative Schedule of Capital Assets used in Operation of Governmental Funds by Source 73
Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity 74

OTHER FINANCIAL SCHEDULES

Schedule of Bond Redemption and Interest Requirement –
General Obligation Bonds 75
PERS UAL Limited Tax Pension Bonds 76
Oregon Department of Education – Revenue Summary –
All Fund 77
Oregon Department of Education – Expenditure Summary –
General Fund 78
Special Revenue Funds 79
Debt Service Funds 80
Internal Service Fund 81
Fiduciary Fund 82
Schedule of Property Tax Transactions –
General Fund 83
Debt Service Fund 84

STATISTICAL SECTION

Financial Trends
Revenues and Other Financing Sources by Source (Budgetary Basis)–
Last Ten Fiscal Years – General Fund 85
Expenditures and Transfers by Program (Budgetary Basis) –
Last Ten Fiscal Years – General Fund 86
Condensed Statement of Net Assets – Last Ten Fiscal Years 87
Changes in Net Assets – Last Ten Fiscal Years 88
Fund Balances of Governmental Funds – Last Ten Fiscal Years 89
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years 90
Revenue Capacity
Assessed Values of Taxable Property within Corvallis School District 509J Boundaries – Last Ten Fiscal Years 91
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years 92

Page Number

Principal Property Taxpayers for Benton County – Current and Nine Years Ago 93
Property Tax Levies and Collections Last Ten Fiscal Years 94
Debt Capacity
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years 95
Direct and Overlapping Governmental Activities Debt 96
Legal Debt Margin Information – Last Ten Fiscal Years 97
Demographic and Economic Information
Demographic and Economic Statistics – Last Ten Calendar Years 98
Principal Employers for the Corvallis Area – Current and Nine Years Ago 99
Operating Information
Number of Full Time Equivalent (FTE) Employees – General Fund – Last Ten Fiscal Years 100
Operating Statistics –
Last Ten Fiscal Years 101
Last Five Fiscal Years 102-103

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Independent Auditor's Report Required by Oregon State Regulations 104-105

Supplemental Information Required by Oregon Department of Education 106

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards 107-108

Notes to Schedule of Expenditures of Federal Awards 109

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 110-111

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133* 112-113

Schedule of Findings and Questioned Costs 114-115

INTRODUCTORY SECTION

Corvallis School District 509J

Erin Prince, Ph.D., Superintendent
1555 SW 35th Street • PO Box 3509J • Corvallis, Oregon 97339
541-757-5811 • www.csd509j.net • 541-757-5703 FAX

December 10, 2012

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

We respectfully submit the Comprehensive Annual Financial Report (CAFR) of Corvallis School District 509J, Benton County, Oregon, for the fiscal year July 1, 2011 – June 30, 2012. This report is submitted in accordance with the provisions of Oregon Revised Statutes 297.405 through 297.555, referred to as the Municipal Audit Law, which specify that every general-purpose local government publish a similar document within six months of the close of each fiscal year.

This report consists of management's representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of all the information presented in this report based on a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit

The District's financial statements have been audited by the firm of Koontz, Perdue, Blasquez & Co. P.C., of Albany, Oregon, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion and that the Corvallis School District 509J's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Corvallis School District 509J was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the District's single audit for the fiscal year ended June 30, 2012, provide no instances of material weaknesses in the internal control structure of applicable laws and regulations.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements 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 Corvallis School District 509J's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The Corvallis School District 509J serves the city and surrounding area of Corvallis, Oregon. Corvallis is the county seat of Benton County and is located in the middle of Oregon's Willamette Valley. Population for the City of Corvallis is estimated at 54,674 and at 85,928 for Benton County.

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

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

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

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

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

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

The District provides a full range of educational services to 6,278 students in grades kindergarten through twelve. District facilities include seven elementary schools, two middle schools, two high schools, one kindergarten through eighth grade school, an alternative education center, plus administrative and support services buildings. The District owns the local public swimming pool facilities, although the City of Corvallis assumed pool management and operations in January 2001. The pool evolved into a community recreation center rather than an arm of educational services.

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

Major Initiatives

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

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

The current District focus is on five central goals:

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

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

- Implement the dual language immersion (DLI) programs to teach English and Spanish at both Garfield and Lincoln elementary schools.
- Implementing the Common Core State Standards.
- Implement the Diversity Action Plan to make schools safe, welcoming, and inclusive for all students and families.
- Implement environmentally sustainable practices and refining the sustainability vision.
- Create a long-term financial plan to align the cost of current services with current resources.
- Implement professional learning communities to improve student performance, close the achievement gap, and support staff as they are required to meet higher standards with fewer resources.

To reach these educational benchmarks, the District's budgetary goal is to protect and preserve structures and supports necessary for sustainable district-wide educational programs with specific programmatic focus in the areas of technology/information literacy, hands-on/project learning, service learning/civic engagement, career preparation, personal finance, arts and music, world languages, and global perspectives.

Local Economy

Benton County is a vital regional center for higher education, industrial technology, engineering, research, commerce, and health care. In December 2010, the Corvallis City Council established the Economic Development Commission; ensuring economic development is a civic priority. *Washington Post Capital Business* named Corvallis as the 20th best city in America for independent businesses in October 2011 and, also in 2011, *Forbes Magazine* named Corvallis as the 17th best place for business and careers in the small cities category. Examples of successful local start-ups include Perpetua Power Source Technologies, Inc., ZAPS Technologies, Inc., and ViewPlus Technologies, Inc.

Corvallis is the center of Benton County's economy accounting for the majority of the county's employment. Oregon State University (OSU), with 9,277 employees, is the largest employer in Corvallis and a vital player in the area's economic condition as a main employment anchor. As one of the few combined land, space, and sea grant universities in the nation, OSU is the state's primary source of basic applied research in forestry, agriculture, fisheries, engineering, electronics, home economics, and the sciences. OSU's Office for Commercialization and Corporate Development works to facilitate OSU research to impact the world. In fact, many local companies have directly benefited from OSU research, bolstering the local economy and providing a wide variety of services.

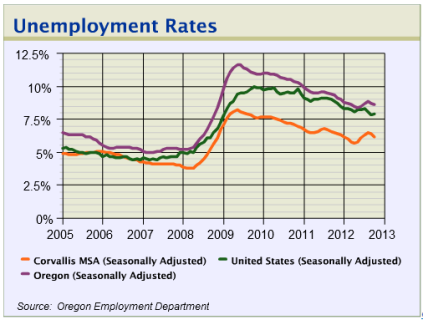
Corvallis Nonfarm Employment – October 2012

Government	34%
Information, Financial, Professional, Business	17%
Education & Health Services	15%
Trade, Transportation & Utilities	12%
Leisure and hospitality	8%
Manufacturing	8%
Construction, Mining, Natural Resources	3%
Other Services	3%

Source: Oregon Employment Department

Examples include Columbia Power Technologies, working to commercialize renewable energy from ocean waves, and Home Dialysis Plus, working to develop dialysis systems for home use.

Since 2008, enrollment at OSU has increased from 19,753 to 24,977 students. This increase in students has increased demand for housing and other infrastructure. In September 2011, OSU and the City of Corvallis signed a memorandum of understanding aimed at maintaining Corvallis' livability and unique sense of place, supporting both residents and students, enhancing educational, cultural, and recreational opportunities, and furthering the economic development benefits associated with Oregon's largest research university.



The next largest employer in 2012 is Samaritan Health Services with 2,722 employees serving local communities through five affiliated hospitals, physician clinics, several health plans and a senior care facility. The third largest employer is Hewlett-Packard (HP) with approximately 1,700 employees.

> The October 2012 unemployment figure for Benton County, the lowest in the state, was 6.2%, down from 6.6% in October 2011. By comparison, the October 2012 state average was 8.6% and the national average was 7.9%.

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

State and Local Funding

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

The 2011-13 state biennium budget continues the funding challenges presented by the economic recession. The state added $125 million in Education Stability Funds to fund a $5.8 billion K-12 budget. The additional $125 million in funding, named the School Year Subaccount, is a one-time grant partnered with the traditional basic school support resources. This grant provided just under $1.4 million of a total $46 million in funding to our District, approximating the same funding level for fiscal year 2011-12 as fiscal year 2010-11.

Corvallis School District 509J has a long history of strong voter and community support. In November 2010, 68.5% of voters approved a renewal of the local option tax of $1.50 per $1,000 of assessed valuation for another five years beginning with the 2012-13 school year. In the fiscal year 2012-13 adopted budget, the local option levy is scheduled to fund 43.97 FTE, providing a significant impact to direct services to students.

The local option levy is affected by continuing weakness in real market property values. Increased losses from tax compression resulted in a decline of fiscal year 2011-12 revenue below expectations. In fiscal year 2011-12, revenue from the levy was just under $4.5 million as compared to just under $5 million in fiscal year 2010-11. With the current economic factors in the housing market, revenue from this source is carefully monitored.

Long-Term Financial Planning

Volatility of revenue collections at the state level and dwindling state reserve levels has made for a complex and unstable funding stream. A short-term bridge through federal funding offered support in fiscal year 2009-10 ($1.76 million) and in fiscal year 2010-11 ($2.0 million), but is no longer available. While the District accumulated resources to help cushion the immediate funding shortfall, the current amount is insufficient to carry through to a full economic recovery, and adjustments to the current service levels are required. As a result of this the fiscal year 2012-13 adopted budget reduces services by $3.4 million as compared to fiscal year 2011-12.

Slow economic recovery, coupled with declining District enrollment, further portends the challenge to align District service levels with projected resources. Strategic planning and conversations with staff, the School Board, Budget Committee and the community will be held to provide input on how to structure a sustainable budget plan on a multi-year basis and best meet the needs of our students.

Relevant Financial Policies

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

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

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

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

This policy was updated and readopted in December 2007 and has been instrumental in strategic planning. The fiscal year 2011-12 adopted budget was balanced maintaining policy guidelines.

Budgetary Controls

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

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

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

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

Capital Improvements

In March 2008 the School Board adopted the 2007 Long Range Facilities Master Plan. In fiscal year 2011-12 as part of the implementation of that plan, the District spent $704,697 on facility improvement projects. The boilers at Crescent Valley High School and Cheldelin Middle School were upgraded, the roof replacement project at Crescent Valley High School began, the gym floor at Garfield Elementary School was replaced, and the water storage tank at Mountain View Elementary was overhauled. The funding for these projects comes from local construction excise taxes, SB1149, and facilities grants funds.

In anticipation of approaching voters in 2018 for another capital construction bond and based on recommendations in an updated Long Range Facilities Master Plan, the District will reconvene a committee to review capital improvement plans in 2013.

Awards and Acknowledgements

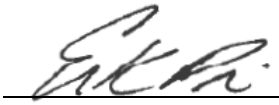
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Corvallis School District 509J for its CAFR for the fiscal year ended June 30, 2011. This was the twenty-third consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

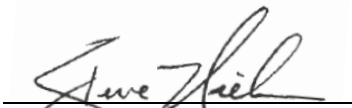
An expression of thanks goes to the Corvallis School District 509J Business Services staff and members of other District departments for their hard work and dedication in providing ongoing financial services to the District and in the preparation of this report. We also express appreciation to Koontz, Perdue, Blasquez & Co., P.C., for their efforts during the audit.

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

Respectfully submitted,



Erin Prince, Ph.D., Superintendent

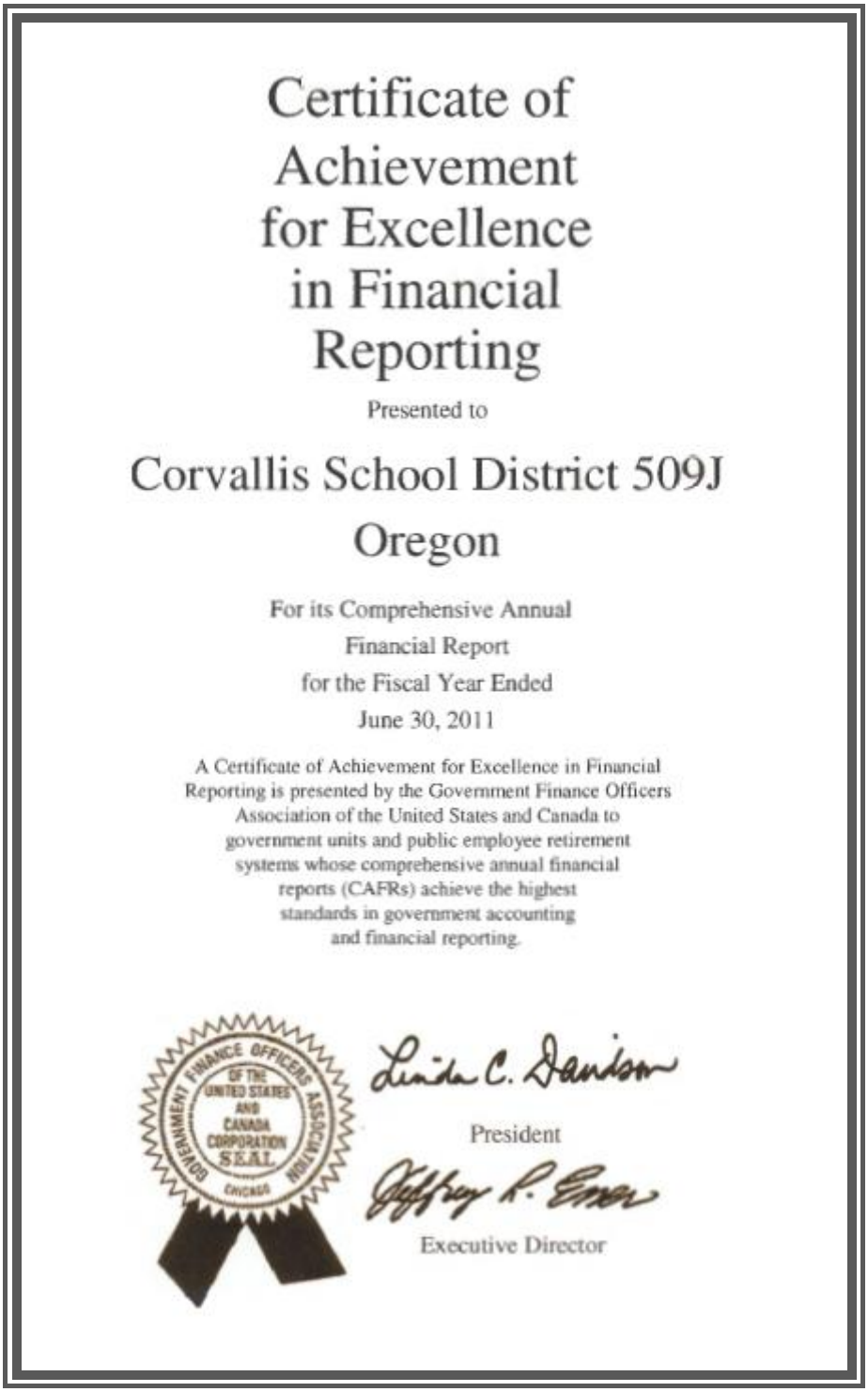


Steve Nielsen, Business Services Director

Debbie Bell, Accounting Manager

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CERTIFICATE OF ACHIEVEMENT



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Corvallis School District 509J

Oregon

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

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

Linda C. Davidson

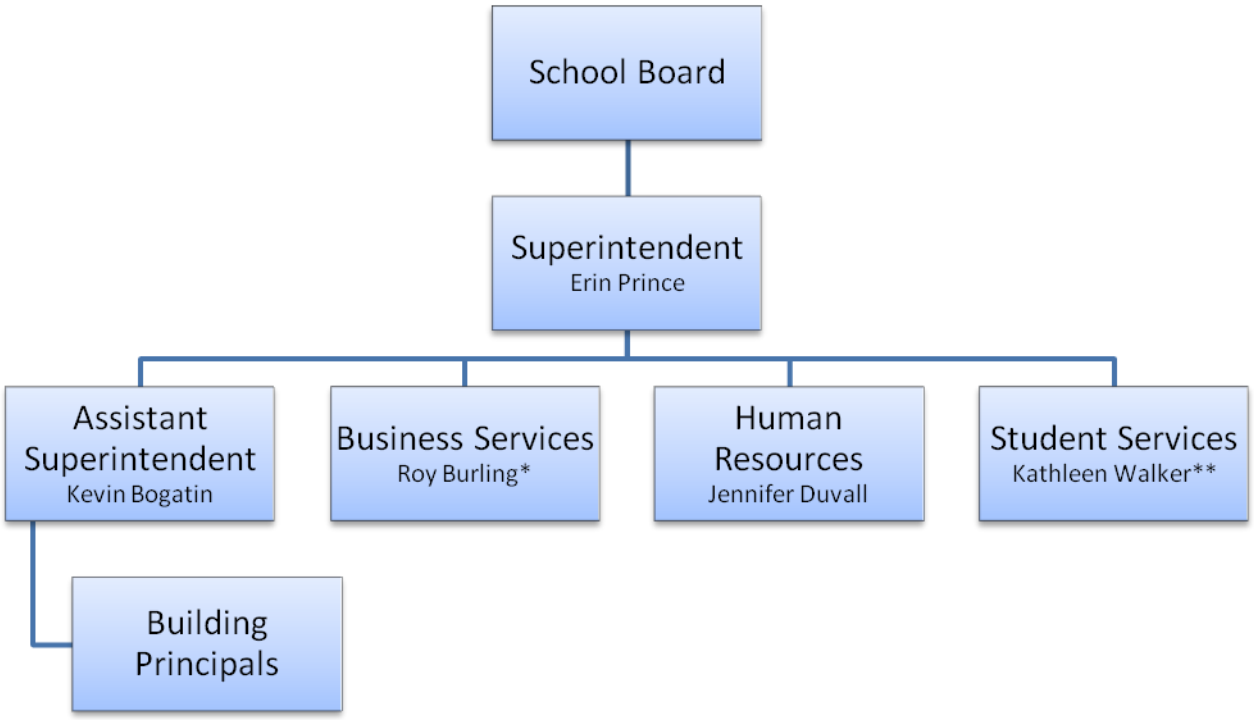
President

Jeffrey R. Esser

Executive Director

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

ORGANIZATIONAL CHART



*Roy Burling served as Business Services Director December 2009 – June 2012. Steve Nielsen began tenure August 1, 2012.

**Kathleen Walker served as Student Services Director July 2007 – June 2012. The Student Services Director position was eliminated effective July 1, 2012.

School Board

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

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Corvallis School District 509J
Corvallis, Oregon 97339

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Corvallis School District 509J, Corvallis, Oregon, and Inavale Community Partners, Inc., dba Muddy Creek Charter School, its discretely presented component unit, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Corvallis School District 509J's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Corvallis School District 509J, Corvallis, Oregon as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated December 10, 2012 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.

920 Elm St. SW, Albany, OR 97321
P.O. Box 605, Albany, OR 97321
www.midvalleycpa.com
(541) 926-5543
FAX (541) 967-9460

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and employer contributions, and budgetary comparison information on pages 12 through 22, 59 and 60 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress and employer contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis or schedules of funding progress and employer contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corvallis School District 509J's basic financial statements as a whole. The combining and individual fund statements and schedules, other financial schedules, and supplemental information required by the Oregon Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements. The combining and individual fund statements and schedules, other financial schedules, and schedule of expenditures of federal awards are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section and supplemental information required by the Oregon Department of Education have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

By:
Richard D. Perdue, CPA

Albany, Oregon
December 10, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Corvallis School District 509J, Benton County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2012, total net assets of Corvallis School District 509J amounted to $65,826,686. Of this amount, $35,992,307 was invested in capital assets, net of related debt. The remaining balance included $881,427 restricted for debt service and $28,952,952 of unrestricted net assets.

- At June 30, 2012, the District's governmental funds reported combined ending fund balances of $17,537,851.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 23 through 24 of this report.

Fund Financial Statements

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

- **Governmental Funds**

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

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

  The District maintains eleven governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Grants, Debt Service and PERS Debt Service Funds, all of which are considered to be major governmental funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

  The basic governmental fund financial statements can be found on pages 25 through 28 of this report.

- **Proprietary Funds**

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

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

The basic proprietary fund financial statements can be found on pages 29 through 31 of this report.

- **Fiduciary Funds**

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

  The basic fiduciary fund financial statements can be found on page 32 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 through 58 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes schedules of funding progress and employer contributions and budgetary comparison information for the General and Grants Funds. This required supplementary information can be found on pages 59 through 61 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 62 through 72 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may, over time, serve as a useful indicator of the District's financial position. At June 30, 2012, Corvallis School District 509J had assets of $154.0 million, liabilities of $88.2 million, and net assets of $65.8 million.

A large portion of the District's net assets reflects its investment in capital assets (e.g., land, building improvements, construction in progress, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets, net of accumulated depreciation, represents 61.5% of total assets. Pension assets represent 18.1% and cash and investments account for 17.1%. The remaining assets consist mainly of account and property tax receivables, and inventories.

The District's largest liability, comprising 86.2% of the total, are noncurrent liabilities that consist of general obligation bonds, limited tax pension obligation bonds, and interest payable. Other current liabilities consist of accounts payable, accrued salaries and benefits payable, compensated absences payable, early retirement, deferred revenue, and bond interest.

District's Net Assets

The net assets of Corvallis School District 509J in the government-wide financial statements were $65.8 million. Of this amount, $36.0 million is invested in capital assets, net of related debt, $0.9 million is restricted for debt service, and the remaining unrestricted amount of $29.0 million is insufficient in meeting long-term obligations such as bonds, interest and early retirement incentive payables. This is not uncommon since local governments operate more on a pay-as-you-go basis for everyday management.

The District's net assets increased by $1.5 million. The increase in net assets is a result of liabilities decreasing at a greater rate than assets. Overall, assets decreased by $4.7 million. The decrease in assets included a reduction in receivables of $0.8 million reflecting reduced grant funding as federal programs were phased out and reduced grant funding allocations were made; a reduction of $3.4 million in capital assets was primarily due to depreciation and pension asset amortization of $1.2 million. Total liabilities decreased by $6.1 million, this decrease is primarily from a reduction in bonds payable (general obligation and pension bonds) of $6.4 million as well as increases in accounts payable of $0.9 million and payroll liabilities of $0.3 million.

The unrestricted net assets in the amount of nearly $28.9 million (44% of total) is available, but insufficient towards meeting long-term obligations as identified in the various District funds. At the end of fiscal year 2011-12, the District was able to report positive balances in all categories of net assets.

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

Condensed statement of net assets information is shown below.

Condensed Statement of Net Assets

	Governmental Activities		
	2012	2011	Change
Assets			
Current and other assets	$ 58,319,018	$ 59,745,254	$ (1,426,236)
Restricted assets	996,970	798,328	198,642
Capital assets, net of accumulated depreciation	94,733,579	98,160,211	(3,426,632)
Total assets	154,049,567	158,703,793	(4,654,226)
Liabilities			
Current liabilities	12,193,011	10,890,514	1,302,497
Noncurrent liabilities	76,029,870	83,440,591	(7,410,721)
Total liabilities	88,222,881	94,331,105	(6,108,224)
Net assets			
Invested in capital assets, net of related debt	35,992,307	35,573,378	418,929
Restricted for debt service	881,427	667,069	214,358
Unrestricted	28,952,952	28,132,241	820,711
Total net assets	$ 65,826,686	$ 64,372,688	$ 1,453,998

District's Changes in Net Assets

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

Changes in Net Assets

	Governmental Activities		
	2012	2011	Change
Program revenues			
Charges for services	$ 3,494,749	$ 2,615,881	$ 878,868
Operating grants and contributions	5,172,627	8,571,381	(3,398,754)
Total program revenues	8,667,376	11,187,262	(2,519,886)
General revenues			
Property taxes	35,778,834	35,394,977	383,857
State school fund	22,801,900	21,527,205	1,274,695
Common school fund	823,044	774,269	48,775
Unrestricted state and local revenue	501,910	180,406	321,504
Investment earnings	226,649	247,029	(20,380)
Gain on sale of capital assets	-	24,878	(24,878)
Miscellaneous	241,697	1,757,745	(1,516,048)
Total general revenues	60,374,034	59,906,509	467,525
Total revenues	69,041,410	71,093,771	(2,052,361)
Program expenses			
Instruction	37,057,203	35,162,821	1,894,382
Support services	19,895,700	24,066,078	(4,170,378)
Enterprise and community services	3,113,790	2,906,333	207,457
Facilities acquisition and construction	3,409,000	3,361,692	47,308
Interest expense	4,111,719	4,409,440	(297,721)
Total program expenses	67,587,412	69,906,364	(2,318,952)
Change in net assets	1,453,998	1,187,407	266,591
Net assets - beginning of year, as restated	64,372,688	63,185,281	1,187,407
Net assets - end of year	$ 65,826,686	$ 64,372,688	$ 1,453,998

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 87.4% of the funding required for governmental programs. Property taxes and state school funding combined for 97.0% of general revenues and 84.8% of total revenues. State school fund revenues increased 5.9% over the prior year due to a one time Education Stability Grant from the state of $1.4 million. Otherwise, state funding was adjusted as a result of economic conditions and declined student enrollment.

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

Charges for services make up 5.1% of total revenues and are composed of items such as food service charges, summer school, and other extracurricular programs for which it is appropriate that the District charge tuition or fees.

• Various student extracurricular activities	$ 3,494,749

Operating grants and contributions represent 7.5% of total revenues. Included in this category is $1.4 million for federal reimbursement under the school nutrition program. The remainder of approximately $3.8 million is comprised of federal and state grants for designated programs. Operating grants and contributions decreased over the prior year by 46.0% primarily due to decreased levels of grant awards for special education IDEA, Title programs and loss of federal ARRA funds.

Expenses

Expenses related to governmental activities are presented in five broad functional categories: instruction, support services, enterprise and community services, facility services, and interest expense. Costs of direct classroom instruction activities account for 54.9% of the total expenses of $67,587,412.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

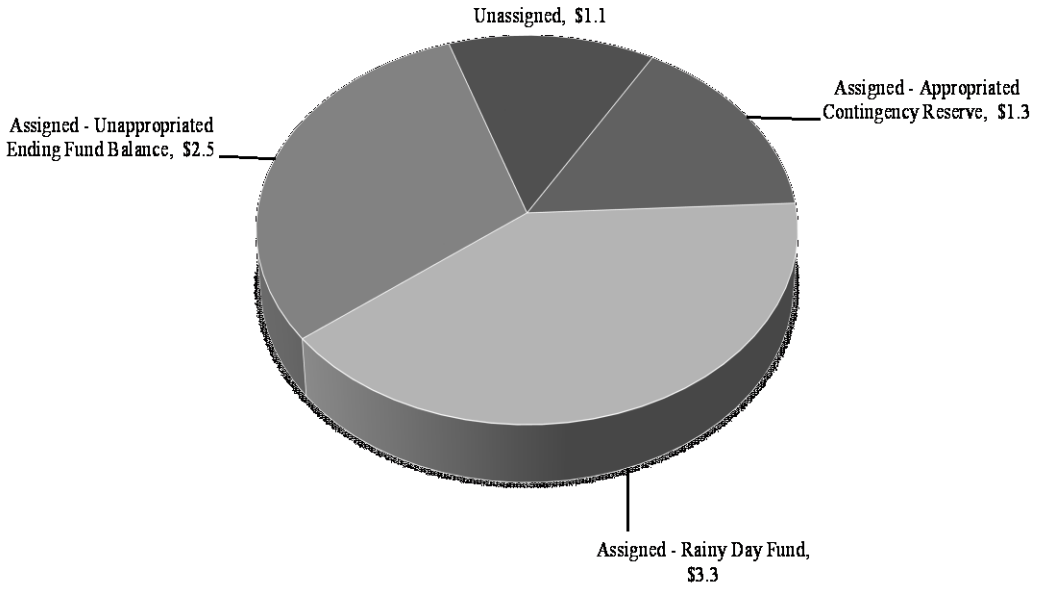
The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the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

At June 30, 2012, the District's governmental funds reported combined ending fund balances of $17.5 million. Of this, $0.6 million is restricted to the Debt Service Fund, and $2.0 million to the Grants Fund. $2.3 million is committed to the Public Employees Retirement System (PERS) Debt Service Fund. These funds are not available to meet the general obligations of the District. The remainder represents an ending fund balance of $8.2 million for the General Fund and $4.4 million for Nonmajor governmental funds. Nonmajor governmental funds exist as funds targeted for designated purposes.

At the end of the fiscal year 2011-12, the ending fund balance in the General Fund was $8.2 million, or 15.3% of total General Fund expenditures. This amount constitutes $1.3 million assigned for contingency, $3.3 million assigned for the rainy day fund, $2.5 million assigned for unappropriated ending fund balance and the remainder $1.1 million is unassigned. A decrease from the prior year of $2.0 million reflects a reduction in state funds due the economy and a decline in student enrollment.

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

Figure 1: General Fund Ending Balance (Dollars in Millions)



Proprietary Fund

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

Net assets of the proprietary fund at year-end amounted to $6,908,603, all of which is considered to be unrestricted.

BUDGETARY HIGHLIGHTS

The General Fund is the chief operating fund of the District. At the end of fiscal year 2011-12, the ending fund balance was $8.2 million, a decrease of $2 million from the prior year. The decrease was planned for as the use of reserves from the local option levy, the rainy day reserve and the balance of the five-year pending plan was implemented. This ending fund balance includes planned carry-forward funds as noted in the above chart. Included is $1.3 million carried forward from unused contingency, $3.3 million reserved for rainy day fund; an unappropriated ending fund balance of $2.5 million; and $1.1 million unassigned ending fund balance available.

General Fund revenues decreased overall by $0.4 million, or 0.7% from the prior year. The most significant factor allowing for a consistent level of resources was due to a one time Education Stability Grant from the state of $1.4 million. Otherwise, state funding was adjusted as a result of economic conditions and declined student enrollment. As the State of Oregon's budget declined from 2003 to 2012, the percentage allocated to K-12 has also grown smaller.

The District enrollment as of October 1 declined by 110 students in fiscal year 2009-10, 104 students in fiscal year 2010-11 and 171 students in fiscal year 2011-12. These are significant reductions that directly impact state revenues and reflect the economic downturn causing families to leave the community.

As noted earlier, the community's approval of a five year local option tax levy, outside of the state funding formula, has provided additional capacity for the District's operations. In fiscal year 2011-12, local option levy collections were $5.0 million, and funded 65.25 full-time equivalent (FTE) positions.

On the expenditure side, fiscal year 2011-12 reflects a decrease of $1.1 million, or 2.0%, mainly due to reductions in work force, supplies and equipment. As a service organization providing instruction and support to students, approximately 85% of the budget is for staffing. The District expended 98.9% of the final amended budget for the categories of instruction, support services, and enterprise services combined.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2012 amounted to $94,733,579, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, buildings and improvements and vehicles and equipment. The total depreciation related to the District's investment in capital assets for the current fiscal year amounted to $3,612,034.

	2012	2011	% Change
Land	$ 2,629,247	$ 2,629,247	0%
Construction in progress	263,685	53,204	396%
Buildings and improvements	90,524,343	93,404,129	-3%
Vehicles and equipment	1,316,304	1,436,709	-8%
Total governmental capital assets	$ 94,733,579	$ 97,523,289	-3%

Additional information on the District's capital assets can be found in Note III-C on pages 46 through 47 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of $83,144,748. This amount is comprised of limited tax pension obligations, general obligation bonds, accrued interest and early retirement. The District's total debt outstanding decreased by $7,367,879 during the current fiscal year.

	2012	2011	% Change
Bonded debt	$ 79,829,631	$ 86,259,184	-7%
Other debt	3,315,117	4,186,434	-21%
Total governmental debt	$ 83,144,748	$ 90,445,618	-8%

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 $519,778,263, which is significantly in excess of the District's outstanding general obligation debt.

The District has successfully renegotiated benefits under the Early Retirement Incentive Program as detailed in the notes to the financial statements. Program changes include significantly reduced eligibility criteria and benefit reductions, thereby reducing long-term liabilities for this program.

Additional information on the District's long-term liabilities can be found in Note III-F on pages 48 through 49 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

The most significant economic factor for the District is the State of Oregon's State school funding formula. The formula consists of a general purpose grant, transportation grant, and certain local revenues along with student enrollment. For fiscal year 2011-12, the state also added $125 million in Education Stability Funds to increase the overall allocation to K-12 to $5.8 billion for the 2011-13 state biennium. This is considered a one-time grant. The District's fiscal year 2012-13 adopted budget plans for the state school fund formula to provide approximately 90% of the General Fund resources.

District enrollment has declined by approximately 800 students over the last decade. In fiscal year 2011-12, the decline was more than 179 students, or 2.7% for a total enrollment of 6,278. Enrollment projections assume a continued reduction for fiscal year 2012-13, affecting all grade levels. This enrollment decline, as well as the current economic decline impacting affordable housing in the community, directly impacts revenues received from the state.

The state retirement system and resulting employer contribution rates are also a significant factor for budgets. Investment losses have severely impacted the state's unfunded liability and the newly adopted 2013-15 biennium rates for the Corvallis School District 509J are 16.81% for Tier I/Tier II payroll, and 14.81% for OPSRP payroll. Though it was known that these rate increases would be substantial, this is an obvious increase over the 2011-13 respective rates of 9.48% (+7.33 points) and 7.97% (+6.84 points) and is not welcome news as the District plans for the 2013-14 budget year.

Contract negotiations with the District's two largest employee groups occurred in fiscal year 2011-12 resulting in new one-year agreements for the certified and classified employee groups. Agreements acknowledged current economic conditions and there are no provisions for cost of living, step advancement or increases to employer contributions towards health insurance. In addition, 3-4 furlough days create further reductions to employee's wages. Negotiations will resume in the current fiscal year as District's across the state work to allocate limited resources for staff and services. As a service organization, staffing is approximately 85% of our expenditures.

While the majority of funding is provided by the state, the District has been fortunate to have a supportive local community willing to provide additional resources by their ongoing support of the local option tax levy.

In November 2010, voters approved the renewal of a five-year local option levy effective fiscal year 2012-13. This levy approval provides for direct support to reduce class sizes, increase literacy, music, and physical education instruction, as well as support high school athletics and activities. The levy was renewed at the current rate, not to exceed $1.50 per $1,000 of assessed value, and is estimated to raise $4.2 million for fiscal year 2012-13. This amount is $0.4 million less than original projections as the gap between real market values and assessed values continues to compress resulting in less revenues available from the levy. Currently, this funding provides 43.97 full time equivalent (FTE) staff to serve students.

The fiscal year 2012-13 adopted budget reduces services by $3.4 million. This reduction was mitigated by the use of $1.34 million from a Rainy Day Reserve, which is 40% of the total available. The School Board anticipates using half next year and the remainder in the following year. Reductions were made that maintained an 85/15% split between people and other requirements to provide a stable infrastructure for running the organization. Staffing reductions of 20.5 certified FTE, 3.8 classified FTE, 1.2 FTE administrators and 1.7 FTE support staff occurred to meet this goal.

Multi-year forecasts are routinely updated. Looking forward to fiscal year 2013-14 as budget season begins and the State legislature works with the Governor's proposed budget for the next biennium, it is yet too early to determine specific criteria to set budget parameters. The Governor has outlined dramatic structural changes for funding within education from preschool through college. Strategic planning efforts are underway with staff and community forums to be held to gather input as service levels are evaluated.

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

All of these factors were considered in preparing the District's budget for fiscal year 2012-13.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	$ 23,561,641	$ 156,540
Investments	2,726,520	-
Accounts receivable	1,220,201	1,110
Property taxes receivable	1,416,049	-
Interest receivable	21,437	-
Other receivables	745,155	-
Inventories	143,634	-
Total current assets	29,834,637	157,650
Restricted assets	996,970	-
Capital assets, net of accumulated depreciation	94,733,579	43,925
Bond issuance costs, net of accumulated amortization	599,456	-
Net pension asset	27,884,925	-
Total assets	154,049,567	201,575
LIABILITIES		
Current liabilities		
Accounts payable	2,765,906	4,478
Payroll liabilities	1,762,734	-
Accrued liabilities	130,393	18,266
Compensated absences	147,330	-
Deferred revenue	125,566	-
Interest payable, current portion	120,285	-
Early retirement, current portion	366,135	-
Long-term liabilities, current portion	6,774,662	-
Total current liabilities	12,193,011	22,744
Noncurrent liabilities		
OPEB benefits payable	146,204	-
Interest payable, less current portion	2,158,989	-
Early retirement, less current portion	669,708	-
Long-term liabilities, less current portion	73,054,969	-
Total noncurrent liabilities	76,029,870	-
Total liabilities	88,222,881	22,744
NET ASSETS		
Invested in capital assets, net of related debt	35,992,307	43,925
Restricted for debt service	881,427	-
Unrestricted	28,952,952	134,906
Total net assets	$ 65,826,686	$ 178,831

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

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities				
Instruction	$ 37,057,203	$ 2,526,933	$ 2,912,226	$ -
Support services	19,895,700	836,668	1,943,376	-
Enterprise and community services	3,113,790	131,148	317,025	-
Facilities acquisition and construction	3,409,000	-	-	-
Interest expense	4,111,719	-	-	-
Total governmental activities	$ 67,587,412	$ 3,494,749	$ 5,172,627	$ -
Component unit				
Governmental activities				
Muddy Creek Charter School	$ 386,466	$ 8,432	$ -	$ -

General revenues
- Property taxes levied for general purposes
- Property taxes levied for debt service
- State school fund
- State fiscal stabilization fund
- Common school fund
- Unrestricted state and local revenue
- Unrestricted grants and contributions
- Investment earnings
- Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning, as restated

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	Component Unit
Governmental Activities	Muddy Creek Charter School
$ (31,618,044)	$ -
(17,115,656)	-
(2,665,617)	-
(3,409,000)	-
(4,111,719)	-
(58,920,036)	-
-	(378,034)
27,137,205	-
8,641,629	-
22,801,900	408,959
-	10,429
823,044	-
501,910	-
-	34,615
226,649	143
241,697	3,413
60,374,034	457,559
1,453,998	79,525
64,372,688	99,306
$ 65,826,686	$ 178,831

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Grants Fund	Debt Service Fund
ASSETS			
Cash and cash equivalents	$ 7,727,671	$ 1,479,454	$ 572,958
Investments	2,726,520	-	-
Accounts receivable	538,348	86,101	-
Property taxes receivable	1,416,049	-	424,012
Note receivable	-	-	-
Other receivables	21,437	744,306	-
Inventories	-	-	-
Total assets	$ 12,430,025	$ 2,309,861	$ 996,970
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 1,748,115	$ 264,120	$ -
Accrued liabilities	1,110,442	-	-
Deferred revenue	1,321,557	94,338	394,540
Total liabilities	4,180,114	358,458	394,540
Fund balances			
Restricted	-	1,951,403	602,430
Committed	-	-	-
Assigned	7,169,800	-	-
Unassigned	1,080,111	-	-
Total fund balances	8,249,911	1,951,403	602,430
Total liabilities and fund balances	$ 12,430,025	$ 2,309,861	$ 996,970

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

PERS Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 2,347,141	$ 3,902,256	$ 16,029,480
-	-	2,726,520
-	595,752	1,220,201
-	-	1,840,061
-	849	849
-	-	765,743
-	143,634	143,634
$ 2,347,141	$ 4,642,491	$ 22,726,488
$ -	$ 221,060	$ 2,233,295
-	3,237	1,113,679
-	31,228	1,841,663
-	255,525	5,188,637
-	-	2,553,833
2,347,141	-	2,347,141
-	4,386,966	11,556,766
-	-	1,080,111
2,347,141	4,386,966	17,537,851
$ 2,347,141	$ 4,642,491	$ 22,726,488

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2012

Total fund balances		$ 17,537,851
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	136,874,276	
Accumulated depreciation and amortization	(42,140,697)	94,733,579
Bond issuance costs on long-term debt are not financial resources and are therefore not reported in the governmental funds.		599,456
Property tax revenue is recognized in the net assets of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		1,716,097
Internal service funds are used by management to charge the costs of insurance premiums and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		6,908,603
The PERS UAL net pension asset is not available to pay current period expenditures and is therefore deferred in the governmental funds.		27,884,925
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Bonds payable, net of premiums and discounts	(79,829,631)	
Early retirement payable	(1,035,843)	
OPEB benefits payable	(146,204)	
Compensated absences payable	(147,330)	
Accrued bond interest payable	(115,543)	
Accrued accreted interest payable	(2,279,274)	(83,553,825)
Net assets of governmental activities		$ 65,826,686

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

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

	General Fund	Grants Fund	Debt Service Fund
REVENUES			
Local revenue	$ 27,804,361	$ 36,111	$ 8,665,011
Intermediate revenue	281,575	-	-
State revenue	23,700,398	14,900	-
Federal revenue	63,694	2,540,854	-
Total revenues	51,850,028	2,591,865	8,665,011
EXPENDITURES			
Current			
Instruction	32,539,963	2,181,088	-
Support services	21,151,201	739,883	-
Enterprise and community services	80,711	42,552	-
Debt service	-	-	8,452,412
Capital outlay	-	41,027	-
Total expenditures	53,771,875	3,004,550	8,452,412
Excess (deficiency) of revenues over (under) expenditures	(1,921,847)	(412,685)	212,599
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(1,921,847)	(412,685)	212,599
Fund balances - beginning	10,171,758	2,364,088	389,831
Fund balances - ending	$ 8,249,911	$ 1,951,403	$ 602,430

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

PERS Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 2,105,441	$ 4,773,023	$ 43,383,947
-	344,865	626,440
-	24,370	23,739,668
-	1,362,127	3,966,675
2,105,441	6,504,385	71,716,730
-	2,052,731	36,773,782
-	1,138,687	23,029,771
-	3,020,785	3,144,048
2,005,580	-	10,457,992
-	663,670	704,697
2,005,580	6,875,873	74,110,290
99,861	(371,488)	(2,393,560)
-	405,755	405,755
-	(405,755)	(405,755)
-	-	-
99,861	(371,488)	(2,393,560)
2,247,280	4,758,454	19,931,411
$ 2,347,141	$ 4,386,966	$ 17,537,851

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

For the Year Ended June 30, 2012

Net change in fund balances		$ (2,393,560)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	822,325	
Disposal of capital assets	(13,800)	
Related accumulated depreciation	13,800	
Depreciation expense recorded in the current year	(3,612,034)	(2,789,709)
Governmental funds do not report the amortization of bond issuance costs as expenditures; however, in the statement of activities, these costs are recorded as an asset and amortized over the life of the bond.		
Amortization expense recorded in the current year		(37,466)
Governmental funds report current period PERS lump sum payments to finance an estimated unfunded actuarial liability as an expenditures; however, in the statement of activities, this payment is capitalized and amortized over the life of the unfunded liability.		(1,250,006)
Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets.		
Amortization of bond premiums	31,987	
Debt principal paid	6,397,566	6,429,553
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.		
Compensated absences	3,401	
Accrued interest	(51,293)	
Early retirement and other post-employment benefits	878,773	830,881
Internal service funds are used by management to charge the costs of insurance premiums to individual funds. This activity is consolidated with the governmental funds in the statement of activities.		751,520
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.		(87,215)
Change in net assets		$ 1,453,998

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

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2012

	Internal Service Fund Insurance
ASSETS	
Cash and cash equivalents	$ 8,105,119
LIABILITIES	
Accounts payable	532,611
Accrued liabilities	663,905
Total liabilities	1,196,516
NET ASSETS	
Unrestricted	$ 6,908,603

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

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

PROPRIETARY FUND

For the Year Ended June 30, 2012

	Internal Service Fund Insurance
Operating revenues	
Charges for services	$ 11,761,424
Operating expenses	
Support services	(11,035,505)
Operating income (loss)	725,919
Nonoperating revenue	
Interest	25,601
Change in net assets	751,520
Net assets - beginning	6,157,083
Net assets - ending	$ 6,908,603

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

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2012

	Internal Service Fund Insurance
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	$ 11,761,424
Payments to employees	(102,594)
Payments for goods and services	(10,892,587)
Net cash provided (used) by operating activities	766,243
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	25,601
Net cash provided (used) by investing activities	25,601
Net increase (decrease) in cash and cash equivalents	791,844
Cash and cash equivalents - beginning	7,313,275
Cash and cash equivalents - ending	$ 8,105,119
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 725,919
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in:	
Accounts payable	96,119
Accrued liabilities	(55,795)
Net cash provided (used) by operating activities	$ 766,243

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

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2012

	Agency Fund Corvallis Public Schools Foundation
ASSETS	
Cash and cash equivalents	$ 447,143
LIABILITIES	
Accounts payable	$ 2,266
Due to others	444,877
Total liabilities	$ 447,143

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

NOTES TO BASIC FINANCIAL STATEMENTS

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Corvallis School District 509J functions as a local education agency, serving students in grades kindergarten through twelfth. The District is governed by a seven-member board of directors.

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The District reports the following major governmental funds:

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

Special Revenue Fund

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

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

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

Additionally, the District reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Capital Project Funds

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

The District reports the following proprietary fund:

Internal Service Fund

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

The District reports the following fiduciary fund:

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

2. Property Taxes

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

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

3. Other Receivables

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

4. Grant Revenue

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

5. Inventories

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

6. Capital Assets

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

6. Capital Assets (Continued)

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

Assets	Years
Vehicles and equipment	5-30
Buildings and improvements	20-50

7. Compensated Absences

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

8. Long-Term Obligations

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

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

9. Pension Assets

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

10. Retirement Plans

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

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

11. District Early Retirement Incentive Program

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

12. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.

- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

12. Fund Equity (Continued)

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

The District has adopted Board Policy DA: Fiscal Policies which guides the budget to create sufficient fund balances to provide sustainable programs; protect the District from the inability to meet cash flow needs: and provide prudent reserves to meet unexpected events. General fund reserves and ending fund balances should target a 2.5% appropriated contingency, 5.0% appropriated rainy day reserve, 5.0% unappropriated ending fund balance and targeted reserves as may be designated.

E. Use of Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, enterprise and community services, debt service, facilities acquisition and construction, interfund transfers, and operating contingency are the levels of control for the funds established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and one approved appropriation transfer.

B. Excess of Expenditures Over Appropriations

The District expended funds in excess of the amounts appropriated, which is in violation of ORS 294.100. The following appropriations were over-expended for the fiscal year ended June 30, 2012:

Fund	Function	Appropriations	Expenditures	Excess
Food Service	Enterprise and community services	$ 2,827,900	$ 2,851,086	$ 23,186

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Investments

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

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

A. Cash and Investments (Continued)

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

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the state's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

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

Investments

As of June 30, 2012, the District had the following investments:

Investment Type	Carrying Amount	Percentage of Portfolio	Credit Quality Rating
Local Government Investment Pool (LGIP)	$ 24,619,124	90.01%	Unrated
PERS Custody-LGIP	5,933	0.02%	Unrated
Investments-Corporate Bonds	2,726,520	9.97%	Aa3/A+/AA-
Total	$ 27,351,577	100.00%	

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

A. Cash and Investments (Continued)

Interest Rate Risk

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

Concentration of Credit Risk

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from one type of security or issuer will be minimized. 90% of the District's investments are in the Oregon Local Government Investment Pool.

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

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

Investment Type	Maximum % of portfolio
U.S. Treasury Obligations (Bills, Notes, Bonds)	100.0%
U.S. Agency Securities	90.0%
Local Government Investment Pool	100.0%
Bankers Acceptances	25.0%
Repurchase Agreements	25.0%
Certificates of Deposit	50.0%
Commercial Paper	10.0%
State and Local Government Securities	25.0%

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

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

A. Cash and Investments (Continued)

Concentration of Credit Risk (Continued)

At June 30, 2012, the District's portfolio held $2.7 million or 9.9% in commercial paper with a single issuer as compared to the investment policy maximum of 5%. The District plans to hold the investment until maturity in February 2013 which will return the portfolio to compliance.

Custodial Credit Risk – Investments

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

Custodial Credit Risk – Deposits

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

The District holds noninterest-bearing accounts at Bank of America, for which deposits are fully insured by the FDIC temporary liquidity guarantee program. At June 30, 2012, the District's total deposits of $955,966 were fully insured by the FDIC.

Deposits

The District's cash and investments at June 30, 2012 are as follows:

Cash on hand	$ 450
Checking accounts	(490,908)
Total investments	27,351,577
Total cash and investments	$ 26,861,119

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

A. Cash and Investments (Continued)

Deposits (Continued)

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	$ 10,454,191
Grants Fund	1,479,454
PERS Debt Service Fund	2,347,141
Nonmajor governmental funds	3,902,256
Insurance Fund	8,105,119
Total governmental activities - unrestricted	26,288,161
Governmental activities - restricted	
Debt Service Fund	572,958
Total cash and investments	$ 26,861,119

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

B. Receivables

The District's receivables at June 30, 2012 are as follows:

Property taxes receivable	
General Fund	$ 1,416,049
Debt Service Fund	424,012
Total property taxes receivable	1,840,061
Other receivables	
General fund	559,785
Grants Fund	813,416
Nonmajor governmental funds	596,601
Total other receivables	1,969,802
Total receivable	$ 3,809,863

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 2,629,247	$ -	$ -	$ 2,629,247
Construction in progress	53,204	263,685	(53,204)	263,685
Total capital assets not being depreciated	2,682,451	263,685	(53,204)	2,892,932
Capital assets being depreciated				
Buildings and improvements	129,768,437	494,216	-	130,262,653
Vehicles and equipment	3,614,863	117,628	(13,800)	3,718,691
Total capital assets being depreciated	133,383,300	611,844	(13,800)	133,981,344
Less accumulated depreciation for				
Buildings and improvements	(36,364,309)	(3,374,001)	-	(39,738,310)
Vehicles and equipment	(2,178,154)	(238,033)	13,800	(2,402,387)
Total accumulated depreciation	(38,542,463)	(3,612,034)	13,800	(42,140,697)
Total capital assets being depreciated, net	94,840,837	(3,000,190)	-	91,840,647
Governmental activities capital assets, net	$97,523,288	$ (2,736,505)	$ (53,204)	$ 94,733,579

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	$ 2,629,247	$ -	$ 2,629,247
Construction in progress	263,685	-	263,685
Buildings and improvements	130,262,653	(39,738,310)	90,524,343
Vehicles and equipment	3,718,691	(2,402,387)	1,316,304
Total governmental capital assets	$ 136,874,276	$ (42,140,697)	$ 94,733,579

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

C. Capital Assets (Continued)

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

Instructional	$ 66,534
Support Services	155,550
Enterprise and community services	11,594
Facilities acquisition and construction	3,378,356
Total depreciation expense	$ 3,612,034

D. Bond Issuance Costs

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Bond issuance costs being amortized				
2002 Limited Tax Pension Obligation	$ 201,289	$ -	$ (11,840)	$ 189,449
2003 General Obligation Bond	435,633	-	(25,626)	410,007
Total bond issuance costs being amortized	$ 636,922	$ -	$ (37,466)	$ 599,456

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

Instructional	$ 22,480
Support services	14,986
Total amortization expense	$ 37,466

E. Compensated Absences

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

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	$ 150,731	$ 205,973	$ 209,374	$ 147,330

The General Fund has traditionally been used to liquidate compensated absences liabilities.

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

F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

	Interest Rates	Original Amount	Beginning Balance, As Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Limited tax pension obligations							
OSBA 2002	2.06 - 6.1%	$ 24,299,733	$ 20,765,925	$ -	$ 412,566	$ 20,353,359	$ 434,662
OSBA 2005A	3.684 - 4.52%	4,620,000	1,115,000	-	380,000	735,000	310,000
General obligation bonds							
Series 2003	2 - 5%	86,400,000	7,820,000	-	3,825,000	3,995,000	3,995,000
Series 2007	4 - 5%	55,800,000	51,655,000	-	1,780,000	49,875,000	2,035,000
Total bonds		$ 171,119,733	$ 81,355,925	$ -	$ 6,397,566	$ 74,958,359	$ 6,774,662
Unamortized premium on bonds		4,949,821	4,903,259	-	31,987	4,871,272	-
Total bonds payable		$ 176,069,554	$ 86,259,184	$ -	$ 6,429,553	$ 79,829,631	$ 6,774,662
Accrued accreted interest			2,212,265	67,009	-	2,279,274	120,285
Early retirement incentive			1,974,169	-	938,326	1,035,843	366,135
Total long-term liabilities			$ 90,445,618	$ 67,009	$ 7,367,879	$ 83,144,748	$ 7,261,082

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

2. Limited Tax Pension Obligation Bonds

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

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

The District issued $4,620,000 Limited Tax Pension Bonds, Series 2005 which are deferred interest bonds payable annually through 2016. Interest on the deferred interest bonds is accreted semiannually at rates ranging from 3.7% to 4.5%. The bonds are federally taxable.

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

F. Long-Term Liabilities (Continued)

3. General Obligation Refunding Bonds

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

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

4. Future Maturities of Long-Term Liabilities

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	$ 6,774,662	$ 3,882,787	$ 10,657,449
2014	7,130,877	3,711,849	10,842,726
2015	7,617,190	3,458,120	11,075,310
2016	8,111,698	3,192,145	11,303,843
2017	8,655,754	2,907,080	11,562,834
2018-2022	22,028,178	8,201,704	30,229,882
2023-2027	13,135,000	3,411,973	16,546,973
2028	1,505,000	346,040	1,851,040
Total	$ 74,958,359	$ 29,111,698	$ 104,070,057

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

G. Constraints on Fund Balance

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

	General Fund	Grants Fund	Debt Service Fund	PERS Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:						
Restricted for:						
Debt service	$ -	$ -	$ 602,430	$ -	$ -	$ 602,430
Grants	-	1,951,403	-	-	-	1,951,403
Committed to:						
PERS UAL	-	-	-	2,347,141	-	2,347,141
Assigned to:						
Operating contingency	1,276,100	-	-	-	-	1,276,100
Rainy day fund	3,341,500	-	-	-	-	3,341,500
Food service program	-	-	-	-	866,668	866,668
Contracts and programs	-	-	-	-	752,944	752,944
Facilities improvements	-	-	-	-	773,470	773,470
Student body activities	-	-	-	-	496,181	496,181
Early retirement incentives	-	-	-	-	1,497,703	1,497,703
Unapprop. ending fund balance	2,552,200	-	-	-	-	2,552,200
Unassigned	1,080,111	-	-	-	-	1,080,111
Total fund balances	$ 8,249,911	$ 1,951,403	$ 602,430	$ 2,347,141	$ 4,386,966	$ 17,537,851

IV. OTHER INFORMATION

A. Risk Management

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

IV. OTHER INFORMATION (Continued)

B. Retirement Plans

1. Oregon Public Employees Retirement System

Plan Description

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

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at http://oregon.gov/PERS/.

Funding Policy

The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and OPSRP rates in effect for the year ended June 30, 2012 were 9.48% and 7.97%, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contributions in addition to the required employer's contribution. The District has elected to pay the required employee contribution of 6% of covered payroll.

IV. OTHER INFORMATION (Continued)

B. Retirement Plans (Continued)

1. Oregon Public Employees Retirement System (Continued)

Annual Pension Cost

Total payroll was $32,518,710 and subject payroll was $31,380,474 for the fiscal year ended June 30, 2012. The District's contributions to PERS for the three years ended June 30, 2010, 2011, and 2012 were equal to the required contribution for each year.

Annual pension expenses/expenditures are summarized as follows:

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed
2010	$ 2,416,529	100%
2011	$ 2,474,215	100%
2012	$ 4,773,739	100%

C. Other Post-Employment Benefits

1. Early Retirement Incentive Benefits

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

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

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

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

The District provides payments in accordance with current employee contracts, primarily on a pay-as-you-go basis. Additional funds were transferred to the Early Retirement Fund in prior years to allow smoothing of General Fund retirement expenditures. At June 30, 2012, the District was providing early retirement benefits to 73 former employees. During the year ended June 30, 2012, governmental fund expenditures related to early retirement benefits totaled $938,326, which consisted of incentive payments of $808,008 and insurance benefits of $130,318.

IV. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (Continued)

1. Early Retirement Incentive Benefits (Continued)

Expenditures are recorded in the governmental funds as the incentive payments and related insurance premiums are paid. The present value of future incentive payments and estimated insurance premiums is recorded in the statement of net assets. Actuarial valuations are performed every other year with the next update scheduled for June 30, 2013.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Early retirement payable	$ 1,974,169	$ -	$ 938,326	$ 1,035,843	$ 366,135

Early retirement incentives will be provided by contributions from the General Fund and paid by the Early Retirement Fund.

2. Post-Retirement Health Benefits

The District operates a single-employer retiree benefit incentive plan that provides post-employment health, dental and vision benefits to eligible employees and their spouses. There are 586 active employees and 136 retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements.

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

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

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

IV. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (Continued)

2. Post-Retirement Health Benefits (Continued)

Funding Policy

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

Annual Pension Cost and Net Pension Obligation

Annual OPEB Cost and Net OPEB Obligation – The District's annual other post-employment benefit cost (expense) is calculated based on Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed 30 years.

	2012	2011
Annual Required Contribution (Medical)	$ 578,868	$ 562,008
Interest on net OPEB obligation (BOY)	3,249	1,282
Adjustment to ARC for net OPEB obligation	(6,486)	(354,472)
Annual OPEB cost	575,631	208,818
Expected contributions	(516,078)	(442,285)
Increase (decrease) in net OPEB obligation	59,553	(233,467)
Net OPEB obligation - beginning of fiscal year	86,651	320,118
Net OPEB obligation - end of fiscal year	$ 146,204	$ 86,651
Percentage of annual OPEB cost contributed	89.65%	211.80%

Actuarial Methods and Assumptions

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

IV. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (Continued)

2. Post-Retirement Health Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial assumptions included a discounted rate of 3.75% and an 80% assumption of participants who elect medical coverage at retirement are assumed to cover a spouse as well. They also assume medical and prescription drugs cost would increase at 9.5% inflation for the current year, grading down to an annual rate of 5% over ten years which is consistent with expectations for long-term health care cost inflation. The demographic assumptions, such as those used in the December 31, 2008 valuation of Oregon PERS benefits for school districts.

Funded Status

As of July 1, 2010, the most recent actuarial valuation date, for the period ended June 30, 2012, the District's actuarial accrued liability (AAL) for benefits was $5,417,733, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $5,417,733. The covered payroll was $31,380,474 with 17.26% UAAL as a percentage of covered payroll. The schedule of funding progress and employer contributions presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

3. Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at http://oregon.gov/PERS/.

IV. OTHER INFORMATION (Continued)

C. Other Post-Employment Benefits (Continued)

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

Plan Description (Continued)

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

Funding Policy

Participating entities are contractually required to contribute to RHIA at a rate assessed each year by OPERS; currently 0.50% of covered payroll. The OPERS board of trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The District's contributions to RHIA for the years ended June 30, 2010, 2011, and 2012 were $76,874, $86,479, and $166,753, respectively, which equaled the required contributions each year.

D. Tax-Deferred Savings Plans

The District also offers its employees a tax-deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code (IRC) and a deferred compensation plan established pursuant to Section 457 of the IRC. Contributions are made through salary reductions from participating employees up to the amount specified in the IRC. No contributions are required from the District except as agreed to by contract. As of June 30, 2012, 142 employees were participating in the plans.

IV. OTHER INFORMATION (Continued)

E. Restatements

Net Assets

Beginning net assets were restated as follows:

Government-Wide Statements

	Governmental Activities
Net assets - beginning, as originally reported	$ 66,801,035
To correct amortized amount of bond premium	(2,428,347)
Net assets - beginning, as restated	$ 64,372,688

F. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* will be effective for the District beginning with its fiscal year ending June 30, 2013, though earlier application is encouraged. This statement will standardize the presentation of deferred outflows and inflows of resources and their effects on net position.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* will be effective for the District beginning with its fiscal year ending June 30, 2013, though earlier application is encouraged. This statement incorporates into the GASB's authoritative literature, certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, issued on or before November 30, 1989 that does not conflict with or contradict GASB pronouncements.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* will be effective for the District beginning with its fiscal year ending June 30, 2013. This statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances.

IV. OTHER INFORMATION (Continued)

G. Subsequent Events

Management has evaluated subsequent events through December 10, 2012, which was the date that the financial statements were available to be issued.

1. Sale of Fairplay School

The Fairplay School is currently in the process of being sold to the Corvallis Waldorf School at a price of $450,000. Estimated closing date of sale is July 1, 2013. An underground storage tank will be removed before the sale closes at an estimated cost of $10,000.

REQUIRED SUPPLEMENTARY INFORMATION

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

OTHER POST-EMPLOYMENT HEALTH BENEFITS

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
2010	$ -	$ 6,902,128	$ 6,902,128	0%	$ 29,104,038	23.72%
2011	$ -	$ 5,417,733	$ 5,417,733	0%	$ 32,176,363	16.84%
2012	$ -	$ 5,417,733	$ 5,417,733	0%	$ 31,380,474	17.26%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Pension Obligation (Asset)
2010	$ 574,012	82.20%	$ 320,118
2011	$ 442,285	211.80%	$ 86,651
2012	$ 516,078	89.65%	$ 146,204

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	$ 27,641,000	$ 27,804,361	$ 163,361
Intermediate revenue	240,000	281,575	41,575
State revenue	23,107,822	23,700,398	592,576
Federal revenue	74,299	63,694	(10,605)
Total revenues	51,063,121	51,850,028	786,907
EXPENDITURES			
Current			
Instruction	32,621,179	32,539,963	(81,216)
Support services	21,669,474	21,151,201	(518,273)
Enterprise and community services	92,800	80,711	(12,089)
Facilities acquisition and construction	1	-	(1)
Contingency	3,820,341	-	(3,820,341)
Total expenditures	58,203,795	53,771,875	(4,431,920)
Excess (deficiency) of revenues over (under) expenditures	(7,140,674)	(1,921,847)	5,218,827
OTHER FINANCING SOURCES (USES)			
Transfers out	(5)	-	(5)
Net change in fund balance	(7,140,679)	(1,921,847)	5,218,832
Fund balance - beginning	9,692,879	10,171,758	478,879
Fund balance - ending	$ 2,552,200	$ 8,249,911	$ 5,697,711

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

GRANTS FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	$ 50,000	$ 36,111	$ (13,889)
Intermediate revenue	100,000	-	(100,000)
State revenue	100,000	14,900	(85,100)
Federal revenue	3,500,000	2,540,854	(959,146)
Total revenues	3,750,000	2,591,865	(1,158,135)
EXPENDITURES			
Current			
Instruction	4,750,000	2,181,088	(2,568,912)
Support services	1,150,000	739,883	(410,117)
Enterprise and community services	50,000	42,552	(7,448)
Facilities acquisition and construction	50,000	41,027	(8,973)
Total expenditures	6,000,000	3,004,550	(2,995,450)
Excess (deficiency) of revenues over (under) expenditures	(2,250,000)	(412,685)	1,837,315
Fund balance - beginning	2,250,000	2,364,088	114,088
Fund balance - ending	$ -	$ 1,951,403	$ 1,951,403

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue Funds			
	Food Service	Designated Revenue	Designated Facilities	Student Body Activity
ASSETS				
Cash and cash equivalents	$ 454,276	$ 661,217	$ 755,629	$ 508,648
Accounts receivable	323,300	110,453	161,999	-
Note receivable	849	-	-	-
Inventories	143,634	-	-	-
Total assets	$ 922,059	$ 771,670	$ 917,628	$ 508,648
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 24,163	$ 18,726	$ 140,921	$ 12,467
Accrued liabilities	-	-	3,237	-
Deferred revenue	31,228	-	-	-
Total liabilities	55,391	18,726	144,158	12,467
Fund balances				
Assigned				
Food service program	866,668	-	-	-
Contracts and programs	-	752,944	-	-
Facilities improvements	-	-	773,470	-
Student body activities	-	-	-	496,181
Early retirement incentives	-	-	-	-
Total fund balances	866,668	752,944	773,470	496,181
Total liabilities and fund balances	$ 922,059	$ 771,670	$ 917,628	$ 508,648

Special Revenue Funds		Capital Projects Fund	Total Nonmajor
District Donation	Early Retirement	New Schools Bond	Governmental Funds
$ 12,333	$ 1,497,703	$ 12,450	$ 3,902,256
-	-	-	595,752
-	-	-	849
-	-	-	143,634
$ 12,333	$ 1,497,703	$ 12,450	$ 4,642,491
$ 12,333	$ -	$ 12,450	$ 221,060
-	-	-	3,237
-	-	-	31,228
12,333	-	12,450	255,525
-	-	-	866,668
-	-	-	752,944
-	-	-	773,470
-	-	-	496,181
-	1,497,703	-	1,497,703
-	1,497,703	-	4,386,966
$ 12,333	$ 1,497,703	$ 12,450	$ 4,642,491

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

	Special Revenue Funds			
	Food Service	Designated Revenue	Designated Facilities	Student Body Activity
REVENUES				
Local revenue	$ 1,266,535	$ 758,533	$ 654,057	$ 1,075,507
Intermediate revenue	-	344,865	-	-
State revenue	24,370	-	-	-
Federal revenue	1,362,127	-	-	-
Total revenues	2,653,032	1,103,398	654,057	1,075,507
EXPENDITURES				
Current				
Instruction	-	793,298	-	892,751
Support services	-	99,574	1,499	62,448
Enterprise and community services	2,851,086	108,430	-	-
Facilities acquisition and construction	-	-	663,670	-
Total expenditures	2,851,086	1,001,302	665,169	955,199
Excess (deficiency) of revenues over (under) expenditures	(198,054)	102,096	(11,112)	120,308
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	405,755	-
Transfers out	-	(405,755)	-	-
Total other financing sources (uses)	-	(405,755)	405,755	-
Net change in fund balances	(198,054)	(303,659)	394,643	120,308
Fund balances - beginning	1,064,722	1,056,603	378,827	375,873
Fund balances - ending	$ 866,668	$ 752,944	$ 773,470	$ 496,181

Special Revenue Funds		Total Nonmajor Governmental Funds
District Donation	Early Retirement	
$ 464,789	$ 553,602	$ 4,773,023
-	-	344,865
-	-	24,370
-	-	1,362,127
464,789	553,602	6,504,385
366,682	-	2,052,731
36,838	938,328	1,138,687
61,269	-	3,020,785
-	-	663,670
464,789	938,328	6,875,873
-	(384,726)	(371,488)
-	-	405,755
-	-	(405,755)
-	-	-
-	(384,726)	(371,488)
-	1,882,429	4,758,454
$ -	$ 1,497,703	$ 4,386,966

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

FOOD SERVICE FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	$ 1,093,799	$ 1,266,535	$ 172,736
State revenue	23,000	24,370	1,370
Federal revenue	1,711,100	1,362,127	(348,973)
Total revenues	2,827,899	2,653,032	(174,867)
EXPENDITURES			
Current			
Enterprise and community services	2,827,900	2,851,086	23,186
Contingency	645,100	-	(645,100)
Total expenditures	3,473,000	2,851,086	(621,914)
Excess (deficiency) of revenues over (under) expenditures	(645,101)	(198,054)	447,047
OTHER FINANCING SOURCES (USES)			
Transfers in	1	-	(1)
Net change in fund balance	(645,100)	(198,054)	447,046
Fund balance - beginning	645,100	1,064,722	419,622
Fund balance - ending	$ -	$ 866,668	$ 866,668

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

DESIGNATED REVENUE FUND

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	$ 638,000	$ 638,000	$ 758,533	$ 120,533
Intermediate revenue	399,999	399,999	344,865	(55,134)
Total revenues	1,037,999	1,037,999	1,103,398	65,399
EXPENDITURES				
Current				
Instruction	963,500	963,500	793,298	(170,202)
Support services	240,800	240,800	99,574	(141,226)
Enterprise and community services	157,700	157,700	108,430	(49,270)
Facilities acquisition and construction	1,000	1,000	-	(1,000)
Total expenditures	1,363,000	1,363,000	1,001,302	(361,698)
Excess (deficiency) of revenues over (under) expenditures	(325,001)	(325,001)	102,096	427,097
OTHER FINANCING SOURCES (USES)				
Transfers in	1	1	-	(1)
Transfers out	(100,000)	(405,756)	(405,755)	1
Total other financing sources (uses)	(99,999)	(405,755)	(405,755)	-
Net change in fund balance	(425,000)	(730,756)	(303,659)	427,097
Fund balance - beginning	425,000	730,756	1,056,603	325,847
Fund balance - ending	$ -	$ -	$ 752,944	$ 752,944

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

DESIGNATED FACILITIES FUND

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES				
Local revenue	$ 725,502	$ 725,502	$ 654,057	$ (71,445)
EXPENDITURES				
Current				
Support services	226,001	226,001	1,499	(224,502)
Facilities acquisition and construction	799,001	1,104,757	663,670	(441,087)
Contingency	100,000	100,000	-	(100,000)
Total expenditures	1,125,002	1,430,758	665,169	(765,589)
Excess (deficiency) of revenues over (under) expenditures	(399,500)	(705,256)	(11,112)	694,144
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	405,756	405,755	(1)
Net change in fund balance	(299,500)	(299,500)	394,643	694,143
Fund balance - beginning	299,500	299,500	378,827	79,327
Fund balance - ending	$ -	$ -	$ 773,470	$ 773,470

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

STUDENT BODY ACTIVITY FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	$ 1,150,000	$ 1,075,507	$ (74,493)
EXPENDITURES			
Current			
Instruction	1,300,000	892,751	(407,249)
Support services	100,000	62,448	(37,552)
Total expenditures	1,400,000	955,199	(444,801)
Excess (deficiency) of revenues over (under) expenditures	(250,000)	120,308	370,308
Fund balance - beginning	250,000	375,873	125,873
Fund balance - ending	$ -	$ 496,181	$ 496,181

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

DISTRICT DONATION FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	$ 700,000	$ 464,789	$ (235,211)
EXPENDITURES			
Current			
Instruction	450,000	366,682	(83,318)
Support services	150,000	36,838	(113,162)
Enterprise and community services	99,999	61,269	(38,730)
Facilities acquisition and construction	1	-	(1)
Total expenditures	700,000	464,789	(235,211)
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	$ -	$ -	$ -

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

EARLY RETIREMENT FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	$ 545,650	$ 553,602	$ 7,952
EXPENDITURES			
Current			
Support services	1,083,000	938,328	(144,672)
Contingency	200,000	-	(200,000)
Total expenditures	1,283,000	938,328	(344,672)
Excess (deficiency) of revenues over (under) expenditures	(737,350)	(384,726)	352,624
Fund balance - beginning	1,350,000	1,882,429	532,429
Fund balance - ending	$ 612,650	$ 1,497,703	$ 885,053

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	$ 8,392,411	$ 8,665,011	$ 272,600
EXPENDITURES			
Debt service	8,452,412	8,452,412	-
Excess (deficiency) of revenues over (under) expenditures	(60,001)	212,599	272,600
Fund balance - beginning	60,001	389,831	329,830
Fund balance - ending	$ -	$ 602,430	$ 602,430

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

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

PERS DEBT SERVICE FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	$ 2,015,580	$ 2,105,441	$ 89,861
EXPENDITURES			
Debt service	2,005,580	2,005,580	-
Excess (deficiency) of revenues over (under) expenditures	10,000	99,861	89,861
Fund balance - beginning	2,000,000	2,247,280	247,280
Fund balance - ending	$ 2,010,000	$ 2,347,141	$ 337,141

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL

INSURANCE FUND

For the Year Ended June 30, 2012

	Original and Final Budget	Actual GAAP Basis	Variance with Final Budget Over (Under)
REVENUES			
Local revenue	$ 11,223,000	$ 11,787,025	$ 564,025
EXPENSES			
Current			
Support services	14,810,002	11,035,505	(3,774,497)
Excess (deficiency) of revenues over (under) expenses	(3,587,002)	751,520	4,338,522
OTHER FINANCING SOURCES (USES)			
Transfers in	1	-	(1)
Change in net assets	(3,587,001)	751,520	4,338,521
Net assets - beginning	3,587,001	6,157,083	2,570,082
Net assets - ending	$ -	$ 6,908,603	$ 6,908,603

CAPITAL ASSET SCHEDULES

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

COMPARATIVE SCHEDULE OF CAPITAL ASSETS USED IN
OPERATION OF GOVERNMENTAL FUNDS BY SOURCE

For the Year Ended June 30, 2012

	2012	2011
General Government Capital Assets		
Land	$ 2,629,247	$ 2,629,247
Buildings and site improvements	130,262,653	129,768,437
Vehicles and equipment	3,718,691	3,614,863
Construction in progress	263,685	53,204
Total general government capital assets	$ 136,874,276	$ 136,065,751
Investments in Governmental Capital Assets by Source		
General fund	$ 42,355,078	$ 42,309,870
Special revenue funds	2,411,024	1,647,707
Capital projects fund	92,108,174	92,108,174
Total investments in governmental capital assets by source	$ 136,874,276	$ 136,065,751

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

For the Year Ended June 30, 2012

	Land	Buildings and Site Improvements	Vehicles and Equipment	Construction in Progress	Total
General government capital assets					
Instruction	$ -	$ -	$ 1,639,689	$ -	$ 1,639,689
Support serivces	-	117,656	1,814,895	-	1,932,551
Community services	-	-	141,804	-	141,804
Facilities acquisition	2,629,247	130,144,997	122,303	263,685	133,160,232
Total general government capital assets	$2,629,247	$ 130,262,653	$ 3,718,691	$ 263,685	$136,874,276

OTHER FINANCIAL SCHEDULES

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENT -

GENERAL OBLIGATION BONDS

Year Ending	New School Construction - 2003 Issue			Refunding Bond - 2007 Issue		
June 30	Principal	Interest	Total	Principal	Interest	Total
2013	$ 3,995,000	$ 149,813	$ 4,144,813	$ 2,035,000	$ 2,473,400	$ 4,508,400
2014	-	-	-	6,445,000	2,392,000	8,837,000
2015	-	-	-	7,000,000	2,069,750	9,069,750
2016	-	-	-	7,575,000	1,719,750	9,294,750
2017	-	-	-	8,160,000	1,341,000	9,501,000
2018	-	-	-	5,755,000	933,000	6,688,000
2019	-	-	-	6,210,000	645,250	6,855,250
2020	-	-	-	6,695,000	334,750	7,029,750
Total	$ 3,995,000	$ 149,813	$ 4,144,813	$ 49,875,000	$ 11,908,900	$ 61,783,900

Total General Obligation Bonds		
Principal	Interest	Total
$ 6,030,000	$ 2,623,213	$ 8,653,213
6,445,000	2,392,000	8,837,000
7,000,000	2,069,750	9,069,750
7,575,000	1,719,750	9,294,750
8,160,000	1,341,000	9,501,000
5,755,000	933,000	6,688,000
6,210,000	645,250	6,855,250
6,695,000	334,750	7,029,750
$ 53,870,000	$ 12,058,713	$ 65,928,713

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENT -

PERS UAL LIMITED TAX PENSION BONDS

Year Ending	PERS UAL Limited Tax Pension Bond - 2002 Issue			PERS UAL Limited Tax Pension Bond - 2005 Issue		
June 30	Principal	Interest	Total	Principal	Interest	Total
2013	$ 434,662	$ 1,227,171	$ 1,661,833	$ 310,000	$ 32,403	$ 342,403
2014	455,877	1,300,956	1,756,833	230,000	18,893	248,893
2015	472,190	1,379,643	1,851,833	145,000	8,727	153,727
2016	486,698	1,470,135	1,956,833	50,000	2,260	52,260
2017	495,754	1,566,080	2,061,834	-	-	-
2018	504,378	1,667,455	2,171,833	-	-	-
2019	511,665	1,775,168	2,286,833	-	-	-
2020	517,135	1,889,698	2,406,833	-	-	-
2021	-	956,383	956,383	-	-	-
2022	1,835,000	911,833	2,746,833	-	-	-
2023	2,075,000	811,275	2,886,275	-	-	-
2024	2,330,000	697,358	3,027,358	-	-	-
2025	2,605,000	568,043	3,173,043	-	-	-
2026	2,900,000	423,465	3,323,465	-	-	-
2027	3,225,000	262,515	3,487,515	-	-	-
2028	1,505,000	83,528	1,588,528	-	-	-
Total	$ 20,353,359	$ 16,990,706	$ 37,344,065	$ 735,000	$ 62,283	$ 797,283

Total PERS UAL Limited Tax Pension Bonds			Total of all bond issues		
Principal	Interest	Total	Principal	Interest	Total
$ 744,662	$ 1,259,574	$ 2,004,236	$ 6,774,662	$ 3,882,787	$ 10,657,449
685,877	1,319,849	2,005,726	7,130,877	3,711,849	10,842,726
617,190	1,388,370	2,005,560	7,617,190	3,458,120	11,075,310
536,698	1,472,395	2,009,093	8,111,698	3,192,145	11,303,843
495,754	1,566,080	2,061,834	8,655,754	2,907,080	11,562,834
504,378	1,667,455	2,171,833	6,259,378	2,600,455	8,859,833
511,665	1,775,168	2,286,833	6,721,665	2,420,418	9,142,083
517,135	1,889,698	2,406,833	7,212,135	2,224,448	9,436,583
-	956,383	956,383	-	956,383	956,383
1,835,000	911,833	2,746,833	1,835,000	911,833	2,746,833
2,075,000	811,275	2,886,275	2,075,000	811,275	2,886,275
2,330,000	697,358	3,027,358	2,330,000	697,358	3,027,358
2,605,000	568,043	3,173,043	2,605,000	568,043	3,173,043
2,900,000	423,465	3,323,465	2,900,000	423,465	3,323,465
3,225,000	262,515	3,487,515	3,225,000	262,515	3,487,515
1,505,000	83,528	1,588,528	1,505,000	83,528	1,588,528
$ 21,088,359	$ 17,052,989	$ 38,141,348	$ 74,958,359	$ 29,111,702	$104,070,061

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

REVENUE SUMMARY - ALL FUNDS

June 30, 2012

Revenue from Local Sources	**Fund 100**	**Fund 200**	**Fund 300**
1110 Ad Valorem Taxes Levied by District	$ 22,704,584	$ -	$ 8,641,629
1120 Local Option Ad Valorem Taxes Levied by District	4,519,836	-	-
1130 Construction Excise Tax	-	501,910	-
1500 Earnings on Investments	131,345	15,221	41,532
1600 Food Service	-	1,251,579	-
1700 Extracurricular Activities	-	1,071,655	-
1800 Community Services Activities	-	30,939	-
1910 Rentals	103,575	28,116	-
1920 Contributions and Donations From Private Sources	-	464,788	-
1940 Services Provided Other Local Education Agencies	19,619	-	-
1960 Recovery of Prior Years' Expenditure	128,599	-	-
1970 Services Provided Other Funds	50,000	1,303	2,087,291
1980 Fees Charged to Grants	108,525	-	-
1990 Miscellaneous	38,278	890,021	-
Total Revenue from Local Sources	**$ 27,804,361**	**$ 4,255,532**	**$ 10,770,452**

Revenue from Intermediate Sources	**Fund 100**	**Fund 200**	**Fund 300**
2101 County School Funds	$ 115,144	$ -	$ -
2200 Restricted Revenue	166,431	344,865	-
Total Revenue from Intermediate Sources	**$ 281,575**	**$ 344,865**	**$ -**

Revenue from State Sources	**Fund 100**	**Fund 200**	**Fund 300**
3101 State School Fund - General Support	$ 21,392,277	$ -	$ -
3102 State School Fund - School Lunch Match	-	16,892	-
3103 Common School Fund	823,044	-	-
3199 Other Unrestricted Grants-in-Aid	92,346	-	-
3299 Other Restricted Grants-in-Aid	1,392,731	22,378	-
Total Revenue from State Sources	**$ 23,700,398**	**$ 39,270**	**$ -**

Revenue from Federal Sources	**Fund 100**	**Fund 200**	**Fund 300**
4200 Unrestricted Revenue From the Federal Government Through the State	$ -	$ 1,244,496	$ -
4500 Restricted Revenue From the Federal Government Through the State	18,984	2,540,854	-
4801 Federal Forest Fees	35,088	-	-
4899 Other Revenue in Lieu of Taxes	9,622	-	-
4900 Revenue for/on Behalf of the District	-	117,631	-
Total Revenue from Federal Sources	**$ 63,694**	**$ 3,902,981**	**$ -**

Revenue from Other Sources	**Fund 100**	**Fund 200**	**Fund 300**
5200 Interfund Transfers	$ -	$ 405,755	$ -
5400 Resources - Beginning Fund Balance	10,171,758	5,240,113	2,637,111
Total Revenue from Other Sources	**$ 10,171,758**	**$ 5,645,868**	**$ 2,637,111**

Grand Totals	**$ 62,021,786**	**$ 14,188,516**	**$ 13,407,563**

Fund 600	Fund 700
$ -	$ -
-	-
-	-
25,601	15,872
-	-
-	-
-	-
-	-
-	530,635
-	-
1,050	-
11,747,189	-
-	-
13,185	540,649
$ 11,787,025	**$ 1,087,156**

Fund 600	Fund 700
$ -	$ -
-	-
$ -	**$ -**

Fund 600	Fund 700
$ -	$ -
-	-
-	-
-	-
-	-
$ -	**$ -**

Fund 600	Fund 700
$ -	$ -
-	-
-	-
-	-
-	-
$ -	**$ -**

Fund 600	Fund 700
$ -	$ -
6,157,083	2,317,455
$ 6,157,083	**$ 2,317,455**
$ 17,944,108	**$ 3,404,611**

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

June 30, 2012

Instruction Expenditures	**Totals**	**Object 100**	**Object 200**
1111 Elementary, K-5 or K-6	$ 11,493,068	$ 7,068,706	$ 3,941,975
1121 Middle/Junior High Programs	5,594,173	3,294,320	1,809,477
1122 Middle/Junior High School Extracurricular	8,191	6,316	1,875
1131 High School Programs	7,834,258	4,824,582	2,610,884
1132 High School Extracurricular	758,394	544,116	191,504
1210 Programs for the Talented and Gifted	3,652	1,220	138
1220 Restrictive Programs for Students with Disabilities	1,664,797	967,843	696,143
1250 Less Restrictive Programs for Students with Disabilities	2,800,466	1,722,267	1,064,748
1280 Alternative Education	1,222,022	413,629	251,309
1291 English Second Language Programs	1,160,942	693,181	437,935
Total Instruction Expenditures	**$ 32,539,963**	**$ 19,536,180**	**$ 11,005,988**

Support Services Expenditures	**Totals**	**Object 100**	**Object 200**
2110 Attendance and Social Work Services	$ 744,725	$ 407,796	$ 334,595
2120 Guidance Services	1,610,565	950,912	645,825
2130 Health Services	225,625	37,991	32,766
2140 Psychological Services	60,970	-	-
2150 Speech Pathology and Audiology Services	642,477	383,510	208,699
2160 Other Student Treatment Services	128,125	80,684	46,374
2190 Service Direction, Student Support Services	545,373	348,219	178,977
2210 Improvement of Instruction Services	944,712	578,220	291,273
2220 Educational Media Services	646,802	338,598	254,833
2230 Assessment and Testing	169,686	89,819	66,573
2240 Instructional Staff Development	183,823	91,749	36,837
2310 Board of Education Services	119,858	81	7
2320 Executive Administration Services	339,392	212,863	98,963
2410 Office of the Principal Services	3,977,023	2,480,014	1,362,682
2510 Direction of Business Support Services	158,501	104,059	51,870
2520 Fiscal Services	543,371	295,706	157,610
2540 Operation and Maintenance of Plant Services	5,484,017	1,728,834	1,186,823
2550 Student Transportation Services	2,371,707	38,719	23,637
2570 Internal Services	56,350	25,743	23,756
2630 Information Services	128,159	85,608	41,260
2640 Staff Services	446,487	239,135	130,379
2660 Technology Services	1,082,803	417,469	232,486
2700 Supplemental Retirement Program	540,650	370,650	170,000
Total Support Services Expenditures	**$ 21,151,201**	**$ 9,306,379**	**$ 5,576,225**

Enterprise and Community Services Expenditures	**Totals**	**Object 100**	**Object 200**
3300 Community Services	$ 80,711	$ 15,994	$ 3,687
Total Enterprise and Community Services Expenditures	**$ 80,711**	**$ 15,994**	**$ 3,687**

Grand Total	**$ 53,771,875**	**$ 28,858,553**	**$ 16,585,900**

Object 300	Object 400	Object 500	Object 600
$ 122,634	$ 359,753	$ -	$ -
53,673	435,557	-	1,146
-	-	-	-
53,727	336,970	8,000	95
17,653	5,121	-	-
289	2,005	-	-
782	29	-	-
7,282	6,169	-	-
544,665	12,419	-	-
4,039	25,787	-	-
$ 804,744	**$ 1,183,810**	**$ 8,000**	**$ 1,241**

Object 300	Object 400	Object 500	Object 600
$ 1,449	$ 885	$ -	$ -
4,966	8,687	-	175
153,259	1,609	-	-
60,970	-	-	-
47,074	3,194	-	-
1,067	-	-	-
17,210	117	-	850
10,591	62,157	-	2,471
3,308	50,063	-	-
2,861	9,342	-	1,091
42,193	6,766	-	6,278
64,636	5,757	-	49,377
18,682	7,222	-	1,662
62,208	55,097	-	17,022
1,382	737	-	453
58,271	10,762	-	21,022
1,789,514	316,567	13,289	448,990
2,307,651	1,700	-	-
6,809	22	-	20
605	306	-	380
24,936	48,606	-	3,431
236,173	158,858	37,718	99
-	-	-	-
$ 4,915,815	**$ 748,454**	**$ 51,007**	**$ 553,321**

Object 300	Object 400	Object 500	Object 600
$ -	$ -	$ -	$ 61,030
$ -	**$ -**	**$ -**	**$ 61,030**
$ 5,720,559	**$ 1,932,264**	**$ 59,007**	**$ 615,592**

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

June 30, 2012

Instruction Expenditures	**Totals**	**Object 100**	**Object 200**
1111 Elementary, K-5 or K-6	$ 446,797	$ 96,328	$ 49,787
1121 Middle/Junior High Programs	104,673	6,069	577
1122 Middle/Junior High School Extracurricular	138,398	9,070	1,709
1131 High School Programs	505,436	106,107	35,851
1132 High School Extracurricular	945,087	118,287	22,392
1210 Programs for the Talented and Gifted	1,383	-	-
1220 Restrictive Programs for Students with Disabilities	8,718	4,173	1,025
1250 Less Restrictive Programs for Students with Disabilities	1,120,040	579,471	483,638
1272 Title I	921,139	515,068	284,931
1280 Alternative Education	9,825	2,592	683
1291 English Second Language Programs	879	812	67
1299 Other Programs	16,279	12,501	3,778
1400 Summer School Programs	15,165	12,224	2,894
Total Instruction Expenditures	**$ 4,233,819**	**$ 1,462,702**	**$ 887,332**

Support Services Expenditures	**Totals**	**Object 100**	**Object 200**
2110 Attendance and Social Work Services	$ 87,210	$ 42,514	$ 29,810
2120 Guidance Services	35,940	-	-
2130 Health Services	6,077	-	-
2140 Psychological Services	14,543	11,068	3,475
2150 Speech Pathology and Audiology Services	4,403	1,161	357
2160 Other Student Treatment Services	3,839	-	-
2190 Service Direction, Student Support Services	42,054	18,897	22,962
2210 Improvement of Instruction Services	208,956	123,858	63,055
2220 Educational Media Services	8,264	-	-
2240 Instructional Staff Development	178,048	80,680	18,945
2310 Board of Education Services	65	-	-
2410 Office of the Principal Services	(19,398)	-	-
2540 Operation and Maintenance of Plant Services	94,478	366	53
2550 Student Transportation Services	87,060	-	-
2640 Staff Services	10,250	-	-
2660 Technology Services	69,927	27,331	16,184
2690 Other Support Services - Central	108,526	-	-
2700 Supplemental Retirement Program	-	-	-
Total Support Services Expenditures	**$ 940,242**	**$ 305,875**	**$ 154,841**

Enterprise and Community Services Expenditures	**Totals**	**Object 100**	**Object 200**
3100 Food Services	$ 2,851,086	$ 901,563	$ 766,013
3300 Community Services	212,251	126,488	43,914
Total Enterprise and Community Services Expenditures	**$ 3,063,337**	**$ 1,028,051**	**$ 809,927**

Facilities Acquisition and Construction Expenditures	**Totals**	**Object 100**	**Object 200**
4150 Building Acquisition, Construction, and Improvement Services	$ 704,697	$ -	$ -
Total Facilities Acquisition and Construction Expenditures	**$ 704,697**	**$ -**	**$ -**

Other Uses Expenditures	**Totals**	**Object 100**	**Object 200**
5200 Transfers of Funds	$ 405,755	$ -	$ -
Total Other Uses Expenditures	**$ 405,755**	**$ -**	**$ -**
Grand Total	**$ 9,347,850**	**$ 2,796,628**	**$ 1,852,100**

Object 300	Object 400	Object 500	Object 600	Object 700
$ 62,742	$ 237,805	$ -	$ 135	$ -
37,317	60,710	-	-	-
82,349	44,824	-	446	-
103,394	232,460	14,000	13,624	-
301,896	415,295	8,589	78,628	-
263	1,120	-	-	-
219	3,301	-	-	-
4,601	52,330	-	-	-
33,895	87,215	-	30	-
1,611	4,939	-	-	-
-	-	-	-	-
-	-	-	-	-
-	47	-	-	-
$ 628,287	**$ 1,140,046**	**$ 22,589**	**$ 92,863**	**$ -**

Object 300	Object 400	Object 500	Object 600	Object 700
$ 13,564	$ 662	$ -	$ 660	$ -
35,940	-	-	-	-
6,077	-	-	-	-
-	-	-	-	-
290	2,595	-	-	-
-	3,839	-	-	-
75	120	-	-	-
14,674	7,369	-	-	-
-	8,264	-	-	-
76,303	2,120	-	-	-
-	65	-	-	-
1,008	(20,406)	-	-	-
38,313	55,746	-	-	-
87,060	-	-	-	-
21	10,229	-	-	-
3,719	22,693	-	-	-
-	-	-	108,526	-
-	-	-	-	-
$ 277,044	**$ 93,296**	**$ -**	**$ 109,186**	**$ -**

Object 300	Object 400	Object 500	Object 600	Object 700
$ 44,352	$ 1,041,600	$ 36,031	$ 61,527	$ -
23,104	16,715	-	2,030	-
$ 67,456	**$ 1,058,315**	**$ 36,031**	**$ 63,557**	**$ -**

Object 300	Object 400	Object 500	Object 600	Object 700
$ -	$ -	$ 704,697	$ -	$ -
$ -	**$ -**	**$ 704,697**	**$ -**	**$ -**

Object 300	Object 400	Object 500	Object 600	Object 700
$ -	$ -	$ -	$ -	$ 405,755
$ -	**$ -**	**$ -**	**$ -**	**$ 405,755**
$ 972,787	**$ 2,291,657**	**$ 763,317**	**$ 265,606**	**$ 405,755**

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUNDS

June 30, 2012

		Totals	Object 600
Other Uses Expenditures			
5100	Debt Service	$ 10,457,992	$ 10,457,992
	Total Other Uses Expenditures	**$ 10,457,992**	**$ 10,457,992**
	Grand Total	**$ 10,457,992**	**$ 10,457,992**

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - INTERNAL SERVICE FUND

June 30, 2012

	Totals	Object 100	Object 200
Support Services Expenditures			
2520 Fiscal Services	$ 10,919,642	$ 97,252	$ 50,343
2540 Operation and Maintenance of Plant Services	115,863	-	-
Total Support Services Expenditures	**$ 11,035,505**	**$ 97,252**	**$ 50,343**
Grand Total	**$ 11,035,505**	**$ 97,252**	**$ 50,343**

Object 300	Object 400	Object 600
$ 173,093	$ 15,108	$ 10,583,846
115,863	-	-
$ 288,956	**$ 15,108**	**$ 10,583,846**
$ 288,956	**$ 15,108**	**$ 10,583,846**

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURE SUMMARY - FIDUCIARY FUND

June 30, 2012

Instruction Expenditures	**Totals**	**Object 100**	**Object 200**
1131 High School Programs	$ 8	$ -	$ -
Total Instruction Expenditures	**$ 8**	**$ -**	**$ -**

Support Services Expenditures	**Totals**	**Object 100**	**Object 200**
2550 Student Transportation Services	$ 1,899	$ -	$ -
2700 Supplemental Retirement Program	938,328	766,321	172,007
Total Support Services Expenditures	**$ 940,227**	**$ 766,321**	**$ 172,007**

Enterprise and Community Services Expenditures	**Totals**	**Object 100**	**Object 200**
3300 Community Services	$ 521,796	$ 5,981	$ 1,769
Total Enterprise and Community Services Expenditures	**$ 521,796**	**$ 5,981**	**$ 1,769**
Grand Total	**$ 1,462,031**	**$ 772,302**	**$ 173,776**

Object 300	Object 400	Object 600
$ 8	$ -	$ -
$ 8	**$ -**	**$ -**

Object 300	Object 400	Object 600
$ 1,899	$ -	$ -
-	-	-
$ 1,899	**$ -**	**$ -**

Object 300	Object 400	Object 600
$ 503,643	$ 4,830	$ 5,573
$ 503,643	**$ 4,830**	**$ 5,573**
$ 505,550	**$ 4,830**	**$ 5,573**

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS - GENERAL FUND

For the Year Ended June 30, 2012

Tax Year	Taxes Receivable July 1, 2011	2011-2012 Levy	Adjustments	Collections	Taxes Receivable June 30, 2012
2011-2012	$ -	$ 27,743,987	$ (679,044)	$ 26,425,317	$ 639,626
2010-2011	687,220	-	(20,394)	412,937	253,889
2009-2010	553,236	-	(8,011)	144,421	400,804
2008-2009	138,400	-	(10,258)	87,851	40,291
2007-2008	54,940	-	(2,380)	36,494	16,066
2006-2007	14,436	-	(3,019)	2,130	9,287
2005-2006	8,185	-	(1,192)	1,360	5,633
Prior	69,991	-	(975)	18,563	50,453
Subtotal - Prior	1,526,408	-	(46,229)	703,756	776,423
Total	$ 1,526,408	$ 27,743,987	$ (725,273)	27,129,073	$ 1,416,049
Add:					
Other taxes and interest				122,620	
Adjustments				(948)	
Total available				27,250,745	
Accrual of current receivables:					
June 30, 2011				(131,594)	
June 30, 2012				105,269	
Total property tax revenues (budgetary basis)				$ 27,224,420	

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS - DEBT SERVICE FUND

For the Year Ended June 30, 2012

Tax Year	Taxes Receivable July 1, 2011	2011-2012 Levy	Adjustments	Collections	Taxes Receivable June 30, 2012
2011-2012	$ -	$ 8,882,127	$ (279,668)	$ 8,398,886	$ 203,573
2010-2011	214,589	-	(6,391)	128,853	79,345
2009-2010	168,358	-	(2,475)	43,932	121,951
2008-2009	36,463	-	(3,148)	27,737	5,578
2007-2008	17,449	-	(755)	11,588	5,106
2006-2007	5,566	-	(1,161)	821	3,584
2005-2006	3,302	-	(481)	547	2,274
Prior	3,533	-	(58)	874	2,601
Subtotal - Prior	449,260	-	(14,469)	214,352	220,439
Total	$ 449,260	$ 8,882,127	$ (294,137)	8,613,238	$ 424,012
Add:					
Other taxes and interest				37,612	
Adjustments				(1,440)	
Total available				8,649,410	
Accrual of current receivables:					
June 30, 2011				(40,764)	
June 30, 2012				32,983	
Total property tax revenues (budgetary basis)				$ 8,641,629	

STATISTICAL SECTION

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

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information the District's financial report relates to the services the District provides and the activities it performs.

FINANCIAL TRENDS

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

REVENUES AND OTHER FINANCING SOURCES BY SOURCE
(BUDGETARY BASIS) - LAST TEN FISCAL YEARS

GENERAL FUND

For the Year Ended June 30, 2012

	2012	2011	2010	2009
Local revenue				
Current year's taxes	$ 22,095,674	$ 21,460,033	$ 20,412,348	$ 20,121,626
Current year's local option taxes	4,378,597	4,860,893	5,489,512	4,485,404
Prior year's taxes	608,910	503,659	430,005	338,418
Prior year's local option taxes	141,239	119,828	85,401	44,340
Tuition	-	-	19,474	-
Interest	131,345	93,130	195,479	455,933
Rentals	103,574	83,546	82,040	78,658
Miscellaneous	345,022	308,906	348,190	344,865
Total local revenue	27,804,361	27,429,995	27,062,449	25,869,244
Intermediate revenue				
County school fund	115,144	97,831	86,322	183,338
Other revenues	166,431	172,128	166,666	148,174
Total intermediate revenue	281,575	269,959	252,988	331,512
State revenue				
State school support fund	21,392,277	21,509,888	23,494,565	24,454,394
Common school fund	823,044	774,269	798,224	1,099,137
Targeted school funds	1,392,731	-	-	1,389,797
Other revenue from state sources	92,346	176,239	129,203	599,538
Total state revenue	23,700,398	22,460,396	24,421,992	27,542,866
Federal revenue				
Federal grants	18,984	1,992,743	-	-
Federal forest fees	35,087	56,621	66,189	74,916
Other revenue from federal sources	9,623	9,014	1,775,229	1,287,206
Total federal revenue	63,694	2,058,378	1,841,418	1,362,122
Other financing sources				
Transfers in	-	-	-	-
Sale of assets	-	-	-	-
Total other financing sources	-	-	-	-
Fund balance - beginning	10,171,758	12,834,129	11,713,576	10,111,274
Fund balance - ending	$ 62,021,786	$ 65,052,857	$ 65,292,423	$ 65,217,018

(1) This schedule includes only revenues and transfers of the General Fund. The General Fund accounts for general operating revenues and transfers of the Distirct.

2008	2007	2006	2005	2004	2003
$ 19,425,514	$ 18,642,561	$ 18,309,163	$ 17,528,367	$ 16,688,736	$ 16,013,879
3,925,886	-	-	1,635,691	1,265,992	1,407,952
362,233	340,862	301,226	353,584	266,344	534,385
-	12,218	24,419	28,680	114,502	-
-	36,928	25,490	8,620	19,738	43,707
1,042,441	1,099,714	761,378	410,492	184,581	132,320
80,908	216,819	203,908	157,767	121,232	98,883
379,224	375,982	412,804	403,688	328,122	519,606
25,216,206	20,725,084	20,038,388	20,526,889	18,989,247	18,750,732
95,330	316,763	249,742	154,596	465,764	53,584
149,245	142,886	138,576	145,238	151,250	135,150
244,575	459,649	388,318	299,834	617,014	188,734
25,586,017	24,826,415	23,832,791	20,878,552	24,453,450	22,134,950
870,814	788,781	389,504	778,894	232,745	591,926
1,382,617	-	-	-	-	-
101,514	9,673	57	51,947	12,534	36,850
27,940,962	25,624,869	24,222,352	21,709,393	24,698,729	22,763,726
-	-	-	-	-	-
83,439	84,630	87,996	84,847	78,940	85,157
17,860	17,742	16,644	16,957	19,573	18,740
101,299	102,372	104,640	101,804	98,513	103,897
-	-	117,946	-	-	-
2,002	20,745	590	5,799	-	-
2,002	20,745	118,536	5,799	-	-
10,182,245	7,885,631	4,620,643	3,897,557	1,244,003	2,525,975
$ 63,687,289	$ 54,818,350	$ 49,492,877	$ 46,541,276	$ 45,647,506	$ 44,333,064

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

EXPENDITURES AND TRANSFERS BY PROGRAM
(BUDGETARY BASIS) - LAST TEN FISCAL YEARS

GENERAL FUND

For the Year Ended June 30, 2012

	2012	2011	2010	2009	2008
Instruction					
Regular programs					
Primary, K-5	$ 11,493,072	$ 11,497,765	$ 11,015,626	$ 11,126,991	$ 11,415,549
Middle school	5,602,361	5,558,731	5,425,454	5,685,916	5,513,988
High school	8,592,641	8,823,378	8,172,030	8,485,644	8,427,494
Special programs					
Restrictive disability programs	1,664,796	1,813,646	1,662,028	1,313,530	1,492,423
Learning resource rooms	2,800,472	3,073,064	2,608,108	2,876,667	2,494,158
Alternative education	787,595	755,305	1,155,536	1,180,237	1,152,111
Charter school	434,431	332,753	-	-	-
Other	1,164,595	1,265,609	1,183,691	1,117,764	1,060,858
Total instruction	32,539,963	33,120,251	31,222,473	31,786,749	31,556,581
Support services					
Students					
Attendance and social work	744,725	671,157	555,439	598,797	541,878
Guidance	1,610,565	1,745,263	1,704,299	1,659,618	1,592,619
Health	225,654	112,551	178,759	159,782	123,070
Psychological	60,970	106,544	174,349	244,025	289,781
Speech and pathology	642,477	502,283	553,235	564,689	562,540
Other student treatment services	128,124	150,033	143,550	102,230	126,145
Service direction, student support services	545,371	471,391	522,953	392,980	402,216
Instructional services and educational media					
Improvement of instruction	944,712	933,704	889,069	880,984	725,661
Educational media	646,802	716,413	716,092	787,151	743,412
Assessment and testing	169,687	56,463	4,010	92,437	50,372
Instructional staff development	183,818	154,022	167,175	177,479	461,063
General administration					
Board of education	119,857	199,837	97,084	124,999	148,805
Executive administration	339,392	345,573	334,154	322,618	306,829
School administration	3,977,020	3,990,330	3,878,282	3,684,088	3,545,589
Business support services					
Business services	701,872	746,860	727,184	637,585	591,210
Facilities operation	5,540,355	6,261,277	5,721,352	5,986,638	5,763,786
Pupil transportation	2,371,704	2,264,899	2,239,967	2,191,614	2,109,924
Central services	1,657,446	1,761,555	1,623,649	1,605,354	1,753,122
Supplemental retirement program	540,650	503,000	878,000	1,378,000	2,000,000
Total support services	21,151,201	21,693,155	21,108,602	21,591,068	21,838,022
Enterprise and community services	80,711	67,694	127,221	125,625	109,734
Facilities acquisition	-	-	-	-	71,678
Debt service	-	-	-	-	-
Total general fund expenditures and transfers	$ 53,771,875	$ 54,881,100	$ 52,458,296	$ 53,503,442	$ 53,576,015

(1) This schedule includes only expenditures and transfers of the General Fund. The General Fund accounts for the operating revenue and transfers out of the District.

2007	2006	2005	2004	2003
$ 9,181,209	$ 8,443,534	$ 8,106,808	$ 8,025,899	$ 8,373,010
4,422,061	3,873,889	3,801,206	3,862,818	4,319,869
6,633,097	6,283,896	6,046,885	6,312,060	6,955,589
834,893	709,991	698,381	816,771	762,751
2,293,567	2,197,500	2,438,065	2,633,966	2,718,161
718,004	691,065	648,319	534,071	563,676
-	-	-	-	-
846,675	755,464	745,943	788,687	728,039
24,929,506	22,955,339	22,485,607	22,974,272	24,421,095
634,667	658,893	615,823	715,643	827,065
1,008,771	922,454	854,547	909,276	963,946
39,617	38,993	33,530	41,914	40,790
232,828	237,686	93,865	160,249	110,633
461,549	388,765	256,408	256,436	341,355
108,082	93,996	69,021	231,003	396,487
313,751	292,939	187,193	-	-
373,259	232,808	223,207	406,840	469,823
662,794	679,146	679,921	717,310	815,060
28,228	8,590	6,999	4,392	11,543
242,896	219,445	206,859	190,805	253,800
109,355	93,318	222,406	139,868	163,062
307,401	341,914	303,637	332,218	368,066
3,175,065	3,252,417	2,993,177	2,718,713	3,021,211
579,717	563,267	588,168	569,116	569,641
5,331,527	5,392,089	4,907,227	4,758,763	5,341,084
1,923,654	1,935,065	1,652,432	1,587,216	1,465,651
1,644,257	1,260,256	1,190,720	1,184,147	1,270,855
2,400,000	1,895,000	4,237,150	2,650,000	2,080,001
19,577,418	18,507,041	19,322,290	17,573,909	18,510,073
108,001	114,063	109,736	107,592	105,908
13,611	-	-	-	-
7,569	30,804	-	37,726	56,044
$ 44,636,105	$ 41,607,247	$ 41,917,633	$ 40,693,499	$ 43,093,120

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CONDENSED STATEMENT OF NET ASSETS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

	2012	2011	2010	2009
Assets				
Current and other assets	$ 29,834,637	$ 30,610,324	$ 41,672,146	$ 37,707,761
Restricted assets	996,970	798,328	608,800	454,214
Capital assets, net of accumulated depreciation	94,733,579	98,160,211	100,655,405	102,243,356
Other non-current assets	28,484,381	26,706,582	19,920,504	21,314,965
Total assets	154,049,567	156,275,445	162,856,855	161,720,296
Liabilities				
Current liabilities	12,193,011	3,798,836	9,587,588	12,120,128
Noncurrent liabilities	76,029,870	88,103,921	94,904,364	102,197,795
Total liabilities	88,222,881	91,902,757	104,491,952	114,317,923
Net assets				
Invested in capital assets, net of related debt	35,992,307	35,573,378	32,990,512	29,640,240
Restricted	881,427	667,069	464,253	175,498
Unrestricted	28,952,952	28,132,241	24,910,138	17,586,635
Total net assets	$ 65,826,686	$ 64,372,688	$ 58,364,903	$ 47,402,373

2008	2007	2006	2005	2004	2003
$ 37,259,493	$ 38,931,814	$ 37,498,705	$ 43,308,089	$ 77,403,203	$ 95,833,277
927,437	791,000	689,582	541,339	329,578	215,104
101,465,718	98,113,332	95,369,464	84,088,771	50,871,966	21,529,091
22,709,424	24,103,883	25,498,342	26,892,801	23,341,719	24,324,050
162,362,072	161,940,029	159,056,093	154,831,000	151,946,466	141,901,522
12,092,468	11,772,038	10,925,285	7,762,229	11,645,754	7,893,391
109,023,103	116,936,567	120,153,360	126,899,171	120,393,378	121,980,145
121,115,571	128,708,605	131,078,645	134,661,400	132,039,132	129,873,536
26,038,450	27,845,759	21,942,674	18,646,654	16,276,200	12,370,874
-	-	-	-	2,573,368	1,785,935
15,208,051	5,385,665	6,034,774	1,522,946	1,057,766	(2,129,823)
$ 41,246,501	$ 33,231,424	$ 27,977,448	$ 20,169,600	$ 19,907,334	$ 12,026,986

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CHANGES IN NET ASSETS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

	2012	2011	2010	2009
Program revenues				
Charges for services				
Instruction	$ 2,526,933	$ 1,476,721	$ 1,469,496	$ 1,546,985
Support services	836,668	1,011,828	1,035,376	128,658
Enterprise and community services	131,148	127,332	134,998	1,357,289
Operating grants and contributions				
Instruction	2,912,226	4,838,728	6,035,884	6,777,942
Support services	1,943,376	3,315,427	4,252,760	-
Enterprise and community services	317,025	417,226	554,498	1,168,689
Facilities acquisition and construction	-	-	-	-
Total program revenues	8,667,376	11,187,262	13,483,012	10,979,563
General revenues				
Property taxes	35,778,834	35,394,977	34,966,360	32,489,763
State school fund	22,801,900	21,527,205	23,511,852	24,454,394
Common school fund	823,044	774,269	798,224	1,099,137
Unrestricted state and local revenue	501,910	180,406	126,026	870,771
Investment earnings	226,649	247,029	377,005	856,899
Gain on sale of capital assets	-	24,878	-	-
Miscellaneous	241,697	1,757,745	1,530,618	1,169,176
Total general revenues	60,374,034	59,906,509	61,310,085	60,940,140
Total revenues	69,041,410	71,093,771	74,793,097	71,919,703
Program expenses				
Instruction	37,057,203	33,705,813	31,916,004	32,906,224
Support services	19,895,700	25,523,086	22,487,360	23,699,624
Enterprise and community services	3,113,790	2,906,333	2,932,024	2,740,637
Facilities acquisition and construction	3,409,000	3,361,692	1,898,024	1,650,277
Interest expense	4,111,719	4,409,440	4,597,155	4,767,069
Total program expenses	67,587,412	69,906,364	63,830,567	65,763,831
Change in net assets	$ 1,453,998	$ 1,187,407	$ 10,962,530	$ 6,155,872

2008	2007	2006	2005	2004	2003
$ 1,693,899	$ 1,291,236	$ 1,206,680	$ 1,220,914	$ 121,232	$ 43,707
130,908	266,819	253,908	204,767	19,738	-
1,412,368	1,550,741	1,629,883	1,612,847	1,372,125	1,442,885
6,117,235	4,962,617	4,542,398	4,383,800	3,047,901	2,116,829
-	-	-	-	1,384,881	933,931
1,057,061	1,230,759	1,018,092	901,552	1,129,316	854,109
-	-	-	-	-	-
10,411,471	9,302,172	8,650,961	8,323,880	7,075,193	5,391,461
31,354,094	26,348,817	26,087,601	29,230,724	25,502,724	18,671,119
25,604,779	24,826,415	23,832,791	20,878,552	24,453,450	20,545,236
870,814	788,781	389,504	778,894	232,745	591,926
301,643	429,058	1,339,496	1,529,619	1,379,069	413,593
2,124,384	2,263,094	1,635,100	1,497,842	1,023,994	863,752
-	-	-	-	-	-
1,105,049	3,570,687	2,559,094	3,174,045	2,181,128	3,159,806
61,360,763	58,226,852	55,843,586	57,089,676	54,773,110	44,245,432
71,772,234	67,529,024	64,494,547	65,413,556	61,848,303	49,636,893
33,423,150	28,597,354	28,022,844	25,277,298	22,595,706	27,878,467
20,749,456	21,255,617	18,885,751	24,422,402	23,793,005	18,832,932
2,901,915	2,778,232	2,263,043	2,627,201	2,056,599	628,817
1,754,768	1,769,180	1,451,488	211,907	660,652	2,377,293
4,927,618	7,874,665	6,063,573	4,469,010	4,861,993	2,454,535
63,756,907	62,275,048	56,686,699	57,007,818	53,967,955	52,172,044
$ 8,015,327	$ 5,253,976	$ 7,807,848	$ 8,405,738	$ 7,880,348	$ (2,535,151)

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

FUND BALANCES OF GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

	2012	2011	2010	2009
General Fund				
Assigned				
Designated for operating contingency	$ 1,276,100	$ 1,344,488	$ 1,350,000	$ 1,350,000
Designated for PERS litigation contingency	-	-	-	-
Designated for local option levy reserve	-	1,592,777	2,442,735	2,897,435
Designated for targeted expenditures	-	431,125	848,180	1,370,000
Designated for rainy day fund	3,341,500	2,688,976	2,249,700	2,700,000
Designated for unappropriated ending fund balance	2,552,200	2,688,976	250,000	250,000
Unassigned	1,080,111	1,425,416	5,443,514	3,146,141
Total general fund balances	8,249,911	10,171,758	12,584,129	11,713,576
All other governmental funds				
Special revenue funds	4,386,966	4,758,454	4,288,773	4,306,819
Grants funds	1,951,403	2,364,088	2,364,088	-
Capital projects funds	-	-	-	376,759
Debt service funds	2,949,571	2,637,111	8,530,779	6,109,227
Total other governmental fund balances	9,287,940	9,759,653	15,183,640	10,792,805
Total fund balance	$ 17,537,851	$ 19,931,411	$ 27,767,769	$ 22,506,381

(1) General Fund 2003 is GAAP Basis; General fund budgetary basis was $1,244,003; difference is the State Revenue accrual not recognized on GAAP Basis.

2008	2007	2006	2005	2004	2003
$ 1,350,000	$ 1,600,000	$ 1,100,000	$ -	$ -	$ -
-	-	1,400,000	-	-	-
840,000	-	-	-	-	-
1,852,000	3,035,000	1,652,000	-	-	-
2,700,000	-	-	-	-	-
250,000	-	-	-	-	-
3,119,274	5,547,245	3,733,631	4,620,643	3,897,557	(345,711)
10,111,274	10,182,245	7,885,631	4,620,643	3,897,557	(345,711)
4,528,821	4,318,131	3,326,696	3,508,415	2,907,526	2,671,710
-	-	-	-	-	-
2,671,147	6,990,641	10,216,994	22,203,940	54,966,073	84,045,628
5,287,587	4,105,109	3,490,433	3,316,931	2,045,403	964,789
12,487,555	15,413,881	17,034,123	29,029,286	59,919,002	87,682,127
$ 22,598,829	$ 25,596,126	$ 24,919,754	$ 33,649,929	$ 63,816,559	$ 87,336,416

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

	2012	2011	2010	2009
REVENUES				
Local revenue	$ 43,383,947	$ 45,162,611	$ 44,942,528	$ 42,569,864
Intermediate revenue	626,440	771,646	543,399	604,811
State revenue	23,739,668	22,488,952	26,804,441	27,677,831
Federal revenue	3,966,675	7,090,015	7,193,241	5,380,839
Total revenues	71,716,730	75,513,224	79,483,609	76,233,345
EXPENDITURES				
Current				
Instruction	36,773,782	37,541,262	36,222,886	36,267,455
Support services	23,029,771	24,801,535	24,195,042	24,722,939
Enterprise and community services	3,144,048	2,900,641	2,927,181	2,799,022
Facilities acquisition and construction	-	-	-	196,253
Debt service				
Principal	6,397,566	7,670,535	5,680,594	5,318,329
Interest	4,060,426	4,256,610	4,438,721	4,565,499
Capital outlay	704,697	576,499	507,797	2,458,329
Total expenditures	74,110,290	77,747,082	73,972,221	76,327,826
Excess (deficiency) of revenues over (under) expenditures	(2,393,560)	(2,233,858)	5,511,388	(94,481)
OTHER FINANCING SOURCES (USES)				
Transfers in	405,755	-	-	-
Transfers out	(405,755)	-	-	-
Issuance of debt	-	-	-	-
Payments to escrow agent	-	-	-	-
Proceeds from the sale of assets	-	147,500	-	2,033
Total other financing sources (uses)	-	147,500	-	2,033
Special item sources (uses)				
Lump sum payment to PERS	-	(6,000,000)	-	-
Net change in fund balances	$ (2,393,560)	$ (8,086,358)	$ 5,511,388	$ (92,448)
Debt service as a percentage of noncapital expenditures	14.2%	15.5%	13.8%	13.4%

2008	2007	2006	2005	2004	2003
$ 43,127,507	$ 38,585,672	$ 36,579,372	$ 39,967,747	$ 35,271,040	$ 27,356,485
487,098	680,443	609,495	452,889	617,014	356,279
28,275,489	25,648,815	25,233,149	22,952,503	27,136,343	22,508,644
4,543,773	4,952,651	4,350,653	4,061,206	3,754,982	2,946,980
76,433,867	69,867,581	66,772,669	67,434,345	66,779,379	53,168,388
36,495,373	29,969,907	28,892,936	28,184,040	27,978,592	28,362,329
25,025,168	22,700,547	21,667,634	29,122,020	21,423,413	46,660,084
2,944,778	2,778,232	2,886,547	2,627,201	2,494,942	2,396,657
698,671	905,305	1,479,610	1,884,737	3,076,623	3,136,416
4,982,405	5,309,635	3,650,000	3,703,597	2,455,017	497,814
4,689,946	4,139,446	5,813,216	4,782,669	5,872,456	996,299
4,598,143	3,740,202	11,116,539	31,928,050	27,001,466	1,192,240
79,434,484	69,543,274	75,506,482	102,232,314	90,302,509	83,241,839
(3,000,617)	324,307	(8,733,813)	(34,797,969)	(23,523,130)	(30,073,451)
-	-	117,946	-	-	-
-	-	(117,946)	-	-	-
-	60,749,821	-	4,620,000	-	112,616,281
-	(60,418,501)	-	-	-	-
3,320	20,745	3,638	11,339	3,273	4,059
3,320	352,065	3,638	4,631,339	3,273	112,620,340
-	-	-	-	-	-
$ (2,997,297)	$ 676,372	$ (8,730,175)	$(30,166,630)	$(23,519,857)	$ 82,546,889
12.9%	14.4%	14.7%	12.1%	13.2%	1.8%

REVENUE CAPACITY

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

ASSESSED VALUES OF TAXABLE PROPERTY WITHIN CORVALLIS SCHOOL DISTRICT BOUNDARIES
LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

Year Ending June 30	Real Property	Personal Property	Public Utility	Total Assessed Value	Total Direct Tax Rate	Real Market Taxable Value	Assessed Value as a % of Actual Value
2012	$ 4,940,211,136	$ 161,948,679	$ 135,848,370	$ 5,238,008,185	7.65	$ 7,208,123,702	73%
2011	4,793,853,294	156,682,133	134,078,720	5,084,614,147	7.65	7,222,456,095	70%
2010	4,581,101,159	173,475,743	130,639,830	4,885,216,732	7.67	7,544,560,225	65%
2009	4,493,229,366	182,294,930	87,139,690	4,762,663,986	7.22	7,571,150,272	63%
2008	4,325,607,127	160,070,535	88,693,230	4,574,370,892	7.25	7,060,558,658	65%
2007	4,149,708,456	161,274,896	83,794,390	4,394,777,742	6.16	6,496,148,417	68%
2006	4,064,554,510	171,905,750	83,462,263	4,319,922,523	6.24	5,541,584,337	78%
2005	3,907,012,286	147,812,688	98,579,222	4,153,404,196	7.15	5,318,250,583	78%
2004	3,695,118,143	161,465,577	85,045,668	3,941,629,388	7.13	4,754,939,971	83%
2003	3,576,982,228	165,828,828	93,504,353	3,836,315,409	5.46	4,739,351,863	81%

Notes

Beginning July 1, 1997 property taxes were based on an assessed value. Assessed value is defined as the lower of "maximum assessed value" or "real market value." For the 1997-98 tax year, "maximum assessed value" was set at the 1995-96 real market value less 10%. Assessed value for later years is limited to 3% annual increases.

The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

Source

Benton County Assessment Department; Linn County Tax Assessor's Office

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

DIRECT AND OVERLAPPING PROPERTY TAX RATES - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

District Direct Rates

Year Ending June 30	General Tax Permanent Rate	Local Option	1999 Aquatic Center Remodel Bond	2003 Construction Bond	Total Direct Tax Rate
2012	4.46	1.50	N/A	1.69	7.65
2011	4.46	1.50	0.16	1.53	7.65
2010	4.46	1.50	0.19	1.52	7.67
2009	4.46	1.20	0.16	1.40	7.22
2008	4.46	1.10	0.18	1.51	7.25
2007	4.46	-	0.18	1.52	6.16
2006	4.46	-	0.19	1.59	6.24
2005	4.46	0.83	0.20	1.66	7.15
2004	4.46	0.76	0.21	1.70	7.13
2003	4.46	0.79	0.21	-	5.46

Overlapping Total Property Tax Rates

Year Ending June 30	City of Corvallis	Benton County	Linn-Benton ESD	Linn-Benton Community College	Benton County Library
2012	6.09	2.21	0.30	0.68	0.39
2011	5.59	2.85	0.30	0.67	0.39
2010	5.63	2.80	0.30	0.68	0.39
2009	5.64	3.11	0.30	0.68	0.39
2008	5.62	2.47	0.30	0.67	0.39
2007	5.64	2.47	0.30	0.68	0.39
2006	5.65	2.50	0.30	0.69	0.39
2005	5.60	2.50	0.30	0.68	0.39
2004	5.68	2.87	0.30	0.68	0.39
2003	5.72	2.85	0.30	0.69	0.39

Notes

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

In 1996-97, property tax limitation Measure 5 was approved. In November 1996 voters approved Measure 47 to cap property tax revenues for school districts at $5.00 per thousand of assessed value excluding local-option and debt service levies.

Source

Benton County Assessment Department

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

PRINCIPAL PROPERTY TAX PAYERS FOR BENTON COUNTY - CURRENT AND NINE YEARS AGO

For the Year Ended June 30, 2012

	2012 (Current year)			2003 (Nine years ago)		
Taxpayer	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Ten largest taxpayers						
Hewlett Packard Company	$ 408,815,741	1	6.00%	$ 492,279,134	1	10.08%
Comcast Corporation	38,988,900	2	0.57%	-		
Pacificorp	34,086,000	3	0.50%	21,660,100	5	0.44%
NW Natural Gas	33,139,100	4	0.49%	21,630,500	4	0.44%
Starker Forests Inc	22,940,610	5	0.34%	18,333,048	7	0.38%
Evanite Fiber Corporation	22,744,443	6	0.33%	24,989,523	3	0.51%
Qwest Corporation	20,037,800	7	0.29%	38,439,155	2	0.79%
Avery Investments LLC	18,030,026	8	0.26%	14,787,110	8	0.30%
Witham Hill Oaks Apartments LLC	14,660,235	9	0.22%	-		
Suncor Partners LLC	11,453,752	10	0.17%	-		
Accu Fab Systems Inc	-			10,813,715	10	0.22%
Jones, Jerry G. etal	-			11,235,850	9	0.23%
Pioneer Telephone Coop	-			16,135,260	6	0.33%
Subtotal of ten largest taxpayers	624,896,607		9.17%	670,303,395		13.73%
All other taxpayers	6,187,025,386		90.83%	4,213,509,509		86.27%
Total all taxpayers	$ 6,811,921,993		100.00%	$ 4,883,812,904		100.00%

Source

Benton County Assessment Department
Corvallis School District 509J 2003 CAFR

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

Year Ending June 30	Total Extended Tax Levy	Current Tax Collections	Current Tax Collections as a % of Current Levy Current Levy	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a % of Current Levy
2012	$ 36,626,105	$ 34,824,203	95.1%	$ 918,109	$ 35,742,312	97.6%
2011	36,232,808	34,397,971	94.9%	744,552	35,142,523	97.0%
2010	34,933,033	33,706,540	96.5%	693,510	34,400,050	98.5%
2009	32,460,699	31,578,582	97.3%	519,919	32,098,501	98.9%
2008	31,358,743	30,675,470	97.8%	513,044	31,188,514	99.5%
2007	26,148,198	25,570,879	97.8%	452,333	26,023,212	99.5%
2006	26,138,321	25,618,287	98.0%	400,893	26,019,180	99.5%
2005	27,077,651	26,531,246	98.0%	473,424	27,004,670	99.7%
2004	25,534,102	24,954,885	97.7%	552,364	25,507,249	99.9%
2003	19,176,677	18,100,041	94.4%	663,267	18,763,308	97.8%

Notes

Collections are defined as actual receipts including interest

Amounts are based upon the tax collection year July 1 to June 30. Revenues as recorded in the financial statements are recognized when measurable and available

Source

District Comprehensive Annual Financial Report

Uncollected Taxes	Uncollected Taxes as a % of Current Levy
$ 1,840,063	5.0%
1,975,669	5.5%
1,866,952	5.3%
1,403,981	4.3%
1,094,596	3.5%
1,008,886	3.9%
925,097	3.5%
917,842	3.4%
927,454	3.6%
931,979	4.9%

DEBT CAPACITY

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

General Bonded Debt

Year Ending June 30	General Obligation Bonds Outstanding[1]	% of Actual Taxable Value of Property[2]	Per Student[3]	Per Capita[4]
2012	$ 53,870,000	1.03%	$ 8,581	N/A
2011	59,475,000	1.17%	9,222	692
2010	64,695,000	1.32%	9,885	753
2009	69,515,000	1.46%	10,446	842
2008	73,955,000	1.63%	11,007	904
2007	78,045,000	1.78%	11,555	962
2006	83,505,000	1.93%	12,148	1,042
2005	87,155,000	2.10%	12,593	1,097
2004	90,710,000	2.30%	12,843	1,149
2003	93,065,000	2.43%	12,982	1,172

Other Governmental Activities Debt

Year Ending June 30	City of Corvallis Street Assessment and Small Scale Energy Loan Programs	Total District	Per Student[3]	Per Capita[4]
2012	$ -	$ 53,870,000	$ 8,581	N/A
2011	-	59,475,000	9,222	692
2010	-	64,695,000	9,885	753
2009	-	69,515,000	10,446	842
2008	-	73,955,000	11,007	904
2007	-	78,045,000	11,555	962
2006	7,510	83,512,510	12,149	1,043
2005	36,860	87,191,860	12,598	1,097
2004	64,419	90,774,419	12,852	1,150
2003	96,788	93,161,788	12,995	1,173

Notes

[1]Details regarding the District's outstanding debt can be found in the notes to the financial statements.

[2]See the Schedule of Assessed Values of Taxable Property for property value data.

[3]Student enrollment data can be found in Schedule of Demographic and Economic Statistics

[4]Per capita is calculated using the population data listed in the Schedule of Demographic and Economic Statistics.

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2012

Overlapping Issuer	Net Property Tax Backed Debt[1]	% Overlapping	Overlapping Debt
Benton County	$ 1,480,000	74.88%	$ 1,108,224
Benton County School District 17J (Philomath)	38,794,735	0.19%	73,710
City of Corvallis	6,800,000	99.37%	6,757,160
Linn-Benton Community College	10,915,670	38.95%	4,251,653
Total net property tax backed debt	$ 57,990,405		
Subtotal, overlapping debt			12,190,747
Direct district net property tax backed debt			53,870,000
Total direct and overlapping debt			$ 66,060,747

[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.

Overlapping debt is calculated by State Treasurer by shared market value

Source
Municipal Debt Advisory Commission, State of Oregon

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

LEGAL DEBT MARGIN INFORMATION - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

	2012	2011	2010	2009
Real Market Value	$ 7,208,123,702	$ 7,222,456,095	$ 7,544,560,225	$ 7,571,150,272
Debt Limit	573,045,834	574,185,260	599,792,538	601,906,447
Total net debt applicable to limit	53,267,571	59,085,168	64,479,643	69,339,502
Legal debt margin	519,778,263	515,100,092	535,312,895	532,566,945
Total net debt applicable to the limit as a % of debt limit	10.25%	11.47%	12.05%	13.02%

Legal Debt Margin Calculation for Fiscal Year 2012

Real Market Value	$ 7,208,123,702
Debt limit (7.95%)[1]	573,045,834
Amount of debt applicable to debt limit:	
General obligation bonded debt	53,870,000
Less amount available in debt service funds	602,429
Amount of debt applicable to debt limit	53,267,571
Legal debt margin	$ 519,778,263

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

(A) For each grade from kindergarten to eighth for which the district operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value.
(B) For each grade from ninth to twelfth for which the district operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value.

Therefore, the allowable percentage of real market value is calculated as:

(A) Kindergarten through eighth grade, 9 x .0055	4.95%
(B) Ninth through twelfth, 4 x .0075	3.00%
Allowable percentage	7.95%

2008	2007	2006	2005	2004	2003
$ 7,060,558,658	$ 6,496,148,417	$ 5,541,584,337	$ 5,318,250,583	$ 4,754,939,971	$ 4,739,351,863
561,314,413	516,443,799	440,555,955	422,800,921	378,017,728	376,778,473
73,225,147	77,474,734	83,025,237	86,808,627	90,534,628	92,881,993
488,089,266	438,969,065	357,530,718	335,992,294	287,483,100	283,896,480
15.00%	17.65%	23.22%	25.84%	31.49%	32.72%

DEMOGRAPHIC AND ECONOMIC INFORMATION

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN CALENDAR YEARS

For the Year Ended June 30, 2012

Year Ending June 30	Benton County Population	Personal Income (Thousands)	Per Capita Personal Income	Unemployment Rate	509J Enrollment	OSU Enrollment
2012	N/A	N/A	N/A	6.2%	6,278	24,977
2011	85,928	N/A	N/A	6.6%	6,449	23,761
2010	85,527	3,193,015	37,333	7.3%	6,553	21,969
2009	82,605	3,132,559	37,922	7.9%	6,663	20,320
2008	81,775	3,087,387	37,755	4.5%	6,729	19,753
2007	81,151	2,953,718	36,398	4.1%	6,754	19,362
2006	80,110	2,800,361	34,956	4.7%	6,874	19,236
2005	79,452	2,642,224	33,256	4.9%	6,921	19,162
2004	78,949	2,719,294	34,444	5.4%	7,063	18,979
2003	79,398	2,615,787	32,945	5.8%	7,169	18,789

Notes

N/A - Data unavailable at time of printing

509J Enrollment is as of September 30th, kindergartners counted as whole. Does not include charter school or YES House.

Benton County population estimates are continually revised as more data becomes available from the US Census Bureau.

Source

Oregon Employment Department, Workforce Analyst

Oregon State University

US Census Bureau

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

PRINCIPAL EMPLOYERS FOR THE CORVALLIS AREA - CURRENT AND NINE YEARS AGO

For the Year Ended June 30, 2012

	2012 (Current year)			2003 (Nine years ago)		
Employer	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Ten largest taxpayers						
Oregon State University	9,277	1	23.99%	8,802	1	22.68%
Samaritan Health Services	2,722	2	7.04%	1,300	3	3.35%
Hewlett Packard	1,700	3	4.40%	3,400	2	8.76%
Corvallis School District 509J	574	4	1.48%	568	4	1.46%
Corvallis Clinic	535	5	1.38%	555	5	1.43%
CH2M Hill	410	6	1.06%	385	9	0.99%
City of Corvallis	402	7	1.04%	426	7	1.10%
Benton County	402	8	1.04%	389	8	1.00%
Fiserv[1]	238	9	0.62%	320	10	0.82%
ATS Systems Oregon	200	10	0.52%	0		
Suislaw National Forest	0		0.00%	463	6	1.19%
Subtotal of ten largest employers	16,460		42.57%	16,608		42.78%
All other employers	22,210		57.43%	22,210		57.22%
Total Corvallis area employment	38,670		100.00%	38,818		100.00%

Notes

(1)Fiserv was formally known as Summit Information Systems

Total employment is for the Corvallis Metropolitan Area (MSA) which is Benton County

Source

City of Corvallis

OPERATING INFORMATION

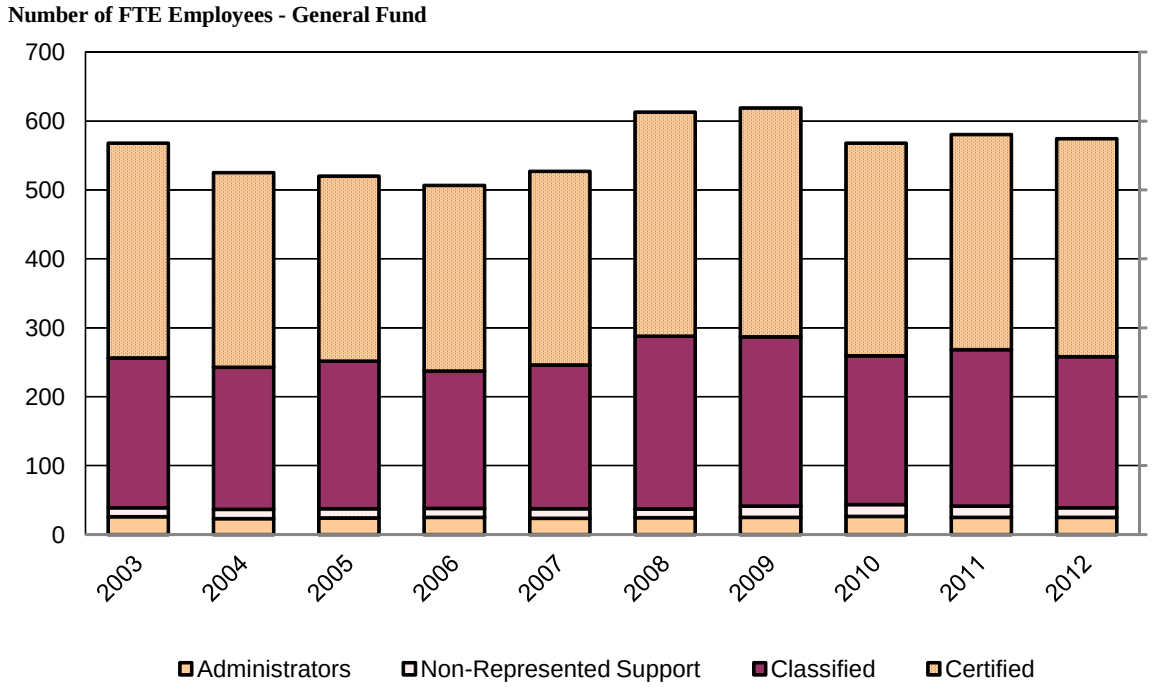
CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NUMBER OF FULL TIME EQUIVALENT (FTE) EMPLOYEES - GENERAL FUND
LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

Year Ending June 30	Certified	Classified	Non-represented Support	Administrators	Total
2012	316.0	219.1	14.0	24.9	574.0
2011	312.2	227.1	16.3	24.7	580.3
2010	308.2	216.1	17.3	26.0	567.6
2009	331.7	245.7	16.3	24.9	618.6
2008	325.2	251.0	12.3	24.4	612.9
2007	280.6	208.6	14.0	23.4	526.6
2006	268.9	199.4	13.2	24.6	506.1
2005	268.4	214.0	13.4	24.0	519.8
2004	282.0	206.3	13.4	23.0	524.7
2003	311.7	217.2	13.0	25.6	567.5

Source
School District Records



CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

OPERATING STATISTICS - LAST TEN FISCAL YEARS

For the Year Ended June 30, 2012

Year Ending June 30	General Fund Expenditures	Enrollment	Cost per Pupil	% Change	Certified Staff
2012	53,771,874	6,278	$ 8,565	0.6%	316.0
2011	54,881,099	6,448	8,511	6.3%	312.2
2010	52,458,294	6,553	8,005	-0.3%	308.2
2009	53,503,442	6,663	8,030	0.9%	331.7
2008	53,576,016	6,729	7,962	20.5%	327.5
2007	44,636,104	6,757	6,606	7.7%	280.6
2006	41,607,246	6,781	6,136	0.0%	268.9
2005	41,917,633	6,835	6,133	4.5%	267.4
2004	40,693,499	6,933	5,870	-3.3%	281.8
2003	43,093,120	7,097	6,072	0.9%	311.7

Notes

Student enrollment figures are as of October 1 and kindergartners are counted as whole.

Does not include Muddy Creek Charter School or YES House.

Source

School District Records

Pupil/Teacher Ratio	Student Attendance %	Free/Reduced Lunch %
19.87	98.8%	37.0%
20.65	97.2%	35.7%
21.26	93.7%	35.0%
20.09	93.9%	36.0%
20.55	92.9%	33.0%
24.08	93.6%	32.0%
25.22	93.0%	32.0%
25.56	93.4%	30.0%
24.60	93.4%	27.0%
22.77	93.3%	27.0%

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

OPERATING STATISTICS - LAST FIVE FISCAL YEARS

For the Year Ended June 30, 2012

Schools	Year Built	2012	2011	2010	2009	2008
Adams	1962					
Square Feet - Structural		46,063	46,063	46,063	46,063	46,063
Square Feet - Temp/Mod		2,558	2,558	2,558	2,558	2,558
Square Feet		48,621	48,621	48,621	48,621	48,621
Enrollment		363	390	411	417	445
Franklin	1947					
Square Feet - Structural		35,944	35,944	35,944	35,944	35,944
Square Feet		35,944	35,944	35,944	35,944	35,944
Enrollment		343	329	320	324	333
Jefferson	1960					
Square Feet - Structural		37,915	37,915	37,915	37,915	37,915
Square Feet - Temp/Mod		2,240	2,240	2,240	2,240	2,240
Square Feet		40,155	40,155	40,155	40,155	40,155
Enrollment		313	329	331	347	322
Garfield	1955					
Square Feet - Structural		43,676	43,676	43,676	43,676	43,676
Square Feet - Temp/Mod		3,116	3,116	3,116	3,116	3,116
Square Feet		46,792	46,792	46,792	46,792	46,792
Enrollment		385	380	369	377	380
Hoover	1968					
Square Feet - Structural		40,300	40,300	40,300	40,300	40,300
Square Feet - Temp/Mod		4,602	4,602	4,602	4,602	4,602
Square Feet		44,902	44,902	44,902	44,902	44,902
Enrollment		413	419	405	410	406
Mt View	1954					
Square Feet - Structural		47,470	47,470	47,470	47,470	47,470
Square Feet - Temp/Mod		3,588	3,588	3,588	3,588	3,588
Square Feet		51,058	51,058	51,058	51,058	51,058
Enrollment		313	344	362	376	421
Wilson	1962					
Square Feet - Structural		39,901	39,901	39,901	39,901	39,901
Square Feet		39,901	39,901	39,901	39,901	39,901
Enrollment		345	369	379	346	316
Lincoln	1949					
Square Feet - Structural		35,986	35,986	35,986	35,986	35,986
Square Feet - Temp/Mod		3,659	3,659	3,659	3,659	3,659
Square Feet		39,645	39,645	39,645	39,645	39,645
Enrollment		348	325	388	425	444

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

OPERATING STATISTICS - LAST FIVE FISCAL YEARS

For the Year Ended June 30, 2012

Schools	Year Built	2012	2011	2010	2009	2008
Cheldelin	1967					
Square Feet		106,699	106,699	106,699	106,699	106,699
Enrollment		543	598	615	640	588
Linus Pauling	2004					
Square Feet		131,327	131,327	131,327	131,327	131,327
Enrollment		697	724	698	692	704
Corvallis High	2005					
Square Feet		252,352	252,352	252,352	252,352	252,352
Enrollment		1,196	1,154	1,216	1,263	1,330
Crescent Valley High	1971					
Square Feet		247,071	247,071	247,071	247,071	247,071
Enrollment		1,019	1,088	1,052	1,046	1,037
Harding Center	1923/1976					
Square Feet		37,441	37,441	37,441	37,441	37,441
Administrative	1963					
Square Feet		32,750	32,750	32,750	32,750	32,750
Physical Plant	1963					
Square Feet		33,400	33,400	33,400	33,400	33,400
Western View Center	1988					
Square Feet- Structural		6,400	6,400	6,400	6,400	6,400
Square Feet- Temp/Mod		1,592	1,592	1,592	1,592	1,592
Square Feet		7,992	7,992	7,992	7,992	7,992

Source
School District Records

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

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

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Corvallis School District 509J
Corvallis, Oregon 97339

We have audited the basic financial statements of Corvallis School District 509J as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether Corvallis School District 509J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Accounting records

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

State school fund factors and calculation

920 Elm St. SW, Albany, OR 97321
P.O. Box 605, Albany, OR 97321
www.midvalleycpa.com
(541) 926-5543
FAX (541) 967-9460

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, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

1. The District expended funds in excess of the amounts appropriated, which is in violation of ORS 294.100. The following appropriations were over-expended for the year ended June 30, 2012:

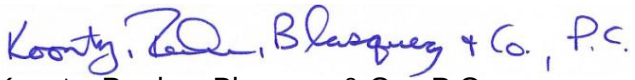
Fund	Function	Appropriations	Expenditures	Excess
Food Service	Enterprise and community services	$ 2,827,900	$ 2,851,086	$ 23,186

2. The District was not in compliance with regards to public contracts and purchasing requirements. The District did not obtain three informal bids on two separate purchases, which is in violation of ORS 297.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

This report is intended solely for the information and use of the board of directors and management of Corvallis School District 509J and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.



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

December 10, 2012

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2012

Part A is needed for computing Oregon's full allocation for ESEA, Title I, and other Federal Funds for Education.

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

	Objects 325 and 326
Function 2540	$ 1,047,891
Function 2550	$ –

B. Replacement of Equipment – **General Fund**:
Include all General Fund expenditures in object 542, except for the following exclusions:

$ –

Exclude these functions:

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

Exclude these functions:

4150	Construction
2550	Pupil Transportation
3100	Food Service
3300	Community Services

SINGLE AUDIT SECTION

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Federal Grantor, Pass through Grantor, Program Title	CFDA	Grant Period	Expenditures
U.S. Department of Education			
Passed through Oregon State Department of Education			
Title I, Part A Cluster*			
Title I D - Yes House	84.010	07/01/11 - 09/30/12	$ 37,579
Title IA/D - NCLB	84.010	07/01/11 - 09/30/12	1,046,775
Title IA/D - NCLB	84.010	07/01/10 - 06/30/12	75,409
Total Title I, Part A Cluster			1,159,763
Special Education Cluster*			
IDEA Enhancement	84.027	10/01/11 - 09/30/12	7,957
Extended Assessment Training	84.027	09/01/11 - 06/30/12	900
IDEA Special Education, SPR&I	84.027	08/01/11 - 06/30/12	4,277
IDEA Part B, Section 611	84.027	07/01/10 - 09/30/12	18,830
IDEA Part B, Section 611	84.027	07/01/11 - 09/30/12	979,306
IDEA Part B, Section 619 Preschool	84.173	07/01/10 - 09/30/12	6,512
Total Special Education Cluster			1,017,782
State Fiscal Stabilization Cluster			
Ed Jobs - ARRA	84.410	08/10/10 - 09/30/12	18,984
EBISS	84.323	10/01/10 - 09/30/11	1,505
EBISS	84.323	08/01/11 - 06/30/12	8,197
Title III - English Language Acquisition	84.365	07/01/10 - 06/30/12	15,575
Title III - English Language Acquisition	84.365	07/01/11 - 09/30/12	53,126
Title IIA - Teacher Quality	84.367	07/01/11 - 09/30/12	159,040
Title IIA - Teacher Quality	84.367	07/01/10 - 06/30/12	84,817
Total U.S. Department of Education			2,518,789
U.S. Department of Agriculture			
Passed through Benton and Linn Counties			
School and Roads Cluster			
Federal Forest Fees	10.665	07/01/11 - 06/30/12	35,088
Passed through Oregon State Department of Education			
Child Nutrition Cluster*			
Food Commodities	10.555	07/01/11 - 06/30/12	117,164
School Breakfast Program	10.553	07/01/11 - 06/30/12	254,670
National School Lunch Program	10.555	07/01/11 - 06/30/12	750,145
Summer Food Service Program for Children	10.559	07/01/11 - 06/30/12	105,494
Food Commodities - Summer Food Service Program	10.559	07/01/11 - 06/30/12	467
Total Child Nutrition Cluster			1,227,940
Childcare Food	10.558	07/01/11 - 06/30/12	134,188
Total U.S. Department of Agriculture			1,397,216

*Major program

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Federal Grantor, Pass through Grantor, Program Title	CFDA	Grant Period	Expenditures
U.S. Department of Highway Planning and Construction			
Passed through State Department of Transportation			
Highway Planning and Construction Cluster			
Safe Routes to School	20.205	10/01/10 - 09/30/11	$ 5,145
Safe Routes to School	20.205	10/01/11 - 09/30/12	31,518
Total U.S. Department of Highway Planning and Construction			36,663
U.S. Department of the Interior, Fish and Wildlife Service			
Passed through Benton County			
Partners for Fish and Wildlife - pmt in lieu of taxes	15.631	07/01/11 - 06/30/12	9,622
Corporation for National and Community Service			
Passed through State Department of Education			
Learn and Serve Competitive	94.004	09/01/10 - 06/30/12	4,386
Total expenditures of federal awards			$ 3,966,676

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

I. PURPOSE OF SCHEDULE

The schedule of expenditures of federal awards is a supplementary schedule to Corvallis School District 509J's basic financial statements and is presented for additional analysis. Because the schedule presents only a selected portion of the activities of the District, it is not intended to and does not present the financial position, changes in net assets, nor the operating funds' revenues and expenses.

II. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The information in the schedule of expenditures of federal awards is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

B. Federal Financial Assistance

Pursuant to the Single Audit Act of 1984 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the schedule of expenditures of federal awards, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

C. Major Programs

The Single Audit Act of 1984 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes. Major programs include Title I, Part A Cluster, CFDA 84.010, Special Education Cluster CFDA 84.027, and 84.173, and Child Nutrition Cluster, 10.553, 10.555, and 10.559.

D. Reporting Entity

The reporting entity is fully described in the notes to the District's basic financial statements. Additionally, the schedule of expenditures of federal awards includes all federal programs administered by the District for the year ended June 30, 2012.

E. Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Corvallis School District 509J
Corvallis, Oregon 97339

We have audited the basic financial statements of Corvallis School District 509J and Inavale Community Partners, Inc., dba Muddy Creek Charter School, its discretely presented component unit, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Corvallis School District 509J is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corvallis School District 509J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as item 12-01, as well as the following:

1. The District expended funds in excess of the amounts appropriated, which is in violation of ORS 294.100. The following appropriations were over-expended for the year ended June 30, 2012:

Fund	Function	Appropriations	Expenditures	Excess
Food Service	Enterprise and community services	$ 2,827,900	$ 2,851,086	$ 23,186

2. The District was not in compliance with regards to public contracts and purchasing requirements. The District did not obtain three informal bids on two separate purchases, which is in violation of ORS 297.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

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

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

Albany, Oregon
December 10, 2012

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Board of Directors
Corvallis School District 509J
Corvallis, Oregon 97339

Compliance

We have audited the compliance of Corvallis School District 509J with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Corvallis School District 509J's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Corvallis School District 509J complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Corvallis School District 509J is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Corvallis School District 509J's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

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

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

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

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

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

Albany, Oregon
December 10, 2012

CORVALLIS SCHOOL DISTRICT 509J
Benton County, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Yes

Identification of major programs:

CFDA Number(s)	***Name of Federal Program or Cluster***
84.010	Title I, Part A Cluster
84.027, 84.173	Special Education Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

SECTION II – FEDERAL AWARD FINDINGS

Finding Number	Finding
12-01	The District failed to obtain Private School Participation letters from two private schools.
Condition:	The District failed to send Private School Participation letters.
Prevalence:	Entity-wide
Criteria:	Districts are required to send out letters to all private schools to inquire whether they want to participate in obtaining federal funding.
Questioned costs:	None
Effect:	Single Audit Finding
Recommendations:	We recommend that the District follow procedures developed in regards to Private School Participation.
Management's response:	District staff will reaffirm and document search techniques to ensure all possible schools are contacted. In addition, the District has developed a new form letter that will be sent as a final notice to schools in cases where no response has been received.

SECTION IV – CORRECTIVE ACTION PLAN

Finding Number	Finding
12-01	District staff will reaffirm and document search techniques to ensure all possible schools are contacted. In addition, the District has developed a new form letter that will be sent as a final notice to schools in cases where no response has been received.

Corvallis
SCHOOL DISTRICT

XI.D. Administrative Regulation IICA-AR - Field Trips and Special Events - Revision - For Information

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 14, 2013 **FOR INFORMATION**

SUBJECT: Administrative Regulation IICA-AR—Field Trips and Special Events—Revision—For Information

---

Issue: We last updated this administrative regulation IICA-AR—Field Trips and Special Events in 2008. It was reviewed for current practice and updated to include:

- The district's Permission for use of Private Vehicle form should be completed prior to an individual transporting students in a private vehicle; and
- Should any student require the administration of medications of any type, then staff trained in administering those specific types of medications will accompany the trip.

Options Considered: Not revising the administrative regulation.

Involvement: District office staff, Risk Management

Consequences: The current administrative regulation is missing components of private vehicle permission and administration of medications.

Cost Impact: None

CONTACT PERSON(S): Karen Selander, Kerry Richey

CORVALLIS SCHOOL DISTRICT 509J

Code: IICA-AR
Adopted: 10/19/89
Revised/Readopted: 5/10/99, 12/8/08
Original Code: 7520

FIELD TRIPS AND SPECIAL EVENTS

Field trip procedures are established as follows:

1. Requests for field trip approval (including state playoffs, tournaments, and invitationals):

    a. Applications for field trips of more than 48 hours duration should be submitted to the superintendent's office 30 days prior to the trip;

    b. Applications for field trips in duration of less than 48 hours should be submitted to the superintendent's office 14 days prior to the trip;

    c. Applications for walking trips that require no transportation should be submitted to the office of the principal before the trip for approval. A copy of this request will be filed with the superintendent's designee by the principal.

    d. The district's Permission for use of Private Vehicle form should be completed prior to an individual transporting students in a private vehicle.

2. Prior written parent permission must be secured for any field trip. In some cases blanket parental permission could be secured in advance of a specific series of field trips which are a part of a regularly required class program, such as local trips taken by the agriculture class or preholiday performance of the band or choir;

3. At least one staff member with a current first aid card will accompany the field trip. This requirement may increase based on the number of students participating (one trained staff member/sixty students). Should any student require the administration of medications of any type, then staff trained in administering those specific types of medications will accompany the trip.

4. Transportation rules:

    a. The person in charge of the field trip will brief all participants on transportation carrier rules;

    b.~~5.~~ At least two adult chaperones will accompany each transportation carrier. The principal may reduce or increase this requirement based on the number of students participating and the mode of transportation;

    c.~~6.~~ Chaperones should be seated in a dispersal manner in order to maintain control;

d.~~7.~~ Student behavior is the responsibility of the chaperones, but the carrier operator will offer assistance if a question of safety is involved;

e.~~8.~~ Route, stops, etc., will be planned before the trip and communicated to the carrier before leaving the school. The planned itinerary should be filed with the principal's office prior to the trip;

f.~~9.~~ The person in charge should count students after each stop;

g.~~10.~~ Once a trip begins, students are to stay with their assigned carrier unless specifically instructed otherwise by a chaperone. Students must have prior permission before leaving the group with parents or other relatives who must identify themselves to the person in charge;

5.~~11.~~ In planning a trip:

a. The capacity of the carrier should be considered. In the case of buses or other traffic vehicles, all passengers must be seated in accordance with law or regulation;

b. The ability of students to pay will be taken into consideration:

1) If a student is unable to pay part or all of the field trip expenses, the staff will ensure that arrangements for payment are made in such a way that the student is not caused embarrassment;
2) If fund raising for events is necessary, the group as a whole will be engaged in fund raising, not just those needing financial assistance.

6.~~12.~~ Standards for student conduct and discipline apply during a field trip;

7.~~13.~~ On overnight trips, students will stay only in accommodations approved by the faculty member in charge of the trip;

8.~~14.~~ All participants should remember they are representatives of Corvallis School District 509J and should conduct themselves accordingly in grooming, dress, conversation and actions;

9.~~15.~~ Walking field trips and bicycle field trips are permitted so long as adequate supervision is provided and students are instructed in safety measures;

10.~~16.~~ Supervision will be arranged by the teacher and approved by the principal:

a. Nonlicensed staff, parents, and volunteers may assist in supervision;

b. The teacher(s) in charge will be responsible for informing assistants of their duties.

11.~~17.~~ The use of privately owned vehicles by paid staff and volunteers to transport students will be authorized only by the building principal:

a. Liability insurance must be carried by the owners of private vehicles;

b. The principal will inform the owners of private vehicles that in case of accident the driver's own insurance company is primarily responsible and that Corvallis School District insurance is responsible for damages in excess of the individual's insurance;

c. Each volunteer will be given a copy of the Corvallis School District Explanation of District Insurance in Regard to Nonpaid Volunteers prior to the first activity for which they are driving.

Corvallis
SCHOOL DISTRICT

XI.E. Board Policy IICC - Volunteers - Revised - First Reading

Corvallis School District 509J
Board of Directors

BOARD MEETING DATE: January 14, 2013 **FOR INFORMATION**

SUBJECT:
Board Policy IICC—Volunteers—Revised—First Reading
Administrative Regulation—IICC-AR—Volunteers—Revised—For Information

---

Issue: Our district welcomes volunteers from among students' parents and other community patrons. We have updated our processes to include a criminal history background check which is now completed online. Our turnaround time for "clearing" those background checks has gone from 4-6 weeks to less than one week. The volunteer application is now more school and user friendly.

Options Considered: Not revising the policy or administrative regulation

Involvement: Human Resources staff, school operations assistants

Consequences: Forms and process remain outdated.

Cost Impact: None

CONTACT PERSON(S): Jennifer Duvall, Kerry Richey

CORVALLIS SCHOOL DISTRICT 509J

Code: IICC
Adopted: 5/10/99
Revised/Readopted: 11/7/05, 6/23/08
Original Code: 9400

Volunteers

Citizens who voluntarily contribute their time and talents to the improvement and enrichment of the public schools instructional and other programs are valuable assets. The Board encourages constructive participation of groups and individuals in the school to perform appropriate tasks during and after school hours under the direction and supervision of district personnel.

Each school is responsible for the recruitment, use, coordination and training of volunteers. These assignments will be carried out as directed or delegated by the principal and/or designee. Every effort should be made to use volunteer resources in a manner which will ensure maximum contribution to the safety, welfare and educational growth of students.

Nonexempt employees[1] may be permitted to volunteer to perform services for the district provided the volunteer activities do not involve the same or similar type of services[2] as the employee's regularly assigned duties. In the event a nonexempt employee volunteers to perform services for the district that are the same or similar as the employee's regularly assigned duties, the Board recognizes that under the Fair Labor Standards Act (FLSA), overtime or compensatory time must be provided.[3]

Each volunteer will complete a Volunteer Application form and a criminal history background check. ~~Criminal History Verification of Applicants form.~~

Violation of confidentiality or privacy rights of another individual is strictly prohibited.

END OF POLICY

Legal References:

ORS Chapter 243	ORS 332.107
ORS 326.607	OAR 839-020-0005

[1] There are three types of FLSA exemptions: those for executive, administrative, and professional employees. Generally employees who are exempt under the executive, administrative, or professional exceptions must primarily perform executive, administrative, or professional duties at least 50 percent of the employee's time.

[2] Instructional assistant duties are generally viewed to be the same type of service, supervising and instructing students, as coaching.

[3] Districts should review with legal counsel the use of non-exempt employees in extracurricular activity positions such as coaching and advisors for cheerleading and other district-sponsored activities for FLSA district impacts.

Legal References continued:

Equal Access Act, P.L. 98-377, Title III, U.S.C. Title 20, Sections 4071-4074, 98 Stat. 1302.
Westside Community Board of Education v. Mergens, 496 U.S. 226, 110 S. Ct. 2356 (1990).
Fair Labor Standards Act of 1938, as amended, 29 U.S.C. Sections 206 and 207

Cross References:

Policy GCDA/GDDA - Criminal Records Checks/Fingerprinting
Policy GBJ—Weapons in the Schools—Employees

Corvallis
SCHOOL DISTRICT

XI.F. Administrative Regulation - IICC-AR - Volunteers - Revised - For Information

CORVALLIS SCHOOL DISTRICT 509J

Code: IICC-AR
Adopted: 5/10/99
Revised/Readopted: 10/10/05, 5/5/08

VOLUNTEERS

The district encourages maximum involvement of volunteers. This involvement promotes good school-community relations and allows us to enhance our educational program. The presence of volunteers encourages caring and respectful communication between youth and adults and it also allows the volunteer to share his/her knowledge about the educational process in Corvallis public schools with the community.

The Board encourages constructive participation of groups and individuals in the school to perform appropriate tasks during and after school hours under the direction and supervision of district personnel. Every effort should be made to use volunteer resources in a manner which will ensure maximum contribution to the safety, welfare and educational growth of students.

1. Volunteers must:

   a. Complete the Volunteer Application form;
   b. Complete the criminal history background check form ~~and have on file a Criminal History Verification of Applicant form~~;
   c. If transporting students in a privately owned vehicle, volunteers must complete the Permission for Use of Private Vehicle form and be approved by the building principal. (Refer to and comply with Board policy EEAE and administrative regulation EEAE-AR).

2. Criminal history background checks ~~History Verification of Applicant form~~ will be processed for all volunteers. This background check must be cleared before the person may volunteer. Any confirmed criminal record or falsification of any answer on the criminal history background check shall subject the individual to termination as a volunteer.
   ~~only for "regular" volunteers; that is, volunteers who work with students on a continuing basis throughout the school year and/or on overnight events, including Outdoor School, coaches and activity supervisors.~~
   ~~For those volunteers who volunteer for a single specific trip or activity, the forms will need to be completed; however, they will not be processed.~~

3. All applications should be retained by school year for five years. ~~kept in alphabetical order, by school year. Applications should be kept on site for five years.~~

4. Programs and instances that would require a volunteer to complete the volunteer process would include, but not be limited to:

a. Any time a volunteer works one-on-one with a student in the absence of a supervisor;
b. Mentoring program;
c. Student shadowing program, when contact is primarily one-on-one;
d. Lunch buddy program;
e. Field trips.

5. Programs that may not require the volunteer process could include, but not be limited to:

   a. When as part of an educational program, a student is volunteering in a school or business; i.e., students volunteering in a business setting, school offices or administration building;
   b. When a class or group of students assists another classroom of students in a supervised environment; i.e., ESL assisting another class of students.

6. Volunteers will not meet or take students off campus.

7. Volunteers will not work with students one-on-one outside of normal school hours. The exception is if there is an agreement arranged between the parent/guardian and the volunteer. The district views this arrangement as an agreement between the parent/guardian and volunteer, and not a district responsibility.

8. Nonexempt district employees may not volunteer to perform services on behalf of the district unless they are considered "bona fide volunteers." An employee is a bona fide volunteer if:

   a. The employee's services are offered freely and without pressure or coercion, direct or implied, from the district; and

   b. The employee does not engage in the same or similar type of volunteer services as he/she performs in his/her regular job.

As provided by law, nonexempt employees will not be permitted to volunteer to perform their regular work duties or the same type of duties off the clock and without compensation. The requirements of the Fair Labor Standards Act (FLSA) cannot be waived by the employee or the district. Nonexempt employees who volunteer to perform services for the district will be required to complete the district's Volunteer Agreement form verifying that they are volunteering to perform services and such services are not performed in the course of their regular employment.

Volunteer Application

BUILDING:_____

Our district welcomes volunteers from among students' parents and other community patrons. District administrative procedures require that volunteers complete a Volunteer Application and criminal history background check which can be found at the following link. We appreciate your help and understanding with this process.

http://www.csd509j.net/enus/districtinformation/departmentsservices/volunteeropportunities.aspx

While working at school, volunteers may be exposed to information and overhear conversations that should be kept confidential. It is vital that volunteers understand the importance of not sharing with others what they see and hear at school. Any questions, concerns, or comments about confidential information should be directed to the building principal.

Name:_____ **Home Phone:_____**

Address:_____ **Alternate Phone:_____**

City/State/Zip:_____ **Email Address: _____**

♦♦♦

SCHOOL VOLUNTEER OPPORTUNITIES*

Grade Level Preferred: K 1 2 3 4 5 6 7 8 9 10 11 12

Do you speak Spanish? Yes No Do you speak another language? If so, what? _____

What days/hours can you serve? Indicate specific time, morning or afternoon:

Time	Monday	Tuesday	Wednesday	Thursday	Friday
AM					
PM					

Additional comments regarding availability: _____

VOLUNTEER ASSIGNMENTS (Please indicate areas of interest)

□ **Instruction**
__General Classroom
__Computer
__Language Arts Tutor
__Mathematics Tutor
__English-As-A-Second Language Tutor
__Bi-Lingual Tutor/Interpreter
__Talented & Gifted (TAG)
__Vocational Education
__Learning Resource Center
__Special Needs Education

□ **Library**
__Mending & Binding
__Shelving & Cataloging
__Storytelling

□ **Cafeteria**
__Lunchroom Facilitator
__Food Server

□ **Clerical**
__Duplicating
__Filing
__Telephoning
__Typing

□ **Resource Person**
Subject Area_____
__Other_____

□ **Publishing Center**

□ **Special Projects**
__Arts & Crafts
__Bulletin Board
__Calligraphy
__Display Case
__Drama
__Music
__Child Care
__Field Trip

□ **Playground**

***This page may be modified for school use**

RETURN THIS FORM TO YOUR SCHOOL SECRETARY

~~There has been a growing need to ensure the well-being of our students. We must request that you complete the attached *Criminal History Verification of Applicants (rev. 6/02)* form so that we can do a background check. We appreciate your help and understanding in this process.~~

~~**NAME**_____ **DRIVER'S LICENSE**_____~~
~~**ADDRESS**_____ **HOME PHONE**_____~~
~~**CITY/STATE/ZIP**_____ **WORK PHONE**_____~~
~~**EDUCATIONAL BACKGROUND**_____~~
~~**E-MAIL ADDRESS**_____~~

~~**College-degree students complete the following program status:**~~
~~□ MAT □ Pre-MAT~~

Major_____ **Minor**_____

□ **Freshman** □ **Sophomore** □ **Junior** □ **Senior**

Grade Level Preferred: 1 2 3 4 5 6 7 8 9 10 11 12

What days/hours can you serve? Indicate specific time, morning or afternoon:

TIME	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
AM					
PM					

Additional comments regarding availability:_____

Special Interests of Hobbies:_____

Work Experience:_____

REFERENCES:

Name_____ Position/Relationship_____

Address_____

Phone_____ E-mail_____

Name_____ Position/Relationship_____

Address_____

Phone_____ E-mail_____

VOLUNTEER ASSIGNMENTS (Please indicate areas of interest)

□ **Instruction**
- __General Classroom
- __Computer
- __Language Arts Tutor
- __Mathematics Tutor
- __English As A Second Language Tutor
- __Bi-Lingual Tutor/Interpreter
- __Talented & Gifted (TAG)
- __Vocational Education
- __Learning Resource Center
- __Special Needs Education

□ **Library**
- __Mending & Binding
- __Shelving & Cataloging
- __Storytelling

□ **Cafeteria**
- __Lunchroom Facilitator
- __Food Server

□ **Clerical**
- __Duplicating
- __Filing
- __Telephoning
- __Typing

□ **Resource Person**

Subject Area_____

__Other_____

□ **Publishing Center**

□ **Special Projects**
- __Arts & Crafts
- __Bulletin Board
- __Calligraphy
- __Display Case
- __Drama
- __Music
- __Child Care
- __Field Trip

□ **Playground**

PERSONS TO NOTIFY IN CASE OF EMERGENCY:

NAME	RELATIONSHIP	PHONE
NAME	RELATIONSHIP	PHONE

VOLUNTEER AGREEMENT

I, _____agree to volunteer for Corvallis School District 509J and agree to the following: (Please initial each statement.)

_____I understand violation of confidentially or privacy rights of another individual is strict prohibited.

_____I have full knowledge of any risks involved in this activity.

_____I am physically fit and sufficiently trained to participate in this activity.

_____I will follow all policies and procedures applicable to this activity.

_____I understand that I have no medical coverage as a volunteer if I am hurt or injured.

_____I understand that as a volunteer, I am not covered by the district's workers compensation.

_____If I am unable to fulfill this agreement, I will notify the district at least 24 hours in advance.

_____If I am under 18 years of age, my parent/guardian approves my participation. (Parent initial here)_____

I hereby certify that this application contains no misrepresentations or falsifications and that the information given is true and complete to the best of my knowledge and belief. I understand that misrepresentation or omission of facts called for in this application is cause for cancellation of the application and/or dismissal from the program. I authorize Corvallis School District 509J to make any necessary and appropriate investigations to verify the information contained herein.

SIGNATURE OF APPLICANT	DATE	RECEIVED BY

Return Forms to your Building Secretary

Corvallis
SCHOOL DISTRICT

XI.G. Achievement Compact Advisory Committee Minutes - January 7, 2013

MINUTES
Meeting of the
ACHIEVEMENT COMPACT ADVISORY COMMITTEE
Corvallis School District 509J

The meeting was called to order at 4:05 p.m. in the superintendent's office of the Central Administration Building, 1555 SW 35th Street, Corvallis, Oregon.

Due notice had been published.

Attending: Erin Prince, Superintendent; Kevin Bogatin, Assistant Superintendent; Marsha Lincoln, CEA President (Teacher); Matt Boring, High School Principal; Jeff Brew, Elementary Principal; Eric Wright, High School Assistant Principal; Leigh Santy, Elementary Principal/ELL Coordinator

The purpose of the meeting was to review the 2012 Achievement Compact and begin development of a preliminary 2013-2014 compact. A preliminary recommendation must presented to the board no later than February 1, 2013.

1. Reviewed letter dated December 17, 2012 from Rudy Crew, Chief Education Officer outlining the achievement compact process.

2. Reviewed the 2012-2013 Achievement Compact revised in October 2012.
   - A. Concerns
     - i. Need to see the raw data
     - ii. Local Priorities
       - a. We will be giving the ACT Explore to 9th graders, rather than 8th. Do we continue to keep this on the compact? Do we want to have four measures in 9th grade?

3. Recommendations
   - A. Local Priority should better reflect mastery and proficiency. This needs to be easily tracked.
   - B. We should be looking intact groups. Troubled by the fact that compact goals are not growth based (i.e. 3rd grade success in 11-12 does not impact the success of 3rd graders in 12-13).
   - C. The School Improvement Planning process was revised in 2012 to better align to the goals in the Achievement Compact. Those SIPs outline strategies and targets with the goal of meeting the compact achievement targets.

The meeting was adjourned at approximately 5:30 p.m.

Prepared By: Kevin Bogatin

Corvallis
SCHOOL DISTRICT

XII. EXECUTIVE SESSION - The Board will meet in Executive session at 5:15 p.m. under ORS 192.660(2)(d) - To consult with persons designated for labor negotiations.

XIII. ADJOURNMENT

*All times are approximate.

Note: The Chair of the Board may alter the order of business as they deem proper and necessary.

Corvallis
SCHOOL DISTRICT

Agendas – Agendas and supporting materials are available online at https://v3.boardbook.org/Public/PublicHome.aspx?ak=1000829 a few days before each School Board meeting. For more information, please contact Kim Nelson at kimberly.nelson@corvallis.k12.or.us.

Communication With The School Board – Communication with the Board can be made by telephone, letter, e-mail and public testimony. Letters may be addressed to individual Board members or the Board as a whole and sent to 1555 SW 35th Street, Corvallis, OR 97333. E-mail may be sent to schoolboard@corvallis.k12.or.us and will be sent to all board members simultaneously as well as to key District Office staff. For more information, please contact Kim Nelson at kimberly.nelson@corvallis.k12.or.us.

Consolidated Action Agenda – The purpose of the consolidated action agenda is to expedite action on routine agenda items. All agenda items that are not held for discussion at the request of a Board member or staff member will be approved/accepted as written as part of the consolidated motion. Items designated or held for discussion will be acted upon individually.

Public Comment –
Guidelines are at: https://www.csd509j.net/about-us/school-board/provide-input-and-be-informed/

Executive Session – Permissible purposes of Executive Sessions include: ORS 192.660(2)(a) – Employment of Public Officers, Employees and Agents; ORS 192.660(2)(b) – Discipline of Public Officers and Employees; ORS 192.660(2)(d) – Labor Negotiator Consultations; ORS 192.660(2)(e) – Real Property Transactions; ORS 192.660(2)(f) – Exempt Public Records; ORS 192.660(2)(h) – Legal Counsel; ORS 192.660(2)(i) – Performance Evaluations of Public Officers and Employees; ORS 192.660(2)(j) – Public Investments.

Grievance Process - ORS 192.705
Grievances alleging a violation by a governing body of provisions in Public Meetings Law may be submitted in writing to Kim Nelson at kim.nelson@corvallis.k12.or.us or submitted between 8:00 am – 5:00 pm Monday through Friday at 1555 SW 35th Street, Corvallis, OR 97333. Additional information is available on the district website.

SCHOOL BOARD MEMBERS			
Judah Largent	541-231-8415	Terese Jones, Co-Vice Chair	541-230-1673
Sami Al-Abdrabbuh	541-283-6611	Shauna Tominey, Co-Vice Chair	541-829-8411
Chris Hawkins	541-602-2045	Luhui Whitebear, Chair	541-714.3305
Bernie Wang	541-704-7298		

EXECUTIVE STAFF MEMBERS	
Ryan Noss, Superintendent	541-757-5841
Melissa Harder, Assistant Superintendent / Human Resources Director	541-766-4857
Lauren Wolfe, Finance Director	541-757-5874
Byron Bethards, Student Growth & Experience Director	541-757-5470
Kim Patten, Operations Director	541-757-3849
Kim Nelson, Executive Assistant to the Superintendent; Board Secretary	541-757-5841