

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012



12700 SW 72nd Ave.
Tigard, OR 97223

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

2011-2012 FINANCIAL REPORT

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GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

2011-2012 FINANCIAL REPORT

Steve Rush, Chair	June 30, 2015
Maria Caballero, Vice Chair	June 30, 2013
Brent LaFollette	June 30, 2013
Jose Ayala	June 30, 2015
Molly McCargar	June 30, 2013

Board members receive mail at the District address listed below.

ADMINISTRATION

Mr. Rick Hensel, Superintendent/Clerk
Ms. Melissa Wolfer, Business Manager/Deputy Clerk

P.O. Box 100
Gervais, Oregon 97026-0100

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GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

November 4, 2012

Board of Directors
Gervais School District No. 1
Marion County, Oregon

INDEPENDENT AUDITORS' REPORT

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 4, 2012 on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, 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 and the Schedule of Funding Progress, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules presented as Required Supplemental Information, as listed in the table of contents, have 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 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, and in our opinion are 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 the basic financial statements. The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financials statements, and accordingly, we do not express an opinion or provide any assurance on it.


PAULY, ROGERS AND CO., P.C.

**Gervais School District
Management's Discussion and Analysis
For the year ended June 30, 2012**

As management of Gervais School District #1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the District's Financial Statements and Notes to Financial Statements, which follow this MD&A.

Financial Highlights

- In June 30, 2012, the District's capital assets exceeded debt related to capital assets by **\$5,784,459**. The District's capital assets totaled **\$6,024,459** as of June 30, 2012.
- At June 30, 2012 the District's governmental funds reported combined ending fund balances of **\$4,365,686**. The majority of this fund balance was General Fund, Food Service and PERS reserve. Of this ending fund balance **\$1,064,686** was restricted or committed and was not available to meet the general obligations of the District.
- The District began contracting transportation six years ago. The district will continue to contract out this service and sold its fleet to Mid Columbia Bus Co. during the 06-07 fiscal year.
- The district's total debt decreased by **\$296,773** during the 2011-12 fiscal year. The District did not incur any new debt during the fiscal year.

Government Financial Statements

The *government-wide financial statements* are prepared in conformance with GASB-34. These statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

- **The Statement of Net Assets**

The *statement of net assets* presents information on all of the assets and liabilities of the District at year end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

- **The Statement of Activities**

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

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

- Governmental activities. Most of the District's basic functions are shown here, such as instruction, support services, community services, and facility acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, Federal Grants and other intergovernmental revenues.

Fund Financial Statements

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or 'major' funds - not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Gervais School District, like other state and local Governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All but one of the District's funds is governmental funds. The one remaining fund is a fiduciary fund where the District acts as the fiscal agent for the Community Progress Team.

Governmental Funds

The *governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

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. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Assets and Activities.

The District maintains three individual governmental funds:

- General Fund
- Special Revenue Funds: Federal Grant Fund, Food Service Fund, Capital Improvements, Student Body & Fees Funds, Insurance Reserve, and Private Grants
- Debt Service Fund: G.O. Bond Debt Service and PERS UAL Debt Service

Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Special Revenues Fund, and Debt Service Fund, which are considered to be major funds. Data from individual funds are combined into a single, aggregate presentation in the major funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Gervais School District adopts a budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their budgets under required supplementary information and supplementary information following the notes to the basic financial statements.

Government-wide Financial Analysis

Condensed Statement of Net Assets			
Assets	2012	2011	Variance
Current and other assets	\$ 5,161,350	\$ 4,958,383	\$ 202,967
Net capital assets	\$ 6,024,459	\$ 6,023,511	\$ 948
Other non-current assets Prepaid future pension costs	\$6,389,296	\$6,788,627	\$ (399,331)
Total Assets	\$17,575,105	\$17,770,521	(\$195,416)
Liabilities			
Accounts payable and other liabilities	\$1,007,706	\$916,597	\$ 91,109
Long-term obligations	\$7,832,917	\$8,134,012	\$ (301,095)
Total Liabilities	\$8,840,623	\$9,050,609	(\$209,986)
Net Assets			
Invested in capital assets net of related debt	\$5,784,459	\$5,300,280	\$ 484,179
Unrestricted	\$2,365,878	\$2,624,127	\$ (258,249)
Restricted Debt Service	\$584,145	\$795,505	\$ (211,360)
Total Net Assets	\$8,734,482	\$8,719,912	\$14,570

As noted earlier, net assets may serve over time as a useful indicator of the district's financial position. In the case of Gervais School District, assets exceeded liabilities by **\$8,734,482** as of June 30, 2012 compared to **\$8,719,912** as of June 30, 2011. The District has made decisions on recognizing and capitalizing assets that affect the ratio of debt to assets. The District capitalizes and depreciates assets with purchased values of \$5,000 or over.

Capital assets, which consist of the District's land, improvements, and equipment, represent **34%** of total assets. The net pension assets contributed **36%** to total assets. The remaining assets include cash, investments and receivables.

The District's largest liability totaling **89%** is for repayment of PERS and general obligation bonds. Other liabilities consist of accounts payable, payroll liabilities, and accrued compensated absences payable.

Capital assets are used by the District to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes) since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

The revenues and expenses shown in the following table explain the major changes in net assets for the fiscal year 2011-12. At the end of the 2011-12 fiscal year, Gervais School District reported positive growth in net assets for governmental activities as fund balances increased by **\$14,570**.

Revenues from the state school fund increased by **\$817,545** primarily due to the increase in SubAccount funds established by the legislature for use during the 2010-2012 biennium. The district chose to use these funds only during the 2011-12 fiscal year to offset the reduction of federal funds including ARRA. The May adjustment from the State also increased from projections. Approximately **62%** of the expenses for the District's activities were paid by revenue from the State of Oregon which is a **8%** increase from the **54%** in 2010-11. Property taxes account for approximately **15%** of the District's revenue. The remaining **23%** of the District's expenses are paid by Federal Grants, from contributions, or local and intermediate grants.

Costs of direct classroom instruction activities account for **55%** of the total expenditures of **\$12,858,204**. Support services which include: administrative, technical, counseling, special services and logistical support to facilitate and enhance instruction makes up **35%** of total expenditures. The remaining **10%** of expenditures are for community services and payment of interest on long term debt.

Expenditures decreased by **\$416,778** mainly due to a reduction of regular staff between the 2010-11 and 2011-12 fiscal years of approximately 5 FTE.

Funds Statement of Revenues, Expenses and Changes in Fund Net Assets			
Revenues:	2011-2012	2010-2011	Difference
Program Revenues			
Charges for Services	\$281,697	\$112,706	\$168,991
Operating Grants and Contributions	\$2,285,531	\$2,451,166	(\$165,635)
Total program revenues	<u>\$2,567,228</u>	<u>\$2,563,872</u>	\$3,356
General Revenues			\$0
Property Taxes	\$1,991,640	\$1,955,391	\$36,249
State School Funds	\$7,984,445	\$7,166,900	\$817,545
County School Fund	\$138,582	\$122,836	\$15,746
Other Federal, State and Local	\$169,673	\$282,469	(\$112,796)
Investment Earnings	\$21,206	\$25,472	(\$4,266)
Other	\$0	\$80	(\$80)
Total General Revenues	<u>\$10,305,546</u>	<u>\$9,553,148</u>	\$752,398
Total Revenues:	<u>\$12,872,774</u>	<u>\$12,117,020</u>	\$755,754
Expenditures:			
Instruction	\$7,097,074	\$7,359,233	(\$262,159)
Support Services	\$4,502,712	\$4,743,995	(\$241,283)
Enterprise & community Services	\$814,792	\$754,769	\$60,023
Interest on Long Term Debt	\$443,626	\$416,985	\$26,641
Total Expenditures	<u>\$12,858,204</u>	<u>\$13,274,982</u>	(\$416,778)
Changes in Net Assets	<u>\$14,570</u>	<u>-\$1,157,962</u>	\$1,172,532
Fund Balance-Beginning of Year	\$8,719,912	\$9,877,874	(\$1,157,962)
Fund Balance- Ending of Year	\$8,734,482	\$8,719,912	\$14,570

Transfer of Funds

The Budget Committee annually approves use of general fund revenue for specific purposes. These funds are transferred out of the general fund and into special funds. During the 2011-12 fiscal year the transfers out of general fund were reduced by 73% from \$461,727 to \$266,960.

Transfers from General Fund to Special Funds			
	2011-12	2010-11	Difference
Capital Projects	\$100,000	\$ 175,000	(\$75,000)
High School Co-Curricular	\$125,960	\$ 140,727	(\$14,767)
High School Co-Curricular Transportation	\$ 22,000	\$ 27,000	(\$5,000)
Middle School Co-Curricular	\$ 17,000	\$ 41,000	(\$24,000)
Middle School Co-Curricular Transportation	\$ 2,000	\$ 8,000	(\$6,000)
Textbooks	\$ -	\$ 70,000	(\$70,000)
Total Transfers from General Fund	\$266,960	\$ 461,727	(\$194,767)

Fund Financial Analysis

The focus of the governmental funds is to provide information on the inflows, outflows, and balances of spendable resources. Unassigned fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2012, total fund balance of the governmental funds was \$4,365,686. These amounts are available to use in accordance with applicable restrictions on the nature of the expenditures.

The General Fund had revenue and expenditures of \$10,551,898 and \$9,844,679 respectively. Revenues increased 9% and expenditures decreased 2% over fiscal year 2010-11. General Fund balance increased from \$2,860,741 to \$3,301,000. The increase in the general fund ending fund balance of \$440,259 can be attributed the reduction in staffing during the 2011-12 fiscal year and an increase in State and Local revenues primarily represented by the EduJobs and SubAccount funds.

The Special Funds had revenues and expenditures of \$2,606,158 (including transfers from general fund) and \$2,921,034 respectively decreasing the ending fund balance by \$314,876. The ending fund balance for all special funds as of June 30, 2012 was \$602,334 a decrease of 34% from the prior year primarily due to the Gervais High School Cafeteria remodel funded through the Food Services Special Fund and use of reserves in the E-Rate and Co-Curricular Funds to fund regular activities in those areas.

In addition to the general and special funds (designated funds and federal funds), the District maintains funds for Debt Service, PERs Debt Service and the Community Progress Team.

General Fund Budgetary Highlights

Changes from the adopted budget were approved by the School Board and conformed to local budget law. Appropriation increases were approved by the School Board for:

- School Improvement funds (Federal Funds) received for Douglas Avenue and Gervais Middle School
- County funds received as part of a Community Progress Grant used to fund the district's evening program
- Use of additional revenue received for the Food Service Program

Capital Assets

On June 30, 2012 the District had **\$6,024,459** invested in a broad range of capital assets, including land, buildings, equipment, and vehicles. As discussed earlier, the District capitalizes and depreciates assets with a purchase price of \$5,000 and over. Land and building are reported and depreciated on the original costs. This amount reflects changes in the 2011-12 year as follows:

- Installed pavement at GMS
- Addition of a covered area at BES
- Upgrades to the GHS Cafeteria
- Installation of fencing at Pioneer
- Purchase of a 100 station confluence system

Capital Assets at Year End			
		2011-12	2010-11
Land		\$438,231	\$438,231
Buildings & Improvements		\$9,942,837	\$9,744,856
Equipment		\$999,161	\$941,254
Vehicles		\$38,565	\$38,565
Total Capital Assets		\$11,418,794	\$11,162,906
Less: Accumulated Depreciation		(\$5,394,335)	(\$5,139,395)
Total capital Assets, Net		\$6,024,459	\$6,023,511

Debt Administration

The District has long term debt of **\$240,000** for a new roof at the high school and 17 acres purchased for the high school. Debt reduction is the responsibility of the General Fund. In 2002-2003 the District participated in re-funding of the PERS Unfunded Liability and as of June 30, 2012 has an outstanding balance of **\$7,894,012** maturing in 2028. The PERS debt service is paid through an intercept agreement with the state and funded through district payroll.

Economic Factors and the 2012-2013 Budget

The District relies primarily on Oregon's State School fund to support programs. However, the Federal funds received by the District provided needed support for special needs students. The District anticipates that the State School fund will decrease as well as the Federal funds. More and more services previously funded through Federal funds are being "picked-up" by General Fund as Federal funds decrease. In addition, the Public Employees Retirement (PERs) rates continue to increase. The District pays to PERS the employer contribution of **6%** in addition to valuated cost amounts of **4.88%** for Tier 1 and 2 employees and **3.37%** for Oregon Public Service Retirement Plan Employees (OPSRP). In addition, as stated in Debt Administration, the District is repaying the PERS debt service through payroll currently at **11.7%**. The District's rates for the 13-15 Biennium will be **11.29%** for Tier 1 and 2, **9.29%** for OPSRP, and **6%** employer contribution. The payroll percent for the repayment of the PERS debt is unknown but anticipated to increase to at least **12%**. These changes represent an overall increase of **12.63%** resulting in a potential impact to the District of over **\$400,000**.

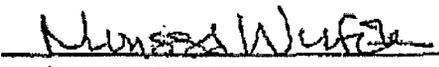
The budget for 2012-2013 had total appropriations of **\$15,395,919**. The budget was reduced slightly from the 2011-2012 budget due to continued staff reductions.

The District continues to work on upgrading and maintaining the facilities as it strives to promote additional educational opportunities for its students.

Requests for Information

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors, and creditors with an overview of the District's finances. If you have any questions about the report or need any clarification of information, please contact the Business Manager at Gervais School District Administrative Offices, 290 First Street, Gervais, Oregon 97026.


Rick Hensel, Superintendent


Melissa Wolfer, Business Manager

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

STATEMENT OF NET ASSETS
June 30, 2012

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS:	
Current:	
Cash and cash equivalents	\$ 4,845,070
Property taxes receivable	152,425
Grants receivable	163,855
Total Current Assets	<u>5,161,350</u>
Non-current:	
Prepaid pension costs	6,389,296
Capital assets - net of depreciation	
Land	438,231
Building, vehicles and equipment	5,586,228
Total Non-current Assets	<u>12,413,755</u>
Total Assets	<u>17,575,105</u>
 LIABILITIES:	
Current:	
Accounts payable	89,002
Accrued payroll, taxes, and employee withholdings	561,117
Interest payable	1,062
Unearned revenue	12,795
Accrued compensated absences payable	42,635
Current portion of long term liabilities	301,095
Total Current Liabilities	<u>1,007,706</u>
Non-current:	
Due in more than one year	<u>7,832,917</u>
Total Liabilities	<u>8,840,623</u>
 NET ASSETS:	
Invested in capital assets, net of related debt	5,784,459
Restricted	
Special Projects	121,793
Debt Service	462,352
Unrestricted	
	<u>2,365,878</u>
Total Net Assets	<u>\$ 8,734,482</u>

See accompanying notes to basic financial statements

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Instruction	\$ 7,097,074	\$ 131,800	\$ 1,027,598	\$ (5,937,676)
Support Services	4,502,712	84,937	551,455	(3,866,320)
Community Services	781,389	64,960	706,478	(9,951)
Facilities Acquisition & Construction	33,403	-	-	(33,403)
Interest on Long-Term Debt	443,626	-	-	(443,626)
Total Governmental Activities	<u>\$ 12,858,204</u>	<u>\$ 281,697</u>	<u>\$ 2,285,531</u>	<u>(10,290,976)</u>
General Revenues				
Taxes				1,991,640
State Revenue				7,984,445
Income Not Restricted to Specific Programs				
Local Sources				169,673
Intermediate Sources				138,582
Interest and Investment Earnings				21,206
Total General Revenues				<u>10,305,546</u>
Changes in Net Assets				14,570
Net Assets - Beginning				<u>8,719,912</u>
Net Assets - Ending				<u>\$ 8,734,482</u>

See accompanying notes to basic financial statements

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	TOTALS
ASSETS:				
Cash and Investments	\$ 3,779,903	\$ 602,869	\$ 462,298	\$ 4,845,070
Receivables				
Taxes	143,770	577	8,078	152,425
Other Receivables	129,039	34,816	-	163,855
	<u>4,052,712</u>	<u>638,262</u>	<u>470,376</u>	<u>5,161,350</u>
Total Assets	<u>\$ 4,052,712</u>	<u>\$ 638,262</u>	<u>\$ 470,376</u>	<u>\$ 5,161,350</u>
LIABILITIES, AND FUND BALANCES:				
Liabilities:				
Payroll Liabilities	\$ 561,117	\$ -	\$ -	\$ 561,117
Accounts Payable	62,633	23,134	3,235	89,002
Deferred Revenue	127,962	12,794	4,789	145,545
	<u>751,712</u>	<u>35,928</u>	<u>8,024</u>	<u>795,664</u>
Total Liabilities	<u>751,712</u>	<u>35,928</u>	<u>8,024</u>	<u>795,664</u>
Fund Balances:				
Restricted For				
Nutrition Services	-	121,793	-	121,793
Student Body	-	66,886	-	66,886
Title IV	-	4,730	-	4,730
Debt Service	-	-	462,352	462,352
Committed				
Textbooks	-	23,164	-	23,164
Misc Grants	-	14,500	-	14,500
Facility Improvements	-	196,627	-	196,627
E-Rate	-	84,150	-	84,150
Co-Curricular activities	-	90,484	-	90,484
Unassigned	3,301,000	-	-	3,301,000
	<u>3,301,000</u>	<u>602,334</u>	<u>462,352</u>	<u>4,365,686</u>
Total Fund Balances	<u>3,301,000</u>	<u>602,334</u>	<u>462,352</u>	<u>4,365,686</u>
Total Liabilities and Fund Balances	<u>\$ 4,052,712</u>	<u>\$ 638,262</u>	<u>\$ 470,376</u>	<u>\$ 5,161,350</u>

See accompanying notes to basic financial statements

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2012

Total Fund Balances - Governmental Funds \$ 4,365,686

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The statement of Net Assets includes those capital assets among the assets of the District as a whole.

Net Capital Assets 6,024,459

The district prepaid future pension cost, this payment was an expenditure in the governmental funds, and is capitalized in the Statement of Net Assets. 6,389,296

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Assets.

Long term Liabilities

Bonds Payable	\$	(7,894,012)	
Capital Leases		(240,000)	
Interest Payable		(1,062)	
Accrued Compensated Absences		<u>(42,635)</u>	
			(8,177,709)

Deferred revenue related to property taxes 132,750

Net Assets \$ 8,734,482

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

REVENUES:	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	TOTALS
From Local Sources	\$ 2,171,754	\$ 308,054	\$ 687,257	\$ 3,167,065
Intermediate Sources	136,585	1,997	-	138,582
State Sources	7,979,835	13,321	-	7,993,156
Federal Sources	263,724	2,015,826	-	2,279,550
Total Revenues	10,551,898	2,339,198	687,257	13,578,353
EXPENDITURES:				
Current:				
Instruction	5,671,674	1,367,852	-	7,039,526
Support Services	4,114,112	479,923	-	4,594,035
Community Services	986	783,512	-	784,498
Facilities Acquisition & Construction	-	33,403	-	33,403
Capital Outlay	57,907	197,981	-	255,888
Debt Service	-	58,363	682,036	740,399
Total Expenditures	9,844,679	2,921,034	682,036	13,447,749
Revenues Over, -Under Expenditures	707,219	(581,836)	5,221	130,604
Other Financing Sources, -Uses:				
Transfers In	-	266,960	-	266,960
Transfers Out	(266,960)	-	-	(266,960)
Total Other Financing Sources, -Uses	(266,960)	266,960	-	-
Net Change in Fund Balance	440,259	(314,876)	5,221	130,604
Fund Balance, July 1, 2011	2,860,741	917,210	457,131	4,235,082
Fund Balance, June 30, 2012	\$ 3,301,000	\$ 602,334	\$ 462,352	\$ 4,365,686

See accompanying notes to basic financial statements

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2012

Total Net Changes in Fund Balances - Governmental Funds	\$	130,604
 Repayment of bond principal, capital leases and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Additions to bond principal, capital leases and post retirement obligations is an expense for the Statement of Net Assets but not the governmental funds.		
		296,773
 Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditures when earned.		
		(14,424)
 Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions exceeds depreciation.		
Capital Asset Additions	255,888	
Depreciation Expense	<u>(254,940)</u>	
		948
 Amortization of Prepaid PERS liability		
		<u>(399,331)</u>
 Change in Net Assets of Governmental Activities		
	\$	<u><u>14,570</u></u>

See accompanying notes to basic financial statements

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2012

COMMUNITY PROGRESS TEAM - FIDUCIARY FUND

	<u>ACTUAL</u>
ASSETS:	
Cash & Investments	<u>\$ 1,117</u>
Total Assets	<u>1,117</u>
LIABILITIES AND FIDUCIARY NET ASSETS:	
Liabilities:	
Due to Others	<u>1,117</u>
Total Liabilities	<u>1,117</u>
Fiduciary Net Assets:	
Total Fiduciary Net Assets	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Gervais School District No. 1 (the District) is a municipal corporation governed by an elected five-member Board of Directors. Administration officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities have been included in these basic financial statements.

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

Accounting principles generally accepted in the United States of America require that these financial statements include all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 39, are separate entities that are included in the School's reporting entity because of the significance of their operational or financial relationships with the School. All significant activities and entities with which the School exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Assets and Statements of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported in the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets. The Fiduciary funds are budgeted as well.

The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

There are the following major governmental funds:

GENERAL FUND

This fund accounts for the financial operations not accounted for in any other fund. Principal sources of revenue are property taxes and distributions for the State of Oregon. Expenditures in the fund are made for instructional purposes and related support services.

SPECIAL REVENUE FUNDS

This fund accounts for the revenue and expenditures restricted for specific educational projects or programs. Principal revenue sources are federal grants and other local sources.

DEBT SERVICE FUND

Bond principal and interest payments are accounted for in the Debt Service Fund. The main source of revenue is local property taxes and charges to other funds for services.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, there are the following fund types:

FIDUCIARY FUND TYPES

This fund type accounts for the transactions of the Community Progress Team. It utilizes the modified accrual basis of accounting. These funds are used to account for assets that are held for others in a fiduciary capacity.

USE OF ESTIMATES

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

ASSETS, LIABILITIES AND EQUITY

CASH AND CASH EQUIVALENTS

For financial reporting purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

PROPERTY TAXES

Uncollected real and personal property taxes are reflected on the statement of net assets and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

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

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and statement of net assets.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND EQUITY (CONTINUED)

SUPPLY INVENTORIES

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in the inventories at USDA wholesale value. Inventory is accounted for based on the purchase method for the budgetary statements, and on the consumption method, charged to expense when used, for the government-wide financial statements. Donated commodities consumed during the year are reported as revenues and expenditures. The amount of unused donated commodities at the balance sheet date is considered immaterial for reporting purposes. Unused inventory was considered by management to be immaterial at year end; therefore, it is not reported.

CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and construction in progress, are reported in the government wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost.

Donated Capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	10 to 50 years
Equipment	5 to 20 years

COMPENSATED ABSENCES

It is the policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued in the government wide statements.

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. As permitted by GASB Statement No. 34 the cost of bond issuance has been amortized prospectively from the date of adoption of GASB Statement No. 34.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS (CONTINUED)

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 issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FUND BALANCES

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form..
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to classify portions of ending fund balance as Assigned is granted to the Superintendent and the Business Manager.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable or assigned fund balances at year end.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCES (CONTINUED)

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. The minimum Fund Balance policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to not less than two months of General Fund operating expenditures or 17 percent of General Fund expenditures and other financing uses.

NET ASSETS

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three categories.

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Net assets are restricted for debt service and special projects.

Unrestricted net assets – consists of all other net assets that are not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

A budget is prepared and legally adopted for each fund in accordance with Oregon Local Budget Law. These budgets are all prepared using the modified accrual basis of accounting. The budgetary basis of accounting is substantially the same as accounting principles generally accepted in the United States of America except capital outlay is expensed when purchased, inventories are budgeted as expenditures when purchased, depreciation expense and amortization are not recorded, debt and compensated absences are expensed when paid, and taxes are deferred if not received within sixty days of year end. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

BUDGETARY INFORMATION (CONTINUED)

The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

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 the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the basic financial statements include the original budget amounts, an appropriation transfer and a supplemental budget. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2012 except for as follows: Special Revenue Funds, Enterprise and Community Services was overspent by \$29,500.

3. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities, Local Government Investment Pools and fixed or variable life insurance or annuity contracts for funding the deferred compensation plan.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments, except for the Fiduciary Fund, which is reported on a separate statement.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

Cash and Investments at June 30, 2012 (recorded at fair value) consisted of:

Deposits with Financial Institutions:	
Demand Deposits	\$ 902,152
Investments	3,943,835
Petty Cash	200
	<u>\$ 4,846,187</u>
Reported In:	
Governmental Funds	\$ 4,845,070
Fiduciary Fund	1,117
	<u>\$ 4,846,187</u>

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements was \$991,242, all of which was covered by federal depository insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

INVESTMENTS

Statutes authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Investments are valued at fair value as required by GASB 31. Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized. As of June 30, 2012, the fair value of the position in the State Treasurer's Local Government Investment Pool approximates fair value of the pool shares as reported in the Oregon Short Term Fund audited financial statements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
Oregon State Treasurer's Investment Pool	\$ 3,943,835	\$ 3,943,835	\$ -
Total	\$ 3,943,835	\$ 3,943,835	\$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond three months.

Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2012, all deposits were fully insured.

Credit Risk – Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The state investment pool is not rated.

Concentration of Credit Risk

At June 30, 2012, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

4. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2012 are as follows:

	Governmental Capital Assets 07/01/11	Additions	Deletions	Governmental Capital Assets 06/30/12
Capital assets not being depreciated:				
Land	\$ 438,231	\$ -	\$ -	\$ 438,231
Total capital assets not being depreciated	<u>438,231</u>	<u>-</u>	<u>-</u>	<u>438,231</u>
Capital assets being depreciated:				
Buildings & Improvements	9,744,856	197,981	-	9,942,837
Equipment	941,254	57,907	-	999,161
Vehicles	38,565	-	-	38,565
Total capital assets being depreciated	<u>10,724,675</u>	<u>255,888</u>	<u>-</u>	<u>10,980,563</u>
Less: Accumulated Depreciation	<u>5,139,395</u>	<u>254,940</u>	<u>-</u>	<u>5,394,335</u>
Total capital assets, net	<u>\$ 6,023,511</u>			<u>\$ 6,024,459</u>

Depreciation expense was charged to the functions as follows:

Instruction	\$ 191,205
Support Services	50,988
Community Services	<u>12,747</u>
Total	<u>\$ 254,940</u>

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

Plan Description:

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

Both PERS plans provide retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700 or by calling 1-503-598-7377.

Description of Funding Policy:

Covered employees are required by State statute to contribute 6% of their salary to the plan. The District is required to contribute at actuarially determined rates, as adopted by the PERS Board. During prior years, the District issued limited tax pension bonds, the proceeds of which were used to finance a portion of its estimated unfunded actuarial liability. The OPERF and the OPSRP rates in effect for the year ending June 30, 2012 are 4.88% and 3.37% respectively, after the adjustment for the effects of the prepayment of a portion of the estimated unfunded liability. The contributions to the plan for the years ending June 30, 2012, 2011, and 2010 were \$1,207,932, \$937,123, and \$959,610 respectively, and were equal to the required contributions for each year.

The actuary determined that there is no implicit liability to report in accordance with GASB 45.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

The following changes occurred in the liabilities reported in the general long-term debt group during the year ended June 30, 2012:

	Capital Leases	Pension Obligation Bonds	Total	Accrued Compensated Absences
Balance 7/1/11	\$ 285,000	\$ 8,145,785	\$ 8,430,785	\$ 28,211
Additions	-	-	-	-
Payments & Deletions	(45,000)	(251,773)	(296,773)	14,424
Balance 6/30/12	<u>\$ 240,000</u>	<u>\$ 7,894,012</u>	<u>\$ 8,134,012</u>	<u>\$ 42,635</u>
<u>Amounts Payable In Fiscal Year:</u>				
2012-2013	\$ 45,000	\$ 256,095	\$ 301,095	
2013-2014	15,000	260,869	275,869	
2014-2015	15,000	259,383	274,383	
2015-2016	15,000	259,327	274,327	
2016-2017	20,000	261,010	281,010	
2017-2022	105,000	1,279,346	1,384,346	
2022-2027	25,000	4,702,982	4,727,982	
2027-2028	-	615,000	615,000	
	<u>\$ 240,000</u>	<u>\$ 7,894,012</u>	<u>\$ 8,134,012</u>	

All long-term debt obligations are payable from the General and Debt Service fund.

A summary of the pension obligation bonds due is as follows:

Issue Date	Original Amount	Interest Rates	Final Maturity Date	Balance Remaining At 6/30/12
04/21/03	\$ 9,541,779	1.5 to 6.27%	06/30/28	\$ 7,894,012

Capital Leases

Various lease agreements have been entered into with interest rates from 1.25% to 5.25%. These agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum payments as of the inception date in the Statement of Net Assets.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage in the past three years.

9. PREPAID PERS LIABILITY

As a result of the issuance of the 2003 Limited Tax Pension Obligation Bonds the District has reported a Prepaid PERS Liability in the Statement of Net Assets. The prepaid liability is equal to the initial \$9,541,779 payment made to PERS from the bond proceeds, less accumulated amortization at June 30, 2012, for a current balance of \$6,389,296. Annual amortization is being calculated on a straight-line basis over the life of the pension obligation bonds.

10. COMMITMENTS AND CONTINGENCIES

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

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on operations cannot be determined.

11. OPERATING LEASES

There are nine operating leases for copiers, with monthly payments ranging from \$58 to \$570. The operating lease obligation paid for the year ended June 30, 2012, was approximately \$23,341. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012-13	21,390
2013-14	18,623
2014-15	10,153
2015-16	6,163
2016-17	466
Total	<u>\$ 56,795</u>

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

12. TRANSFERS

Amounts are comprised of the following:

	Transfers Out	Transfers In
General Fund	\$ 266,960	\$ -
Special Revenue	-	266,960
Totals	\$ 266,960	\$ 266,960

Transfers were made to finance operations between funds.

13. PROPERTY TAX LIMITATION

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution set restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

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GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
PERS
June 30, 2012

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
12/31/11	\$ -	\$ 4,289,808	\$ 4,289,808	0.00%	\$ 5,779,189	74.23%
12/31/10	-	944,159	944,159	0.00%	5,987,468	15.77%
12/31/09	-	1,361,982	1,361,982	0.00%	5,804,268	23.47%

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2012

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources	\$ 2,107,785	\$ 2,107,785	\$ 2,171,754	\$ 63,969
Intermediate Sources	145,354	145,354	136,585	(8,769)
State Sources	7,261,613	7,261,613	7,979,835	718,222
Federal Sources	258,635	258,635	263,724	5,089
Total Revenue	9,773,387	9,773,387	10,551,898	778,511
EXPENDITURES:				
Instruction	5,832,348	5,877,969 (1)	5,671,674	206,295
Support Services	4,591,909	4,546,288 (1)	4,172,019	374,269
Enterprise and Community Services	4,504	4,504 (1)	986	3,518
Contingency	778,466	778,466 (1)	-	778,466
Total Expenditures	11,207,227	11,207,227	9,844,679	1,362,548
Revenues Over, (Under) Expenditures	(1,433,840)	(1,433,840)	707,219	2,141,059
Other Financing Sources, (Uses):				
Transfer Out	(266,960)	(266,960) (1)	(266,960)	-
Total Other Financing Sources, (Uses)	(266,960)	(266,960)	(266,960)	-
Net Change in Fund Balance	(1,700,800)	(1,700,800)	440,259	2,141,059
Fund Balance, July 1, 2011	2,700,800	2,700,800	2,860,741	159,941
Fund Balance, June 30, 2012	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 3,301,000</u>	<u>\$ 2,301,000</u>

(1) Appropriation Level

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2012

SPECIAL REVENUE FUNDS

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources	\$ 278,115	\$ 278,115	\$ 308,054	\$ 29,939
From Intermediate Sources	-	-	1,997	1,997
From State Sources	9,502	9,502	13,321	(2) 3,819
From Federal Sources	2,165,783	2,308,985	2,015,826	(293,159)
Total Revenues	2,453,400	2,596,602	2,339,198	(257,404)
EXPENDITURES:				
Instruction	1,471,629	1,585,932 (1)	1,367,852	218,080
Support Services	907,824	848,923 (1)	493,480	355,443
Enterprise and Community Services	903,121	990,921 (1)	932,621	58,300
Facility Acquisition and Construction	100,000	100,000 (1)	68,718	31,282
Debt Service	58,364	58,364 (1)	58,363	1
Operating Contingencies	61,158	61,158 (1)	-	61,158
Total Expenditures	3,502,096	3,645,298	2,921,034	724,264
Revenues Over, (Under) Expenditures	(1,048,696)	(1,048,696)	(581,836)	466,860
Other Financing Sources, (Uses) Transfers In	266,960	266,960	266,960	-
Total Other Financing Source, (Uses)	266,960	266,960	266,960	-
Net Change in Fund Balance	(781,736)	(781,736)	(314,876)	466,860
Fund Balance, July 1, 2011	781,736	781,736	917,210	135,474
Fund Balance, June 30, 2012	\$ -	\$ -	\$ 602,334	\$ 602,334

(1) Appropriation Level

(2) Included in this State Revenue is the required match of \$6,371 for National School Lunch Support.

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GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2012

DEBT SERVICE FUND

REVENUES:	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
Local Sources:				
Internal PERS Charges	\$ 680,036	\$ 680,036	\$ 685,490	\$ (5,454)
Interest	2,000	2,000	1,767	(233)
Total Revenues	<u>682,036</u>	<u>682,036</u>	<u>687,257</u>	<u>(5,687)</u>
EXPENDITURES:				
Debt Service	<u>682,036</u>	<u>682,036 (1)</u>	<u>682,036</u>	<u>-</u>
Total Expenditures	<u>682,036</u>	<u>682,036</u>	<u>682,036</u>	<u>-</u>
Revenues Over, (Under) Expenditures	-	-	5,221	5,221
Net Change in Fund Balance	-	-	5,221	5,221
Fund Balance, July 1, 2011	<u>-</u>	<u>-</u>	<u>457,131</u>	<u>457,131</u>
Fund Balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,352</u>	<u>\$ 462,352</u>

(1) Appropriation Level

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2012

COMMUNITY PROGRESS TEAM

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Local Sources	\$ 9,280	\$ 9,280	\$ 50	\$ (9,230)
Total Revenues	<u>9,280</u>	<u>9,280</u>	<u>50</u>	<u>(9,230)</u>
EXPENDITURES:				
Enterprise and Community Services	<u>10,460</u>	<u>10,460 (1)</u>	<u>1,554</u>	<u>8,906</u>
Total Expenditures	<u>10,460</u>	<u>10,460</u>	<u>1,554</u>	<u>8,906</u>
Net Change in Fund Balance	(1,180)	(1,180)	(1,504)	(324)
Fund Balance, July 1, 2011	<u>1,180</u>	<u>1,180</u>	<u>2,621</u>	<u>1,441</u>
Fund Balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,117</u>	<u>\$ 1,117</u>

(1) Appropriation Level

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION:		
Passed Through Oregon Department of Education:		
Title I Grants to Local Education Agencies	84.010	\$ 539,731
Title I Grants to Local Education Agencies, Recovery Act	84.389	<u>54,302</u>
Total Title I, Part A Cluster		<u>594,033 (1)</u>
Improving Teacher Quality State Grants	84.367	67,187
Special Education-Grants to States (IDEA, Part B)	84.027	238,779
Special Education-Pre-School Grants (IDEA Preschool)	84.173	<u>1,652</u>
Total Special Education Cluster (IDEA)		<u>240,431</u>
English Language Acquisition Grants	84.365	57,226
Education Jobs Fund	84.410	256,710 (1)
Twenty-First Century Community Learning Centers	84.287	297,298
Passed Through Willamette Education Service District		
Migrant Education - State Grant Program	84.011	<u>59,153</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>1,572,038</u>
U.S. DEPARTMENT OF AGRICULTURE:		
Passed Through Oregon Department of Education:		
National School Lunch Program	10.555	403,734
School Breakfast Program	10.553	151,710
Summer Food Service Program For Children	10.559	<u>25,784</u>
Total Child Nutrition Cluster		<u>581,228</u>
Fresh Fruit and Vegetable Program	10.582	30,987
Child and Adult Care Food Program	10.558	88,282
Federal Forest Fees	10.665	<u>7,015</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>707,512</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,279,550</u>

(1) Major Program

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2012

<u>GENERAL FUND</u>						
<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/11</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/12</u>
<u>GENERAL FUND:</u>						
Current:						
2011-12	\$ 2,017,220	\$ 50,687	\$ (13,816)	\$ 959	\$ 1,887,569	\$ 66,107
Prior Years:						
2010-11	82,051	(236)	(8,411)	3,209	38,380	38,705
2009-10	41,989	(202)	(6,959)	3,534	15,392	23,374
2008-09	22,040	(2)	(192)	4,061	17,080	8,831
2007-08	6,967	0	(92)	1,805	6,616	2,064
2006-07& Prior	5,508	0	(191)	441	1,069	4,689
Total Prior	158,555	(440)	(15,845)	13,050	78,537	77,663
Total General Fund	\$ 2,175,775	\$ 50,247	\$ (29,661)	\$ 14,009	\$ 1,966,106	\$ 143,770
RECONCILIATION TO REVENUE:						<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above						\$ 1,966,106
Accrual of Receivables:						
June 30, 2011						(30,604)
June 30, 2012						18,232
In lieu of taxes						37,906
Total Revenue						\$ 1,991,640

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2012

DEBT SERVICE FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/11	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/12
<u>DEBT SERVICE</u>						
Current:						
2011-12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Years:						
2010-11	351	(1)	5,391	14	164	5,593
2009-10	-	-	-	-	-	-
2008-09	1,328	-	(12)	245	1,029	532
2007-08	1,334	-	(18)	346	1,267	395
2006-07 & Prior	1,830	-	(63)	146	355	1,558
Total Prior	4,843	(1)	5,298	751	2,815	8,078
Total Debt Service	\$ 4,843	\$ (1)	\$ 5,298	\$ 751	\$ 2,815	\$ 8,078

RECONCILIATION TO REVENUE:

	DEBT SERVICE FUND
Cash Collections by County Treasurer Above	\$ 2,815
Accrual of Receivables:	
June 30, 2011	(53)
June 30, 2012	-
Taxes in Lieu	(2,762)
Total Revenue	\$ -

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES
 For the Year Ended June 30, 2012

DATE OF ISSUE	MATURED BONDS & COUPONS OUTSTANDING 7/1/11	BONDS & COUPONS MATURING DURING THE YEAR	BONDS REDEEMED AND COUPONS PAID DURING THE YEAR	MATURED BONDS & COUPONS OUTSTANDING 6/30/12
04/30/03	\$ -	\$ 682,036	\$ 682,036	\$ -
TOTALS	<u>\$ -</u>	<u>\$ 682,036</u>	<u>\$ 682,036</u>	<u>\$ -</u>

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS
 June 30, 2012

SERIES 2003			
YEAR	PRINCIPAL	INTEREST	INTEREST RATES
	Due 6/30	Due 12/30 & 6/30	
2012-13	256,095	460,940	5.15%
2013-14	260,869	496,167	5.33%
2014-15	259,383	532,652	5.54%
2015-16	259,327	572,708	5.71%
2016-17	261,010	616,025	5.83%
2017-18	258,143	658,893	5.96%
2018-19	258,237	708,799	6.07%
2019-20	255,903	756,132	6.15%
2020-21	254,316	807,719	6.22%
2021-22	252,747	859,289	6.26%
2022-23	252,982	914,053	6.27%
2023-24	935,000	287,036	0.00%
2024-25	1,045,000	234,584	5.68%
2025-26	1,170,000	175,228	5.68%
2026-27	1,300,000	108,772	5.68%
2027-28	615,000	34,932	5.68%
TOTALS	\$ 7,894,012	\$ 8,223,929	

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SUPPLEMENTAL INFORMATION
 As Required by The Oregon Department of Education
 For The Year Ended June 30, 2012

A.	Energy bills for heating - all funds:		<u>Objects 325 and 326</u>
		Function 2540	\$ 158,250
		Function 2550	-
B.	Replacement of equipment - General Fund: Include all General Fund expenditures in Object 542, except for the following exclusions: Exclude these functions:		<u>Amount</u>
	1113, 1122 & 1132 Co-curricular activities	Construction	\$ -
	1,140 Pre-kindergarten	Pupil transportation	
	1,300 Continuing education	Food service	
	1,400 Summer school	Community services	

**2011-12 DISTRICT REVENUE SUMMARY
GERVAIS SCHOOL DISTRICT**

	Fund 100	Fund 200	Fund 300	Fund 700
Revenue from Local Sources				
1110 Ad Valorem Taxes Levied by District	\$1,991,640.00	\$0.00	\$0.00	\$0.00
1130 Excise Tax	\$0.00	\$3,163.00	\$0.00	\$0.00
1120 Local Option Ad Valorem Taxes Levied by District	\$0.00	\$0.00	\$0.00	\$0.00
1190 Penalties and Interest on Taxes	\$290.00	\$0.00	\$0.00	\$0.00
1200 Rev from Local Gov't Units Other Than Districts	\$0.00	\$0.00	\$0.00	\$0.00
1310 Regular Day School Tuition	\$28,398.00	\$0.00	\$0.00	\$0.00
1320 Adult/Continuing Education Tuition	\$0.00	\$0.00	\$0.00	\$0.00
1330 Summer School Tuition	\$0.00	\$0.00	\$0.00	\$0.00
1400 Local & Federal Sources	\$0.00	\$0.00	\$0.00	\$0.00
1500 Earnings on Investments	\$19,926.00	\$1,280.00	\$1,768.00	\$0.00
1600 Food Service	\$0.00	\$52,796.00	\$0.00	\$0.00
1700 Extracurricular Activities	\$1,880.00	\$161,611.00	\$0.00	\$50.00
1800 Community Services Activities	\$0.00	\$0.00	\$0.00	\$0.00
1910 Rentals	\$300.00	\$23,500.00	\$0.00	\$0.00
1920 Contributions and Donations From Private Sources	\$35.00	\$530.00	\$0.00	\$0.00
1930 Rental or Lease Payments From Private Contractors	\$18,000.00	\$0.00	\$0.00	\$0.00
1940 Services Provided Other Local Education Agencies	\$0.00	\$0.00	\$0.00	\$0.00
1950 Textbook Sales and Rentals	\$0.00	\$0.00	\$0.00	\$0.00
1960 Recovery of Prior Years' Expenditure	\$69,599.40	\$15,288.00	\$0.00	\$0.00
1970 Services Provided Other Funds	\$0.00	\$0.00	\$685,489.00	\$0.00
1980 Fees Charged to Grants	\$20,090.00	\$0.00	\$0.00	\$0.00
1990 Miscellaneous	\$21,596.00	\$49,886.00	\$0.00	\$0.00
Total Revenue from Local Sources	\$2,171,754.40	\$308,054.00	\$687,257.00	\$50.00
Revenue from Intermediate Sources				
2101 County School Funds	\$0.00	\$0.00	\$0.00	\$0.00
2102 Education Service District Apportionment	\$136,585.00	\$0.00	\$0.00	\$0.00
2105 Natural Gas, Oil, and Mineral Receipts	\$0.00	\$0.00	\$0.00	\$0.00
2200 Restricted Revenue	\$0.00	\$1,997.00	\$0.00	\$0.00
2800 Revenue in Lieu of Taxes	\$0.00	\$0.00	\$0.00	\$0.00
2900 Revenue for/on Behalf of the District	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenue from Intermediate Sources	\$136,585.00	\$1,997.00	\$0.00	\$0.00
Revenue from State Sources				
3101 State School Fund - General Support	\$7,523,677.00	\$0.00	\$0.00	\$0.00
3102 State School Fund - School Lunch Match	\$0.00	\$6,371.00	\$0.00	\$0.00
3103 Common School Fund	\$94,873.00	\$0.00	\$0.00	\$0.00
3104 State Managed County Timber	\$0.00	\$0.00	\$0.00	\$0.00
3199 Other Unrestricted Grants-in-Aid	\$72,978.00	\$3,590.00	\$0.00	\$0.00
3204 Driver Education	\$0.00	\$3,360.00	\$0.00	\$0.00
3222 State School Fund (SSF) Transportation Equipment	\$7,046.00	\$0.00	\$0.00	\$0.00
3299 Other Restricted Grants-in-Aid	\$281,261.00	\$0.00	\$0.00	\$0.00
3800 Revenue in Lieu of Taxes	\$0.00	\$0.00	\$0.00	\$0.00
3900 Revenue for/on Behalf of the District	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenue from State Sources	\$7,979,835.00	\$13,321.00	\$0.00	\$0.00
Revenue from Federal Sources				
4100 Unrestricted Revenue Direct From the Federal Government	\$0.00	\$0.00	\$0.00	\$0.00
4200 Unrestricted Revenue From the Federal Government Through the State	\$0.00	\$0.00	\$0.00	\$0.00
4300 Restricted Revenue From the Federal Government	\$0.00	\$0.00	\$0.00	\$0.00
4500 Restricted Revenue From the Federal Government Through the State	\$256,710.00	\$1,976,623.00	\$0.00	\$0.00
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	\$0.00	\$0.00	\$0.00	\$0.00
4801 Federal Forest Fees	\$7,014.00	\$0.00	\$0.00	\$0.00
4802 Impact Aid to School Districts for Operation (PL 874)	\$0.00	\$0.00	\$0.00	\$0.00
4803 Coos Bay Wagon Road Funds	\$0.00	\$0.00	\$0.00	\$0.00
4899 Other Revenue in Lieu of Taxes	\$0.00	\$0.00	\$0.00	\$0.00
4900 Revenue for/on Behalf of the District	\$0.00	\$39,203.00	\$0.00	\$0.00
Total Revenue from Federal Sources	\$263,724.00	\$2,015,826.00	\$0.00	\$0.00
Revenue from Other Sources				
5100 Long Term Debt Financing Sources	\$0.00	\$0.00	\$0.00	\$0.00
5200 Interfund Transfers	\$0.00	\$266,960.00	\$0.00	\$0.00
5300 Sale of or Compensation for Loss of Fixed Assets	\$0.00	\$0.00	\$0.00	\$0.00
5400 Resources - Beginning Fund Balance	\$2,860,741.00	\$917,210.00	\$457,131.00	\$2,621.00
Total Revenue from Other Sources	\$2,860,741.00	\$1,184,170.00	\$457,131.00	\$2,621.00
Grand Totals	\$13,412,639.40	\$3,523,368.00	\$1,144,388.00	\$2,671.00

**2011-12 DISTRICT EXPENDITURE SUMMARY
GERVAIS SCHOOL DISTRICT**

Fund: 100 - General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Primary, K-3	1,679,149.28	1,035,392.55	570,285.98	1,646.79	71,823.96	0.00	0.00	0.00
1112 Intermediate Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1113 Elementary Extracurricular	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1121 Middle/Junior High Programs	906,306.50	564,744.03	333,349.83	0.00	8,212.64	0.00	0.00	0.00
1122 Middle/Junior High School Extracurricular	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1131 High School; 9-12	1,340,792.58	848,400.68	473,930.50	4,130.00	11,481.40	0.00	2,850.00	0.00
1132 High School Extracurricular	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1140 Pre-Kindergarten Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1210 Programs for the Talented and Gifted	6,505.96	4,243.48	1,211.30	500.00	201.18	0.00	350.00	0.00
1220 Restrictive Programs for Students with Disabilities	465,902.20	198,102.59	121,106.29	141,704.34	4,988.98	0.00	0.00	0.00
1230 Interpreting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1250 Less Restrictive Programs for Students with Disabilities	369,451.02	197,413.22	156,521.09	10,576.48	4,940.23	0.00	0.00	0.00
1260 Early Intervention	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1271 Remediation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1272 Title I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1280 Alternative Education	116,601.48	56,873.70	37,256.51	18,258.00	4,213.27	0.00	0.00	0.00
1291 English Second Language Programs	786,964.68	487,947.91	298,422.99	201.02	392.76	0.00	0.00	0.00
1400 Summer School Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Instruction Expenditures	5,671,673.70	3,393,118.16	1,992,084.49	177,016.63	106,254.42	0.00	3,200.00	0.00
Support Services Expenditures								
2110 Attendance and Social Work Services	60,987.37	35,365.27	23,589.53	549.77	1,482.80	0.00	0.00	0.00
2120 Guidance Services	213,169.06	143,396.12	69,568.76	132.33	21.85	0.00	50.00	0.00
2130 Health Services	23,440.31	0.00	0.00	23,215.00	225.31	0.00	0.00	0.00
2140 Psychological Services	11,431.22	0.00	0.00	11,431.22	0.00	0.00	0.00	0.00
2150 Speech Pathology and Audiology Services	1,260.38	0.00	0.00	0.00	1,260.38	0.00	0.00	0.00
2190 Service Direction, Student Support Services	215,751.07	136,160.27	71,479.60	1,782.44	5,138.76	0.00	1,190.00	0.00
2210 Improvement of Instruction Services	4,346.51	234.45	62.06	4,050.00	0.00	0.00	0.00	0.00
2220 Educational Media Services	102,081.28	44,729.94	43,268.47	135.00	13,847.87	0.00	100.00	0.00
2230 Assessment & Testing	785.46	198.17	56.28	128.81	402.20	0.00	0.00	0.00
2240 Instructional Staff Development	56,748.93	9,577.90	40,888.71	4,811.36	1,470.96	0.00	0.00	0.00
2310 Board of Education Services	51,453.88	11,538.07	6,735.00	27,913.14	1,193.40	0.00	4,074.27	0.00
2320 Executive Administration Services	192,760.01	128,877.18	56,136.99	2,025.15	4,675.69	0.00	1,045.00	0.00
2410 Office of the Principal Services	757,026.12	459,515.91	269,485.41	7,573.40	18,201.73	0.00	2,249.67	0.00
2520 Fiscal Services	296,405.44	140,670.50	98,505.67	31,067.76	5,509.51	0.00	20,652.00	0.00
2540 Operation and Maintenance of Plant Services	977,195.40	369,920.94	253,953.44	213,523.37	96,887.96	0.00	42,909.69	0.00
2550 Student Transportation Services	788,267.18	19,204.76	8,509.68	650,718.08	109,834.66	0.00	0.00	0.00
2570 Internal Services	37,305.79	0.00	0.00	36,659.50	646.29	0.00	0.00	0.00
2630 Information Services	15,365.64	789.71	223.64	14,352.29	0.00	0.00	0.00	0.00
2640 Staff Services	2,379.00	0.00	0.00	1,707.00	0.00	0.00	672.00	0.00
2660 Technology Services	343,120.43	112,510.48	56,499.47	68,160.36	104,269.12	0.00	1,681.00	0.00
2670 Records Management Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2700 Supplemental Retirement Program	20,738.37	0.00	20,738.37	0.00	0.00	0.00	0.00	0.00
Total Support Services Expenditures	4,172,018.85	1,612,689.67	1,019,701.08	1,099,935.98	365,068.49	0.00	74,623.63	0.00
Enterprise and Community Services								
3100 Food Services	122.29	0.00	0.00	0.00	122.29	0.00	0.00	0.00
3300 Community Services	863.62	187.55	56.84	0.00	619.23	0.00	0.00	0.00
Total Enterprise and Community Services Expenditures	985.91	187.55	56.84	0.00	741.52	0.00	0.00	0.00
Facilities Acquisition and Construction								
4110 Service Area Direction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4120 Site Acquisition and Development Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4150 Building Acquisition, Construction, and Improvement Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4190 Other Facilities Construction Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Facilities Acquisition and Construction Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Uses Expenditures								
5100 Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5200 Transfers of Funds	266,960.00	0.00	0.00	0.00	0.00	0.00	0.00	266,960.00
5300 Apportionment of Funds by ESD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5400 PERS UAL Bond Lump Sum	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Uses Expenditures	266,960.00	0.00	0.00	0.00	0.00	0.00	0.00	266,960.00
Grand Total	10,111,638.46	5,005,995.38	3,011,842.41	1,276,952.61	472,064.43	0.00	77,823.63	266,960.00

**2011-12 DISTRICT EXPENDITURE SUMMARY
GERVAIS SCHOOL DISTRICT**

Fund: 200 - Special Revenue

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Primary, K-3	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1112 Intermediate Programs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1113 Elementary Extracurricular	\$45,333.45	\$0.00	\$0.00	\$0.00	\$45,333.45	\$0.00	\$0.00	\$0.00
1121 Middle/Junior High Programs	\$32,062.86	\$0.00	\$0.00	\$830.25	\$31,232.61	\$0.00	\$0.00	\$0.00
1122 Middle/Junior High School Extracurricular	\$20,239.69	\$15,455.76	\$2,729.37	\$575.39	\$1,389.17	\$0.00	\$90.00	\$0.00
1131 High School 9-12 Local & Federal Sources	\$16,658.78	\$0.00	\$0.00	\$0.00	\$14,555.78	\$0.00	\$2,103.00	\$0.00
1132 High School Extracurricular	\$239,028.36	\$94,873.30	\$23,356.12	\$21,939.33	\$92,233.20	\$0.00	\$6,626.41	\$0.00
1140 Pre-Kindergarten Programs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1210 Programs for the Talented and Gifted	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1220 Restrictive Programs for Students with Disabilities	\$116,044.85	\$74,947.68	\$35,287.54	\$2,995.83	\$2,813.80	\$0.00	\$0.00	\$0.00
1250 Less Restrictive Programs for Students with Disabilities	\$99,739.16	\$56,584.24	\$37,656.16	\$5,498.76	\$0.00	\$0.00	\$0.00	\$0.00
1271 Remediation	\$21,753.28	\$16,805.93	\$4,947.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1272 Title I	\$418,182.56	\$139,377.18	\$89,068.82	\$79,613.00	\$110,123.56	\$0.00	\$0.00	\$0.00
1280 Alternative Education	\$248,710.08	\$152,337.40	\$78,041.08	\$5,353.18	\$12,688.42	\$0.00	\$290.00	\$0.00
1291 English Second Language Programs	\$24,364.94	\$15,755.80	\$4,636.05	\$0.00	\$3,973.09	\$0.00	\$0.00	\$0.00
1293 Migrant Education	\$29,986.19	\$15,652.49	\$14,333.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1300 Adult/Continuing Education Programs	\$12,342.60	\$2,725.43	\$792.46	\$8,586.25	\$238.46	\$0.00	\$0.00	\$0.00
1400 Summer School Programs	\$43,405.14	\$26,373.90	\$6,770.04	\$0.00	\$10,261.20	\$0.00	\$0.00	\$0.00
Total Instruction Expenditures	\$1,367,851.94	\$610,889.11	\$297,618.69	\$125,391.99	\$324,842.74	\$0.00	\$9,109.41	\$0.00
Support Services Expenditures								
2110 Attendance and Social Work Services	\$70,513.50	\$39,989.03	\$30,386.32	\$0.00	\$138.15	\$0.00	\$0.00	\$0.00
2120 Guidance Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2130 Health Services	\$250.00	\$0.00	\$0.00	\$250.00	\$0.00	\$0.00	\$0.00	\$0.00
2140 Psychological Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2150 Speech Pathology and Audiology Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2160 Other Student Treatment Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2190 Service Direction, Student Support Services	\$27,925.93	\$20,955.88	\$6,970.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2210 Improvement of Instruction Services	\$20,375.23	\$15,687.27	\$4,596.76	\$26.50	\$64.70	\$0.00	\$0.00	\$0.00
2220 Educational Media Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2230 Assessment & Testing	\$7,946.38	\$0.00	\$0.00	\$7,500.00	\$446.38	\$0.00	\$0.00	\$0.00
2240 Instructional Staff Development	\$92,066.72	\$40,017.02	\$7,811.24	\$41,208.89	\$2,929.57	\$0.00	\$100.00	\$0.00
2410 Office of the Principal Services	\$4,000.00	\$2,737.96	\$1,262.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2520 Fiscal Services	\$21,675.47	\$0.00	\$1,585.75	\$0.00	\$0.00	\$0.00	\$20,089.72	\$0.00
2540 Operation and Maintenance of Plant Services	\$140,525.68	\$2,343.89	\$239.58	\$91,928.74	\$26,174.73	\$19,838.74	\$0.00	\$0.00
2550 Student Transportation Services	\$50,679.16	\$0.00	\$0.00	\$41,198.51	\$9,480.65	\$0.00	\$0.00	\$0.00
2570 Internal Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2620 Planning, Research, Development,	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00
2630 Information Services	\$789.48	\$0.00	\$0.00	\$789.48	\$0.00	\$0.00	\$0.00	\$0.00
2640 Staff Services	\$902.00	\$0.00	\$0.00	\$902.00	\$0.00	\$0.00	\$0.00	\$0.00
2660 Technology Services	\$50,830.93	\$0.00	\$0.00	\$50,830.93	\$0.00	\$0.00	\$0.00	\$0.00
Total Support Services Expenditures	\$493,480.48	\$121,731.05	\$52,851.74	\$239,635.05	\$39,234.18	\$19,838.74	\$20,189.72	\$0.00
Enterprise and Community Services Expenditures								
3100 Food Services	\$911,520.03	\$208,837.38	\$168,922.40	\$30,625.80	\$353,027.18	\$149,109.00	\$998.27	\$0.00
3200 Other Enterprise Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3300 Community Services	\$21,100.71	\$8,449.53	\$1,536.07	\$6,105.00	\$4,970.11	\$0.00	\$40.00	\$0.00
Total Enterprise and Community Services Expenditures	\$932,620.74	\$217,286.91	\$170,458.47	\$36,730.80	\$357,997.29	\$149,109.00	\$1,038.27	\$0.00
Facilities Acquisition and Construction								
4110 Service Area Direction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4120 Site Acquisition and Development Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4150 Building Acquisition, Construction, and Improvement Services	\$68,718.18	\$0.00	\$0.00	\$11,437.82	\$0.00	\$55,414.48	\$1,865.88	\$0.00
4190 Other Facilities Construction Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Facilities Acquisition and Construction Expenditures	\$68,718.18	\$0.00	\$0.00	\$11,437.82	\$0.00	\$55,414.48	\$1,865.88	\$0.00
Other Uses Expenditures								
5100 Debt Service	\$58,362.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$58,362.50	\$0.00
5200 Transfers of Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5300 Apportionment of Funds by ESD	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5400 PERSUAL Bond Lump Sum	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Uses Expenditures	\$58,362.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$58,362.50	\$0.00
Grand Total	\$2,921,033.84	\$949,907.07	\$520,928.90	\$413,195.66	\$722,074.21	\$224,362.22	\$90,565.78	\$0.00

**2011-12 DISTRICT EXPENDITURE SUMMARY
GERVAIS SCHOOL DISTRICT**

Fund: 300 - Debt Service

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Instruction Expenditures		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2700	Supplemental Retirement Program	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Support Services Expenditures		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Enterprise and Community Services Expenditures		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Facilities Acquisition and Construction Expenditures		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$682,035.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$682,035.50	\$0.00
5200	Transfers of Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5300	Apportionment of Funds by ESD	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5400	Bond Lump Sum	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Uses Expenditures		\$682,035.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$682,035.50	\$0.00
Grand Total		\$682,035.50	\$0.00						

**2011-12 DISTRICT EXPENDITURE SUMMARY
GERVAIS SCHOOL DISTRICT**

Fund: 700 - Fiduciary

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Instruction Expenditures		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Support Services		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Support Services Expenditures		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Enterprise and Community		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3200 Other Enterprise Services		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3300 Community Services		\$1,554.03	\$0.00	\$0.00	\$1,452.03	\$50.00	\$0.00	\$52.00	\$0.00
3500 Custody and Care of Children Services		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Enterprise and Community Services Expenditures		\$1,554.03	\$0.00	\$0.00	\$1,452.03	\$50.00	\$0.00	\$52.00	\$0.00
Facilities Acquisition and		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Total Facilities Acquisition and Construction Expenditures		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5200 Transfers of Funds		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5300 Apportionment of Funds by ESD		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5400 Bond Lump Sum		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Uses Expenditures		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Grand Total		\$1,554.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

November 4, 2012

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Gervais School District No.1 as of and for the year ended June 30, 2012, and have issued our report thereon dated November 4, 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 the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except for expenditures exceeding Appropriations in one instance as noted on page 16.

OAR 162-10-0230 Internal Control

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

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

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.

Gervais School District No. 1
MARION COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

November 4, 2012

To the Board of Education
Gervais School District No. 1
Marion County, Oregon

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

We have audited the financial statements of Gervais School District No. 1 as of and for the year ended June 30, 2012, and have issued our report thereon dated November 4, 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

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the board, 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.

Pauly, Rogers and Co. P.C.

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November 4, 2012

To the Board of Education
Gervais School District No. 1
Marion County, Oregon

**Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of Gervais School District No. 1 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The major federal programs are identified in the 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 management. Our responsibility is to express an opinion on compliance based on our audit.

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

In our opinion, Gervais School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

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

This report is intended solely for the information and use of management, the board, 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.

A handwritten signature in cursive script that reads "Pauly, Rogers and Co. P.C.".

PAULY, ROGERS AND CO., P.C.

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(s) identified that are not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Any GAGAS findings disclosed that are required to be reported in accordance with section 503 (d)(2) of AMB Circular A-133?

yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

yes no

Significant deficiency(s) identified that are not considered to be material weaknesses?

yes none reported

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

Unqualified

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

yes no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

84.010, 84.389
84.410

Title I, Part A Cluster
Education Jobs Fund (Ed Jobs)

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

yes no

GERVAIS SCHOOL DISTRICT NO. 1
MARION COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.